

CONFIDENTIAL LIBRARY

E  
1685





CONFIDENTIAL

GMV(84) Series

## CABINET

ANGLO-ITALIAN SUMMIT 18-19 OCTOBER 1984

### MEMORANDA

Serial No.	Date	Brief Description
1	12.10.84	LIST OF BRIEFS TO BE ISSUED IN THE GMV(84) SERIES
2	15.10.84	GENERAL BRIEF Brief by the Foreign and Commonwealth Office
3a	12.10.84	EUROPEAN COMMUNITY TOPICS GENERAL COMMUNITY BRIEF Brief by the Foreign and Commonwealth Office
	16.10.84	ADDENDUM: EUROPEAN COMMUNITY TOPICS COMMUNITY GENERAL BRIEF AD HOC COMMITTEE ON A PEOPLE'S EUROPE Brief by Foreign and Commonwealth Office
3b	12.10.84	COMMUNITY FINANCING Brief by Foreign and Commonwealth Office
3c	15.10.84	COMMUNITY AGRICULTURAL MATTERS Brief by the Ministry of Agriculture, Fisheries and Food
3d	12.10.84	ENLARGEMENT Brief by Foreign and Commonwealth Office
4	15.10.84	SECURITY CO-OPERATION IN EUROPE Brief by Foreign and Commonwealth Office
5	11.10.84	EAST/WEST RELATIONS [Including AFGHANISTAN] Brief by Foreign and Commonwealth Office
6	12.10.84	ARMS CONTROL AND DISARMAMENT Brief by Foreign and Commonwealth Office
7	15.10.84	INTERNATIONAL ECONOMIC ISSUES Brief by HM Treasury



(This column to be left blank)

Serial No	Date	Brief Description
8	15.10.84	FALKLAND ISLANDS/ARGENTINA Brief by Foreign and Commonwealth Office
9	15.10.84	BILATERAL RELATIONS: CIVIL AND MILITARY INDUSTRIAL COLLABORATION (including R+D) Brief by the Foreign and Commonwealth Office
	17.10.84	ADDENDUM
10	12.10.84	ITALIAN INTERNAL SCENE Brief by Foreign and Commonwealth Office
11	16.10.84	TERRIORMISM Brief by the Foreign and Commonwealth Office
12	17.10.84	APPOINTMENT OF NEXT DIRECTOR-GENERAL OF CERN (THE EUROPEAN CENTRE FOR NUCLEAR RESEARCH) Brief by Foreign and Commonwealth Office
	17.10.84 .	LIST OF BRIEFS ISSUED IN THE GMV(84)SERIES







o/c

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

GMV(84) 1

COPY NO

50

ANGLO-ITALIAN SUMMIT  
18-19 OCTOBER 1984

---

LIST OF BRIEFS TO BE ISSUED IN THE GMV(84) SERIES

1. INDEX OF BRIEFS
2. GENERAL BRIEF  
Brief by Foreign and Commonwealth Office
3. EUROPEAN COMMUNITY TOPICS (to include trade issues, internal market, industrial policy, and future development of the Community)
  - a. GENERAL COMMUNITY BRIEF  
Brief by Foreign and Commonwealth Office
  - b. COMMUNITY FINANCING  
Brief by Foreign and Commonwealth Office
  - c. COMMUNITY AGRICULTURAL MATTERS  
Brief by Ministry of Agriculture, Fisheries and Food
  - d. ENLARGEMENT  
Brief by Foreign and Commonwealth Office
4. SECURITY CO-OPERATION IN EUROPE  
Brief by Foreign and Commonwealth Office
5. EAST WEST RELATIONS (including Afghanistan)  
Brief by Foreign and Commonwealth Office
6. ARMS CONTROL AND DISARMAMENT (including CDE, MBFR, CW, INF/START, and outer space)  
Brief by Foreign and Commonwealth Office
7. INTERNATIONAL ECONOMIC ISSUES (to include international debt and North/South issues)  
Brief by Treasury

**CONFIDENTIAL**



CONFIDENTIAL

8. FALKLAND ISLANDS/ARGENTINA  
Brief by Foreign and Commonwealth Office
9. BILATERAL RELATIONS (to include bilateral defence matters and industrial collaboration)  
Brief by Foreign and Commonwealth Office
10. ITALIAN INTERNAL SCENE (to cover political and economic aspects)  
Brief by Foreign and Commonwealth Office

Cabinet Office

12 October 1984

CONFIDENTIAL



c/l

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S  
GOVERNMENT

GMV(84)2

COPY NO 51

15 OCTOBER 1984

ANGLO-ITALIAN SUMMIT

18-19 OCTOBER 1984

---

GENERAL BRIEF

Brief by the Foreign and Commonwealth Office

Introduction

1. This will be the first of the autumn round of bilateral meetings with our European partners and the first since the June Economic Summit in London. Though not in the same league as France and Germany, Italy is the most important to us of our other Community partners. Anglo-Italian relations are in reasonably good shape. In January 1985 Italy assumes the Presidency of the Community.
2. The last Anglo-Italian Summit was held in Rome on 26-27 January. We agreed in 1981 with the Italians that summit meetings should be held twice a year. However we have deliberately allowed the frequency to slip to one every 9 or 10 months, which seems to suit both sides. The Italians, who are always sensitive about being excluded from the top table treatment, attach importance to Summits and the associated ceremony. They will be meeting the French on 9 November and

**CONFIDENTIAL**

the Germans on 14 November.

3. Craxi is now beginning his second year of office as Italy's first Socialist Prime Minister. There is little love lost between Craxi and the other coalition partners, dominated by the Christian Democrats (DCs) who have been the largest party in every governing coalition since 1945. On 1 August his government received a vote of confidence in Parliament and we believe that Craxi has a reasonable chance of remaining in office at least until the local and presidential elections next summer (1985). The constitution forbids the dissolution of Parliament within 6 months of the presidential elections. It would be unusual (though not impossible) for the Government to fall during that period; it is therefore in Craxi's strong interest between now and January 1985 to avoid confrontation with the DCs who seem content for the present to leave Craxi where he is.

4. Craxi's most immediate task this autumn will now be to produce a budget for 1985 consistent with his Government's inflation target of 7% (Inflation is likely to be 11% for 1984 - the lowest rate for 10 years), and a commitment to reduce the ominous public sector deficit (16% of GDP). Its passage through Parliament is likely to be made difficult by differences of opinion within the Governing coalition and opposition from the Communist Party (PCI), who earlier in the year had supported the country's largest Communist-led trade union in their confrontation with Craxi over his decision to cut temporarily the degree of wage indexation in order to reduce inflation.



**CONFIDENTIAL**

5. On the major international issues such as the handling of East/West and transatlantic relations, security and defence, we and the Italians are in general agreement. They pay careful regard to American views in formulating foreign policy. For its part the Reagan Administration attaches importance to the Italians, and is concerned that they should be taken seriously by their partners. Although they are unlikely to diverge from US positions over matters essential to Alliance security, Italian foreign policy under Craxi and Andreotti has displayed a measure of independence on certain regional issues.

Attendance & Programme

6. The Italians are expected to field a strong team on similar lines to the last summit: Andreotti (Foreign Affairs), Goria (Treasury), Pandolfi (Agriculture) Altissimo (Industry) and Darida (State Participation). British Ministers attending will be Sir G Howe, Mr Lawson, Mr Jopling and Mr Pattie, the first three of whom accompanied the Prime Minister to Rome in January. The programme follows the normal pattern. The Prime Minister will have a short tête-à-tête with Craxi before dinner on Thursday the 18th. The following morning the two Prime Ministers will have a longer tête-à-tête (10.00 - 11.00) after which they will be joined by Foreign Ministers. There will be a Plenary Session at 12.00 followed by a working lunch hosted by the Italian Ambassador. The proceedings will close with a joint Press Conference at 15.00 hours.

**CONFIDENTIAL**

UK Objectives

7. UK objectives will be:

a) to tell the Italians before they assume the EC Presidency in January of our ideas for the future development of the Community; to make common cause with them where we can (eg on German plans for vehicle emission control) and to urge them to work in the next few weeks for a rapid solution to the problem of budgetary discipline. To seek Italian cooperation in working to a swift solution to outstanding enlargement problems.

b) to take stock of the state of the Alliance and of current discussions of European Security cooperation (eg in the WEU) and of East/West relations and to explore ways to improve Western cohesion.

c) to review the possibilities for further civil and military industrial collaboration.

d) to persuade the Italians not to vote with Argentina in the UNGA debate on the Falklands.

e) to show appreciation of Italian handling of our relations with Libya.

Italian Objectives

8. The Italians are concerned about the extent and exclusivity



**CONFIDENTIAL**

of the Franco German relationship. There is also a coolness within relations with the Germans following Andreotti's remarks on 13 September about pan Germanism and his unqualified, public opposition to German reunification. The Italians may therefore be looking to this summit to build up their relations with us in what they see as a Europe increasingly dominated by Franco German collaboration. In the field of industrial collaboration they are taking trouble to marshal the possible opportunities for further joint efforts both military and civil. They may wish to press us into some form of commitment to collaboration on a specialised anti-tank helicopter to enter RAF service in 1995, on which MOD studies are not likely to be completed before the summit.

9. The Italians will wish to be seen as valid interlocutors on the widest range of international issues. They may continue their pressure to prevent their further exclusion from trilateral (UK, France, FRG) meetings in the defence field. The Italians also resent their exclusion from other restricted meetings, of which they are aware in general terms, but tend only to make a formal complaint when embarrassed by leaks in the press. If they should raise the subject, Ministers may wish in reply to stress the value we place on Italy's role in groups such as the Summit Seven, SCG Quint and WEU.

The European Community (See Brief No 3 (a) - (d))

10. Italian views on the Community differ from our own. Despite being net importers of northern agricultural products their role as exporter of Mediterranean produce leads them to

**CONFIDENTIAL**

an open-ended commitment to CAP spending. They have been resisting any quantitative restrictions on wine products and have not so far taken steps to implement the milk superlevy. They will press for additional financial resources for Integrated Mediterranean Programmes (IMPs). They are willing to go much further than we are in embracing European Union and in enhancing the role of the European Parliament, partly because they see the Community as a guarantee of Italian democracy.

11. During their Presidency the Italians are likely to emphasise the need for moves towards European Union; the development of Community industrial and research policies (not necessarily in areas of interest to the UK); and, especially, the safeguarding of Southern agricultural interests. We shall wish to draw attention to our commitment to - and priorities for - the development of the Community as set out in "Europe - The Future", particularly on the Internal Market. In the shorter term, we shall wish to persuade the Italians of the need to complete the work on budget issues on which progress was made earlier this month, in particular on the few outstanding points in the budget discipline text.

12. We should also stress our concern at the failure of three successive Foreign Affairs Councils to achieve decisive progress on the package of outstanding enlargement issues, and the pressing need for results from the 22-23 October Council. A fourth failed Council would put the timetable for enlargement in peril, with potentially serious political consequences.



**CONFIDENTIAL**

Political and Defence Cooperation in Europe (Brief No 4)

13. Both sides share a common view of the centrality of NATO to Western security and the vital importance of the US commitment to Europe. The Italians are particularly concerned not to be excluded from the Counsels of the major European defence powers and need constant reassurance that their own contribution to Alliance defence is given due weight. Discussion at the Summit may focus to some extent on the "revitalisation" of the Western European Union (WEU). There will be a meeting of WEU Defence and Foreign Ministers in Rome on 26/27 October, which the Italians as hosts are keen to make a success. We share much common ground with them on the reactivation of WEU, though there are differences over the future of the Armaments Control Agency and the Standing Armaments Committee.

East/West Relations (Brief No 5), Arms Control and Disarmament (Brief No 6)

14. Italy is important as a NATO partner and INF basing country. The government has been robust on INF deployment, though it has not, so far, had to face the difficulties encountered by several other Western European coalition governments.

15. Our aim in the talks should be to encourage the Italians to maintain their present cool heads and to discuss how best to maintain Western unity in 1985, especially bearing in mind the possibility that the Russians may not take up US offers of a

**CONFIDENTIAL**

closer dialogue. The Italians attach great importance to good relations between the US and its European allies, and share our wish not to allow any US/European differences to damage Western unity. They well understand the danger that, if there is no improvement in US/Soviet relations in 1985, and thus no progress on nuclear arms control, strains within the Alliance will increase. They will want a full discussion of the content and conduct of East/West relations (including CDE). Their line is likely to be that the West should develop a political relationship with the Soviet Union through a broad range of contacts. They also wish to encourage Eastern European countries to preserve and develop links with the West; and are themselves anxious to improve relations with Poland.

International Economic Issues (Brief No 7) (including debt and Industrialised/Developing Country issues)

16. The twin prospects of the continuing high level of the dollar and high US interest rates are of direct concern to the Italian economy, given Italy's dependence on raw material imports and the need to fund high public sector borrowing. Craxi may raise the Italian commitment, endorsed by the London Economic Summit, to hold a conference on new technology and jobs in 1985. (Unemployment is an increasingly serious domestic issue in Italy). The Italians are known to be sympathetic to the debt problems in developing countries, particularly in South America.

Bilateral Issues/Industrial Collaboration (Brief No 9)

17. Our bilateral relations are generally good. Italian



**CONFIDENTIAL**

Ministers and officials attach great importance to industrial collaboration with Britain in both civil and defence fields. They are keen to follow the example set at the last Summit when Prime Ministers were able to announce final agreement on the EH 101 helicopter project. Mr Tebbit's visit to Rome on 1-2 October and subsequent official economic discussions on 10 October have shown that there are areas of common interest (e.g. in the aerospace field) which should be able to be exploited to our advantage. The Italians are concerned at what they perceive as growing Franco-German collaboration in this field, which might exclude them. Craxi is likely to lobby for the Italian candidate (Agusta Al29) for the British Army's new anti-tank helicopter. The Italians are aware that the MOD are currently studying the various options. He is likely also to press us to participate in the Columbus SkyLab project, which we are still studying.

Falkland Islands/Argentina (Brief No 8)

18. Italy has close links with Argentina, and President Pertini will pay a visit there in early 1985. There may therefore be increased domestic pressure on the Italian Government to vote with Argentina in the UNGA on the Falklands (expected to take place on 31 October), besides the Argentines' energetic lobbying of them. The Italians probably accept the sincerity of our efforts to normalise relations with Argentina, but may argue that they would have difficulty in not voting for a simple call for negotiations, especially if this omitted the word sovereignty. The answer to this point is that, whatever the details of their draft resolution, the Argentines' aim remains the same: negotiations with a pre-determined outcome,

**CONFIDENTIAL**

ie the transfer of sovereignty to them, taking no account of the events of 1982 or of the wishes of the Falkland Islanders.

19. It was Signor Craxi's personal intervention last year which achieved the Italian abstention. The Argentines' chief negotiator at Berne, Signor Delpech, has subsequently been in Rome regularly on Beagle Channel business and will have lost no opportunity to maintain pressure on the Italians to change their vote this year. The opportunity to urge Signor Craxi not to give in to Argentine blandishments is thus particularly timely.

HANDLING THE MEETING

20. At her first meeting with Craxi (who does not speak English) on Thursday evening the Prime Minister may wish to express appreciation for Italian help over Libya and to ask how he sees Libyan intentions in the light of Andreotti's recent meeting with Qadhafi. If time permits she might then ask Craxi about his priorities as President of the EC. At her tête-à-tête on Friday she might begin with the Community, covering both the immediate and long term prospects, and explaining our thinking developed in "Europe - the Future" The discussion might move to East/West and transatlantic relations, and defence and arms control. This would be the occasion for the Prime Minister to raise the Falklands vote at the UNGA with Craxi. When Foreign Ministers join the discussion, security cooperation in Europe and regional issues might be covered. International economic issues, US interest rates and the US



**CONFIDENTIAL**

election might be taken informally over lunch. At the Plenary the strands of the various bilateral discussions will be drawn together.

OTHER INTERNATIONAL ISSUES WHICH MAY BE RAISED (NO SEPARATE BRIEFING PROVIDED FOR THE PRIME MINISTER)

21. The following are some of the other important issues which will be discussed by other Ministers at the Summit and which may be referred to at the plenary or raised by Craxi.

22. Italy takes a keen interest in the Middle East and Mediterranean and Craxi may wish to discuss developments in this area. Italy has important interests and a large community in Libya. Andreotti recently met Qadhafi, and believes he wants to improve relations with the West including in due course an improvement in Anglo-Libyan relations.

23. The Italians may raise the Arab/Israel dispute but we are not aware of any particular Italian ideas on how to move the current deadlocked peace process. We might rehearse the line that Europe should reflect on its own profile following propagandistic proposals put forward by the Soviet Union on 29 July, and on how to encourage the US to resume an active role in 1985.

24. The Italians have maintained an even-handed policy throughout the Iran/Iraq conflict and share our views on the need for an early settlement. They have trade interests in both countries and import about half their domestic oil

**CONFIDENTIAL**

requirements from the Gulf. They have kept up a useful dialogue with the Iranians in recent months. An exchange of views on this would be of interest; it would be particularly useful to know if the Italians have detected any significant changes within the Iranian leadership on the terms for ending the conflict.

25. On Cyprus the Italians broadly share our views. They fully support the mission of good offices by the UN Secretary-General. They have called for moderation from all parties to pave the way for negotiations. We have regular confidential discussions with the Italians along with the French and Germans.

26. They may also want to compare notes on Malta. Recently Mintoff called in Rome on his way from London, apparently to resolve the dispute with the Catholic Church. Mintoff's visit to London on 3 October was a characteristic performance. We raised with him the internal situation and his dispute with the church. His main concern with us was the clearance of wartime bombs and wrecks, and ways to improve Malta's economy and tourism.

27. Apart from Argentina, Italy's historic and economic connections with Latin America can be expected to lead to an exchange of views on the area, including Central America in the aftermath of the September EC/Central America talks in Costa Rica.

28. The Italians have a general interest in Southern Africa.



**CONFIDENTIAL**

They are not deeply involved nor particularly well-informed, but are quite active commercially. They may wish to exchange views on the internal situation in Angola and Mozambique. They will be interested to hear our views on regional issues, including Namibia, South Africa's relations with its neighbours (especially Mozambique since the Nkomati Accord) and South Africa itself. They would also probably welcome our views on the impact of the Durban Consulate affair on UK/South Africa relations. This would be an opportunity to tap their knowledge of the Horn of Africa and to discuss what might be done to combat the famine in the area.

29. On Hong Kong there will be an opportunity for the Foreign and Commonwealth Secretary to describe the outcome of the Sino-British negotiations on Hong Kong's future and to emphasise that we have achieved an international agreement legally binding on the British and Chinese Governments.

ANNEXES

30. The following annexes are attached:

- Annex A - Programme
- Annex B - Personality Notes
- Annex C - Basic Statistics on Italy

Foreign and Commonwealth Office

15 October 1984

ANGLO-ITALIAN SUMMIT : 18-19 OCTOBER

PROGRAMME

18 October

18.00

Signor Craxi and Italian delegation arrive at Heathrow.  
To be met by Sir Geoffrey Howe.

19.20

Signor Craxi arrives at No 10.  
Brief tête-à-tête between Prime Ministers.

19.45 for 20.00

Dinner in honour of Signor Craxi

19 October

10.00

Tête-à-tête with Signor Craxi  
(accompanied by note takers and interpreters)

Separate talks between other Ministers

11.00

Joined by Sir G Howe and Signor Andreotti

12.00-13.00

Plenary

13.15 for 13.30

Working luncheon at the Italian Embassy  
(Grosvenor Square)

15.00-15.45

Press Conference (Claridges)

18.30

Signor Craxi and delegation depart  
Heathrow



PERSONALITY NOTES

1. Signor Bettino Craxi
2. Signor Giulio Andreotti
3. Signor Giovanni Goria
4. Signor Renato Altissimo
5. Signor Clelio Darida
6. Signor Filippo Maria Pandolfi
7. Signor Bruno Bottai
8. Signor Renato Ruggiero
9. Signor Andrea Cagiati

**CONFIDENTIAL**

CRAZI, ONOREVOLE BENEDETTO (KNOWN AS BETTINO)

Prime Minister, and Secretary of the Socialist Party (PSI).

Born in Milan on 24 February 1934. Career as a full-time party official. Milan City Councillor 1960-70. Party Directorate Member since 1965. Deputy for Milan-Pavia since 1968.

He replaced De Martino as Party Secretary in July 1976, when the latter was removed following the PSI's disappointing performance in the general election the previous month. Craxi at this time aligned himself with the small 'Autonomist' faction of the party, led by Nenni, and his election as Secretary was due to the support of all the younger (ie less than about 45 years old) members of the PSI National Council, and of Mancini.

The National Congresses of the PSI in 1978 and 1981 overwhelmingly confirmed Craxi's leadership and backed his policy of asserting the party's independence of the PCI. Craxi always wanted to take the Socialists back into government with the DC, but had to bide his time because there was vocal opposition among the rank and file.

In early 1980, he narrowly defeated the left wing in a power struggle within the party; since then he has consolidated his position. In April 1980, he took the PSI back into government and was thus able to reward some of his supporters with Ministerial jobs. His relations with the PCI, and especially Berlinguer, are bad and the left wing of the DC also regard him as an untrustworthy ally and threat to DC supremacy. Craxi made no secret of his ambition to become Prime Minister as quickly as possible. Electoral

/results

**CONFIDENTIAL**



**CONFIDENTIAL**

results in the last 3 years suggest that his line is paying modest electoral dividends: in June 1980 the PSI gained 2% to poll 12% in local elections, and they got 11.4% in the general elections of June 1983. He was able to achieve his ambition of becoming Italy's first Socialist Prime Minister because of the drop in the DC vote and morale following the 1983 elections.

A tall, dominating figure, he looks older than his years. Fond of good living, and eloquent in private conversation, but spends too much of his time with close party colleagues, isolated from criticism. Held in respect by other PSI Deputies though not greatly loved; generally distrusted by other politicians. Something of a bully. The joke that he was really christened Benito (like Mussolini) says much about his style. But he chooses his words carefully and his salvos are never accidental. Scathing in his attacks on the inequalities and inefficiencies of Italian society, but less eloquent when forced to suggest remedies. Has a difficult relationship with the Socialist President Pertini (qv). A clever self-publicist. Regarded as pro-American. A staunch supporter of NATO's "double track" policy on INF.

Visited UK as guest of HMG, and attended Labour Party Conference at Blackpool, in September 1976. Caused us a lot of trouble over the Falklands affair in 1982, but has taken a more restrained line since then. Craxi visited London for talks with the Prime Minister in September 1983, and hosted the Anglo/Italian Summit in Italy in January 1984.

Little English. Fair French.

Married with children.

**CONFIDENTIAL**



**CONFIDENTIAL**

ANDREOTTI, ONOREVOLE GIULIO

Minister for Foreign Affairs (Christian Democrat).

Born Rome 1919, and still lives in the centre of the city. Graduated in law. Served in the army for 12 months 1940-41, and was released for health reasons. He then made his mark in Catholic University politics and student journalism. He worked for a time in the Vatican library, where he was noticed by De Gasperi and taken up as a protégé. Was one of the founders of the DC newspaper 'Il Popolo' during the clandestine period. Appointed a member of the DC National Council at the party's 1944 Congress in Naples. Member of the Constituent Assembly 1946-48 and a Deputy for Rome since 1948. Under-Secretary in the Prime Minister's office under De Gasperi and Pella, 1947-54; Minister of the Interior 1954; of Finance 1955-57; of the Treasury 1958; of Defence 1959-66; and of Industry 1966-68. DC group leader in the Chamber 1966-72. He was asked to form a government during the political crisis of August 1970 but failed because he was thought too close to the Socialists. Prime Minister of a minority DC government February to June 1972, and of a centre-right coalition June 1972 to July 1973. Minister of Defence under Rumor March 1974 to November 1974; Minister for the Budget, Economic Planning and Mezzogiorno under Moro November 1974 to August 1976, when he formed a minority DC government without a parliamentary majority. In early 1978 the PCI were included for the first time ever in the parliamentary majority, supporting Andreotti's fourth government. In January 1979, the withdrawal of the PCI precipitated a crisis and Andreotti headed a caretaker government (his fifth) to prepare for elections. President of the Chamber's Foreign Affairs Commission from 1979 to 1983, he became Foreign Minister in the first Craxi Government (1983).

/Andreotti



**CONFIDENTIAL**

Andreotti is a supreme political tactician. In 1974 Andreotti let it be known that he was one of those Christian Democrats who could envisage a working relationship with the Communists. He was thus the right man for the DC to field as their Prime Ministerial candidate when, after the General Election of June 1976, a parliamentary majority could not be found for a DC-led government. He maintained this delicate balance with the Communists, allowing them to make the step forward in March 1978 from abstention to inclusion in the parliamentary majority. He retains respect from the PCI and is widely believed to be courting their support for the next Presidential elections. Above all, he is good at getting things done; this is a major reason for the success of his career (no Italian has wider political experience). He operates an enormous and efficient patronage system. He has also proved adroit enough to resist several attempts to implicate him in scandals - so far.

Andreotti remains a potent political force with a reputation as perhaps the most adroit and possibly the least scrupulous of DC leaders, with very close links to the Vatican. He almost became President of the DC party in late 1980, of the IPU in September 1982, and Foreign Minister in Fanfani's fifth government in November 1982. He used his position on the Foreign Affairs Commission to maintain his good contacts with many foreign leaders. He has his eye on the Presidency when Pertini goes.

Although physically unimpressive, with rather a hunch back, Andreotti is a witty and effective speaker, appearing regularly on television. He masters a brief quickly, does his homework thoroughly, and pushes his staff hard. Sometimes initially chilly, he improves on longer acquaintance and is generally

/very

**CONFIDENTIAL**

**CONFIDENTIAL**

very courteous. Friendly towards Britain. He paid an official bilateral visit to the UK in March 1962, and was in Britain for Prime Minister Craxi's working visit in September 1983. As Prime Minister, received Mr Heath on his visit to Italy in October 1972, and Mr Callaghan in September 1977; he also met Mr Pym in July 1982 in Rome. Married with three children. Speaks no English but quite good French. A devout Catholic who attends mass every morning and makes sure that his supporters know that he does. He is a prolific author, writes a weekly magazine column, and takes a keen interest in football (he is active in the management of AC Roma). He keeps a detailed diary, which is feared by his enemies and friends alike even though the published version is sanitised.

**CONFIDENTIAL**



**CONFIDENTIAL**

GORIA, ONOREVOLE GIOVANNI

Minister of the Treasury (Christian Democrat).

Born in Asti, where he still lives, 30 July 1943.  
Graduated in Economics and Commerce. Administrator of the  
Asti Branch of the Cassa di Risparmio from 1974-76.

Joined the DC at the age of 18. Elected DC Secretary  
for the Province of Asti in 1975 and held this position until  
1976 when he was elected to the Chamber of Deputies for the  
Cuneo/Alessandria/Asti constituency.

Economic adviser to Andreotti during the last Andreotti  
Government in 1979.

Under-Secretary for the Budget in Spadolini's first  
government (July 1981-August 1982). He was then put by  
De Mita in charge of the DC economic department. Is on record  
as believing that Spadolini was too soft on the Unions and as  
preaching the need for austerity and government intervention on  
labour costs and wage indexation. He has been accused by the  
Communists of 'neo-liberalism'. Minister of the Treasury in  
Fanfani's V Government, of which he was the youngest member  
at 39. Has retained his post in the new Government thanks to  
firm backing from De Mita, and has slowly grown in the job.

Member of the Chamber's Finance and Treasury Committee,  
specialising in budget control.

Married with two children. Bearded and slightly untidy.  
Speaks English. He visited Britain as a member of Fanfani's  
summit team in February 1983. He represents the younger  
generation of the Northern DC: quiet but determined with a  
touch of 'English under-statement', and a relaxed, informal  
style.

**CONFIDENTIAL**

ALTISSIMO, ONOREVOLE RENATO

Minister for Industry (Liberal).

Born in Portogruaro (Venezia) on 4 October 1940. Degree in Political Science from Turin University. Joined the PLI in 1963. Municipal Counsellor in Turin from 1964-72. In 1968 he was elected President of the Group for Young Italian Industrialists and subsequently became Vice President of Confindustria.

Deputy since 1972 for the constituency of Turin-Novara-Vercelli.

He became responsible for economic affairs within the PLI and then National Vice-Secretary of the PLI, but gave up the latter position at the 1981 PLI Congress because of his Ministerial responsibilities.

He first served as Minister for Health in the first Cossiga Government (1979) but lost the post when the PLI left the coalition. Re-appointed Minister for Health in I and II Spadolini Governments and in V Fanfani Government (1981-83).

Commercial director of an industrial firm. Author of a book on 'Development without Inflation'. Married with three daughters. Lives in Rome. He maintains a permanent sun tan, and is one of the few Ministers seen to circulate in Roman Social life; indeed he enjoys the reputation of being a ladykiller. Speaks English.



**CONFIDENTIAL**

DARIDA, ONOREVOLE CLELIO

Minister for State Holdings (Christian Democrat).

Born in 1927 in Rome. He has a degree in law and joined the DC in 1946. He joined the DC Rome Committee in 1947 and later became its Vice Secretary; he also directed the party's youth movement and propaganda office. He was a Deputy for the Rome constituency from 1963 until 1969, when he resigned to become Mayor of Rome (1969-76). He was then re-elected a Deputy in the same constituency.

He was Under Secretary of State for the Interior in Andreotti's third, fourth and fifth governments and in Cossiga's second government, until being made Minister for Relations with Parliament in early 1980. In Cossiga's second government, he was Minister of Posts and Telecommunications; Forlani gave him the post of Minister of Public Administration in October 1980. Temporarily replaced Sarti as Minister of Justice in May 1981. Appointed Minister of Grace and Justice in the Spadolini-led coalition government in June 1981 and retained this in the Fifth Fanfani Government (1982). He became Minister for State Holdings in the First Craxi Government.

In party terms, Darida is a member of the Fanfani (qv) faction.

An able mercurial and talkative Minister, with a rather social young wife.



**CONFIDENTIAL**

PANDOLFI, ONOREVOLE FILIPPO MARIA

Minister of Agriculture (Christian Democrat).

Born 1927 in Bergamo. Degree in Philosophy. Began career in business, and has been a Deputy for Brescia since May 1968. Specialised in Treasury and financial matters. Under-Secretary at the Ministry of Finance (the tax-gathering Ministry) during Moro's fourth and fifth Governments (November 1974 - July 1986), and Minister of Finance in the third Andreotti Government (July 1976 - March 1978). Promoted to succeed Stamatii in the more international job of Minister of the Treasury in Andreotti's fourth and fifth Governments in March 1978.

In July 1979, he was given a mandate to form a government but did not succeed, primarily because of PSI opposition. He remained at the Treasury until the fall of Cossiga's second Government, when he was the sacrificial victim because it was failure to get an economic package through Parliament which led to that defeat. Here Pandolfi's lack of a faction worked to his disadvantage. However, his ability, honesty and energy are recognised and Forlani was glad to bring him back as Minister of Industry after the resignation of Bisaglia (qv). He lost his Ministerial post with the resignation of the Forlani Government in May 1981. At the beginning of 1982 he was front runner for the post of OECD Secretary General but despite Britain's support he did not get the job. With the formation of the fifth Fanfani Government in December 1982, was brought back as Minister of Industry. He was moved to become Minister of Agriculture in the Craxi Government (1983).

Has a reputation as a technician, and of someone who works hard as a Minister rather than spending his time politicking. Originally a protege of Visentini (qv) who, though a Republican, asked to have Pandolfi as his junior Minister

/when

**CONFIDENTIAL**



**CONFIDENTIAL**

when Visentini became Minister of Finance in 1974. He claims that the two of them worked a twelve-hour day for months, putting some order into the Italian indirect taxation system. A man determined to achieve tangible administrative results, a rarity among Italian politicians.

Reads English newspapers assiduously, speaks English and has been friendly to us. Married with four children. Likes to visit Britain on holiday and went there as one of Fanfani's Summit team in February 1983. A classical scholar. A civilised and likeable man who tries to stay out of the scrum in Italian politics, but finds this difficult in the highly political Agriculture portfolio.

BOTTA

where

the

Gene

1956

Perm

from

Coun

Mini

Miss

of M

1970

Dire

Amba

soc.

Col

res

lan

Spa

the

**CONFIDENTIAL**

BOTTAI, BRUNO

Director-General of Political Affairs, MFA.

Born in Rome on 10 July 1930. Went to Rome University where he graduated with a degree in Law in July 1952. Joined the Diplomatic Service in 1955, working in the Directorate-General of Economic Affairs. Vice-Consul in Tunis from 1956-58. Second Secretary in the Office of the Italian Permanent Representative to the European Community in Brussels from 1958-61. MFA - Planning Department - from 1961-66. Counsellor in London from 1966-68. MFA - Vice Head of the Minister's Cabinet from 1968-69. Counsellor at the Italian Mission to the Holy See from 1969-70. Seconded to the Council of Ministers as Diplomatic Adviser to the Prime Minister from 1970-72. MFA - Head of News Department - from 1972-76. Vice Director-General of Political Affairs from 1976-79. Italian Ambassador to the Holy See from 1979-81.

A confirmed bachelor seen about frequently in Roman society. He is an able and hard-working man hand-picked by Emilio Colombo (qv) to be Political Director. He quickly won the respect of his new Minister, Andreotti. Speaks several languages fluently, including English, French, German and Spanish, and is widely read. Differed from us - politely - over the Falklands affair.

**CONFIDENTIAL**



**CONFIDENTIAL**

RUGGIERO, RENATO

MFA Director-General for Economic Affairs.

Born in Naples in 1930. He graduated in Law from Naples University in 1953, and joined the Foreign Service in 1955. Vice Consul and Third Secretary in San Paolo 1956-58. Second Secretary in Moscow 1959-60. First Secretary in Washington 1962-64. He then returned to the Ministry working in both the Economic and Political Sections. Counsellor in Belgrade 1966-68. Returning to the Ministry, he became head of the Under-Secretary's Private Office in 1968, and then went as Counsellor to the Italian Mission to the EC in Brussels in 1969 with responsibility for emigration and social affairs. In 1970 he became Chef de Cabinet of the President of the Commission and in 1973 Director General responsible under Mr George Thomson for Regional Policy. In 1977 he was seconded as Spokesman and Director-General of Information to the Commission. Returning to the Ministry in 1978, he worked on economic affairs until seconded as Diplomatic Counsellor to the Prime Minister in April 1979. He became head of the Private Office of the Minister of Foreign Affairs in August 1979 and remained there until posted to Brussels as Permanent Representative to the European Community in mid-1980. He returned to Rome in January 1984 to become Director-General of Economic Affairs at the MFA.

In the Commission he has cooperated very closely with British colleagues in attempting to develop the Regional Fund as an effective instrument to benefit disadvantaged areas, notably in the UK and in Italy. In 1979/80 and in 1983 he had the principal say in determining Italian policy on Community issues, hogging the subject and making it his own. Deeply

/committed

**CONFIDENTIAL**

**CONFIDENTIAL**

committed to the European Community, he has a fund of constructive ideas, many of them sound, and was very helpful to the UK over the budget problem in 1980. Can intrigue and conspire effectively which makes him an awkward opponent if Italian interest conflict with ours. Awarded the KCMG during the 1980 State Visit.

Speaks good English and French. Ebullient, oversize and still very Neapolitan.

Married.

**CONFIDENTIAL**

CAGI

Univ

in l

Parl

he r

Firs

Cour

the

MFA

Amba

worl

Cour

in

Lon

to

He

and

Abl

ene

abc

not

is



**CONFIDENTIAL**

CAGIATI, ANDREA

Ambassador in London.

Born in Rome in 1922. He graduated in Law from the University of Siena in 1944. He joined the Foreign Service in 1948 and after the usual period in the Ministry went to Paris in 1950. Vice-Consul in New York in 1953. In 1955 he returned to the Private Office of the MFA Under-Secretary. First Secretary (later Counsellor) in Athens 1957-60. Counsellor in Mexico City 1960-62. After a brief spell at the Italian Mission to the United Nations, he returned to the MFA to head the NATO Department from 1963-66. Appointed Ambassador in Bogota in 1968 but soon returned to the Ministry, working in the Diplomatic Institute (1971) and as Diplomatic Counsellor in the Prime Minister's Office (1972). Ambassador in Vienna, 1973-79. He replaced Ducci as Ambassador in London in January 1980.

As Ambassador in London he began by encouraging his staff to greater activity than some of them had shown under Ducci. He himself is always very prompt in carrying out his instructions, and if he errs it is by excess of zeal rather than the reverse. Able, sharp and ambitious, he defends Italian interests with energy. Despite social pretensions he now knows a good deal about Britain. Tall and impressive, but his haughty style is not always popular with visiting Italian Ministers. His wife is German; they make a handsome couple.

**CONFIDENTIAL**

ITALY: BASIC STATISTICS

ANNEX C

		<u>ITALY</u>	<u>UK</u>
Population (millions)	1982	56.6	56.0
	1983	56.8	56.1
Labour Force (millions)			
Unemployed (per cent of civilian Labour Force)	1982	8.9	10.4
	1983	9.7	11.2
Gross Domestic Product (Billion dollars)	1982	347.4	477.4
	1983	355.1	449.2
GDP per capita (dollars)	1982	6138	8525
	1983	6252	8007
Annual Rate of Growth of GDP (%)	1982	-0.3	2.3
	1983	-1.5	2.5
Annual Rate of Growth of Industrial Production (%)	1982	-2.7	1.8
	1983	-4.9	3.0
Consumer Prices (%)	1982	16.5	8.6
	1983	14.7	4.6
Balance of Payments on Current Account (million dollars)	1982	-5684	9829
	1983	-641	4371
<u>Defence</u>			
Spending (% of GDP)			
Total Armed Forces			
<u>Trade</u>			
United Kingdom Exports to Italy	1983	2292.8 (£ million)	
	7 months 1984	1529.7 (£ million)	
UK Imports from Italy	1983	3188.2 (£ million)	
	7 months 1984	2165.5 (£ million)	

Sources: OECD: Quarterly Labour Force Statistics  
 OECD: Main Economic Indicators July 1984  
 IMF : International Financial Statistics  
 DTI : Overseas Trade Statistics of the UK



*clp*

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT  
GMV(84) 3(a) COPY NO  
12 October 1984 51

ANGLO-ITALIAN SUMMIT  
18-19 OCTOBER 1984

EUROPEAN COMMUNITY TOPICS  
GENERAL COMMUNITY BRIEF

Brief by the Foreign and Commonwealth Office

1. The Italians assume the Presidency of the Council in January and will wish to tell us of their priorities. These will include the implementation of the enlargement of the Community, and agreement on Integrated Mediterranean Programmes to compensate Italy for the impact of Spanish and Portuguese accession. They will also give high priority to the work of the Dooge Committee on Institutions and the Committee on a People's Europe.
2. Underlying these priorities will be the traditional Italian concern to maximise their benefits from the Community, particularly under the CAP. They have resisted attempts to curb surplus agricultural production especially in wine and olive oil but have had to give some ground to the French over wine and to accept a compromise over olive oil.
3. The Italians would also like to see more money devoted to the structural funds and to research and development (particularly the Joint Research Centre at Ispra, in Italy).
4. The difference between Italian priorities and our own does not make it easy to make common cause with them. However, the Italians are starting to show some interest in

**CONFIDENTIAL**

aspects of the internal market, notably harmonisation and mutual recognition of standards in high technology, and there may be scope for engaging their interest and support for our priorities. They dislike the idea of budget discipline but were prepared to accept our text in the ECOFIN Council because they want increased own resources. We should emphasise the need finally to complete the budget negotiations before the new Commission takes over and the Italians assume the Presidency.

Development of the Community

5. Signor Craxi has already had a copy of "Europe - the Future". The Prime Minister may also wish to tell him of our Programme of Action based on it (copy attached). The Italians have so far shown little interest in completion of the common market but they may be susceptible to the argument that a properly functioning common market is a vital condition for growth, job creation and industrial cooperation in Europe. The Italians are keen to promote industrial collaboration, particularly in the fields of defence and aerospace. We can encourage them to think in terms of giving priority to creating the conditions in which European industries can cooperate and hence compete effectively with Japan and the United States. Industrial cooperation depends essentially on the will of enterprises themselves but there is scope for better cooperation on pre-industrial research and development particularly in the new technologies. ESPRIT has already provided a model.

6. Setting the right conditions for industrial collaboration between European companies involves reducing barriers (incompatible standards, restrictive public purchasing policies, legal and other obstacles) and encouraging industrialists to exploit the advantages of collaboration (shared costs, avoiding duplication of work, adopting common standards at an early stage). The UK



initiative on mutual acceptance of common standards is important in this regard: we hope the Italians will support it. During Mr Tebbit's recent visit to Rome they expressed concern at the increasing dominance of US companies in the telecommunications field and expressed interest in reaching agreement on tele-communications equipment standards. This fits well with our approach and it would be worth pointing out to the Italians the relevance of our ideas on harmonising standards, including in the field of telecommunications equipment.

7. The Italians may show more enthusiasm than we would like for rapid growth in R and D spending in line with the 50% increase by 1986 proposed by the Commission. While we support an increase in R & D expenditure we could not agree to such rapid growth. We do, however, see merit in the latest Commission approach, as recently outlined by Viscount Davignon, which will distinguish between top priority programmes, for immediate implementation for which resources are available, and other programmes of lesser priority which can only be implemented after 1986.

8. The Italians have supported the line we have taken on the German proposal for the introduction of catalytic converters on all cars sold in Germany from 1989. We think that the German measures would be in breach of Community law though, for political reasons, the Commission is unlikely to challenge them formally.

9. We favour reducing exhaust emissions by using advanced engine combustion techniques (lean-burn). Catalyst technology involves fitting an expensive device to the exhaust system which achieves lower emission levels at the expense of fuel economy and performance, and is vulnerable to misuse. The Italians share our concerns. They and the French between them sell some 300,000 cars a year on the German market (we sell 10,000).



**CONFIDENTIAL**

Budgetary Issues (Brief 3b)

10. In describing to the Italians our ideas for the Community's future development the Prime Minister will wish to make clear that the Community can only undertake new policy initiatives if it manages its resources wisely. The agreement reached at Fontainebleau was a major achievement and we are now close to implementing it in detailed form. Our concern to ensure the proper control of Community spending has not been the result of a wish to impose draconian measures which would undermine the CAP but to control the growth of CAP expenditure so that it takes a less excessive proportion of the budget, and to discourage the production of surpluses. Unless budget discipline is implemented in this way the Community will find that it has no resources available for non-agricultural policies. An early effort needs to be made by Finance Ministers to complete their work on budget discipline. We also hope for early progress on the new Own Resources Decision. Nine Member States can agree to implement new own resources in 1985 to cover the Community's inescapable financial obligations in 1985 and provide for the abatement of the UK contribution in respect of 1984 on the revenue side, as agreed at Fontainebleau. We believe that the proposal put forward at the last Foreign Affairs Council for an interim VAT rate for 1985 at a level of 1.2% still offers the best prospects for early agreement.

Enlargement (Brief 3d)

11. We should stress to the Italians the political importance of completing the substance of the accession negotiations this year, and therefore the need for real movement at the Foreign Affairs Council on 22/23 October. To this end, we should in particular press them to reconsider their position on wine, and reinforce our tactical alliance with them on Spanish tariffs (above all



on cars).

12. As compensation for the impact of enlargement Italy, together with Greece, is seeking Community agreement to the establishment of free-standing Integrated Mediterranean Programmes (IMPs), as proposed by the Commission. These would be costly (6.6 billion ecu over 5 years). We are pressing for implementation of the Brussels European Council conclusions which gave the go-ahead for IMPs in 1985 but placed them firmly in the context of the existing structural funds. The structural funds each provide for integrated programmes, and incorporating IMPs into the existing funds will enable us to limit their cost. If the Italians raise the issue we should say that we remain committed to the introduction of IMPs in 1985. We believe that this goal can best be achieved in the framework of the structural funds, as agreed by the European Council. There is already scope for increased quotas within the Regional Fund. The Social Fund is also expected to grow in real terms. Negotiations are continuing on changes in the Agricultural Guidance Fund but we expect there to be room within the Fund for IMPs.

CAP (Brief 3c)

13. The Italians will be in the chair during the period of the 1985 price-fixing. Their aim will be to seek to improve the income of producers, especially Mediterranean producers. In addition to the general case for restraint in agricultural production we shall wish to remind the Italians that agreement was reached at the last price fixing on the introduction of guarantee thresholds for products in, or likely to be in, surplus or for which expenditure was rising rapidly. A start has already been made by introduction of the milk super-levy. UK farmers have cut their production by 7.25%. Italy, which produces less milk than it consumes, appears to have taken no

**CONFIDENTIAL**

effective steps to implement the super-levy, though the Italians claim production has fallen. The milk super-levy must be effectively applied in all Member States.

14. It is equally our hope that the Italians will not continue to resist attempts to reform the Community's wine regime. There is already a large surplus of up to 30% of production. All other Member States have accepted that there must be effective controls in line with the agreements of principle already taken by the Community as a whole. Reform of the olive oil regime, on which some progress has now been made, is also essential if the burden of CAP costs is not to become intolerable once Spain and Portugal have acceded to the Community.

Ad Hoc Committee on Institutions (Dooge Committee)

15. The Committee has met twice. Mr Rifkind has circulated a paper on the Internal Market. The Italian representative wants the Committee to focus on institutional questions, particularly extension of Community competence and greater power for the European Parliament, including adoption of the Draft Treaty on European Union. If Signor Craxi refers to the work of the Committee we should say that we attach importance to the Committee concentrating on those areas where the interests of the Member States can best be advanced by acting together rather than separately. Once we have identified such areas, then we can consider whether action can be conducted within the Treaty framework or outside it. It is also important that whatever recommendations the Committee makes should be practical ones that the Community can actually implement.

The New Commission

16. The Italians have not yet nominated their second

**CONFIDENTIAL**



**CONFIDENTIAL**

Commissioner. Signor Natali, currently Commissioner for Mediterranean policy, Enlargement and Information will be staying on. We do not wish an Italian to hold the Agriculture portfolio. Latest indications are that M Delors envisages Signor Natali taking over Development.

17. During his recent visit to London, the Italian Minister for EC Coordination, Signor Forte, indicated that Italy might be prepared to align itself with the UK position in favour of one Commissioner per Member State after enlargement, but provided Italy was recompensed in some way, eg. in terms of senior positions in the Commission services. If the Italians refer to this we shall wish to encourage their support for our position without suggesting that we could back their request for a trade-off in other jobs (Italy is already extremely well represented at senior levels).

Foreign and Commonwealth Office  
12 October 1984

"EUROPE - THE FUTURE": A PROGRAMME OF ACTION

"The attached programme of action is a synopsis of the paper, "Europe - The Future" which the Prime Minister circulated to her colleagues before the Fontainebleau European Council in June 1984. The document will be drawn on by Mr Rifkind in meetings of the Ad Hoc Committee on Institutional Affairs."



## EUROPE THE FUTURE - A PROGRAMME OF ACTION

### Organisation and Institutions

A number of improvements are called for in the functioning and decision-making arrangements of the Institutions:

- To make its role as initiator of Community action more effective, the Commission should be reduced to 12 members after enlargement. It should weed out annually blocked items of legislation and bring unnecessary cases of obstruction to the Council's notice;
- To enhance the effectiveness of the Council in the management of Community business, the Community should agree to greater cooperation between the Presidency in office and preceding and succeeding Presidencies (cf the existing Political Cooperation arrangements as a model);
- The European Council should have a strategic role (not merely as a court of appeal from the Council). It should adopt annually a brief statement of the Community's priorities;
- Liaison between the European Parliament and the main decision-making Institutions of the Community should be improved through more extensive consultation procedures;
- The Community should keep the Council's decision-making procedures under review. Where majority voting applies, Member States wishing for discussion of an issue of important national interest to continue until agreement is reached should give reasons for their request.

## External Affairs

The Community must aim towards a common approach in external affairs:

- by making the fullest use of the available instruments on Community side, including preferential agreements with certain third countries and groups of third countries (some involving association or having cooperation elements), and the Common Commercial Policy;
- by combining the use of Community instruments with greater political will to act together through political cooperation concentrating efforts in areas such as the Middle East and Africa where our leverage is greatest, and ensuring better links between the Political Cooperation framework and the Council.

On aid and trade we should:

- liberalise our own trading practices;
- encourage our major trading partners to take their share of responsibility for the world economy and act jointly with them to promote the further liberalisation of international trade;
- work for the better coordination of Community aid with national development efforts and with those of other donors to ensure maximum effectiveness.

## Industry

The Community should give priority to the development of a vigorous, efficient and cost-effective industrial sector. *Urgent*  
consideration should be given to:

/whether



- whether more can be achieved or can be achieved more efficiently by action on a Community basis. The Commission's proposals for telecommunications and biotechnology programmes are relevant here;
- better cooperation on Research and Development;
- giving higher priority to inter-governmental cooperation along the lines of Airbus. In the enlarged Community it may sometimes be right for such ventures to go ahead without the participation of all Member States, though it should be open to others to come in later if they wish to do so;
- removing the impediments to risk-sharing and investment.

#### Internal Market

Industry will not realise the benefits of a market of 270 million until we create a genuine common market for goods and services as envisaged in the Treaty of Rome. The Community needs:

- a sustained effort to remove the remaining obstacles to intra-Community trade;
- harmonised standards and to prevent the deliberate use of national standards as barriers;
- more rapid and coordinated customs procedures;
- a major effort to improve mutual recognition of professional qualifications;
- liberalisation of trade in services including banking and insurance;
- liberalisation of transportation of goods and people.

## CAP

To release resources for a wider range of Community policies and achieve a better balance between production and demand, a sustained effort will be required:

- to introduce guarantee thresholds for products in surplus;
- to apply a strict pricing policy which will narrow the gap between Community and world commodity prices.

## Environment

Decisions should be taken urgently:

- on a programme of research aimed at finding solutions to problems caused by acid rain;
- to agree controls on trans-frontier shipments of hazardous waste;
- to bring about the elimination of lead in petrol.

## Culture

The Community should:

- examine whether governments can do more to encourage the learning of other Community languages;
- see whether the European Foundation could play a useful role in this and in developing professional exchanges;
- encourage access to each other's satellite broadcasting systems.



We must make the Community more relevant to the lives of our people. This means a sustained effort:

- to simplify and speed up customs and other formalities;
- to allow European citizens to travel as freely and cheaply as the inhabitants of the United States, notably by increasing competition and liberalising air services.

Search for new areas of action

Member States should review their own policies and programmes in sectors covered by the Treaty to see whether greater progress could be made by a cooperative approach at the Community level.

Foreign and Commonwealth Office  
10 October 1984

c/c

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT  
GMV(84)3a Addendum COPY NO 51  
16 October 1984

ANGLO/ITALIAN SUMMIT  
18-19 OCTOBER 1984

EUROPEAN COMMUNITY TOPICS

COMMUNITY GENERAL BRIEF  
AD HOC COMMITTEE ON A PEOPLE'S EUROPE  
Brief by Foreign and Commonwealth Office

OBJECTIVES

1. The Italians have told us that they will raise either with the Prime Minister or the Secretary of State, the Chairmanship of the Ad Hoc Committee on a "People's Europe" one of the two Committees set up at Fontainebleau. The Italians will propose that their nominated representative, Pietro Adonnino (personality note attached), should become chairman of the Group, on the ground that most of the Committee's work will take place during the Italian Presidency. Dr Fitzgerald has meanwhile proposed that the Belgian representative (Prosper Thuysbaert) should chair the Committee. We think that Adonnino would make a better chairman from our point of view but should not commit ourselves to him; there is more than one candidate; the Irish Presidency will have to try to resolve their various claims.

POINTS TO MAKE

2. Interested to learn of Italian candidate. The Irish have suggested that the Belgian representative should take the chair. We shall not be seeking the chairmanship ourselves. When Dr Fitzgerald first asked us about chairmanship of the Committee in July, I suggested that the Irish should take it on in their Presidency role. I continue to see advantage in a connection between the Presidency and the Chairmanship of the group. No



**CONFIDENTIAL**

doubt you will be consulting further with Dr Fitzgerald. Our concern is that there should be a chairman who commands general support.

/BACKGROUND

**CONFIDENTIAL**

**CONFIDENTIAL**

BACKGROUND

1. All Member States have now appointed representatives on this committee which was established at the Fontainebleau European Council but which has yet to meet. The Irish can make no headway for lack of agreement on a chairman. They are not now seeking the chairmanship themselves but have proposed that the Belgian representative (Prosper Thuysbaert) should be chairman. Signor Adonnino, as an MEP, has been fairly sympathetic to us over the budget problem. He is also well known to Mr Williamson, our representative on the Committee, who thinks we could work constructively with him. We do not wish to take on the chairmanship ourselves. It would inhibit our ability to press our case as we would wish.

2. In the letter of 20 July to Dr Fitzgerald about the two Ad Hoc Committees, the Prime Minister wrote:

"You suggest that the chairman of the second Committee (on a "People's Europe") should be a person of European standing who could keep in direct contact with the Presidency in Office. Since you envisage that the Committee will report to the European Council in December, I think it would be very appropriate if your Government were to take on the chairmanship of this Committee, as well as that of the Committee on institutional affairs."

3. It is now clear that the Ad Hoc Committee on a People's Europe will not get down to work before November and that the bulk of the work will fall during the Italian Presidency next year.

Foreign and Commonwealth Office  
16 October 1984



CONFIDENTIAL

THUYSBAERT, PROSPER (BELGIAN)

Diplomat.

Born Lokeren 1931.

BA in philosophy and a doctorate in law. Began his diplomatic career in 1958. He has served in Luxembourg, Paris and Tel Aviv. Assistant chef de Cabinet to Van Elslande in the Ministry of Foreign Affairs in 1977. Then served as Foreign Affairs adviser in Mr Martens' Cabinet. Became Chef de Cabinet to Mr Tindemans when he was appointed Foreign Minister in December 1981, until 1983, since when he has been Political Director at the MFA, responsible for bilateral affairs.

One of the small group of Belgian officials who have played a consistently major role in determining European Community policy. He has not shown much sympathy for British interests. He has also written a number of articles on the EEC and linked subjects such as energy and economics.

Has a rather abrasive manner, but an elegant wife. Speaks good English.

ADONNINO, PIETRO (ITALIAN)

Christian Democrat MEP. Prominent Member of the Budget Committee and Budget Spokesman for the Christian Democrats. A lawyer and university lecturer in fiscal law and a Director of the Italian State Broadcasting Corporation.

Born 1929.

Budget expert. Flowery but rather obscure speaker and thinker. Moderately sympathetic to UK budget problem. Speaks French and a little English.

atic  
viv.

ser  
ns  
l

ed a  
icy.  
s also  
such

s good

A  
of the

inker.



THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT  
GMV(84)3(b) COPY NO 51  
12 October 1984

ANGLO-ITALIAN SUMMIT  
18-19 OCTOBER 1984

COMMUNITY FINANCING  
Brief by Foreign and Commonwealth Office

UK OBJECTIVES

To make clear our wish to complete the negotiation on outstanding budgetary issues as soon as possible and to emphasise the importance of sound financial management if the Community is to be able to make progress with new policies.

POINTS TO MAKE

1. Pleased that it was possible to make further progress on budget issues in the Foreign Affairs Council earlier this month. This enabled the Community to meet its inescapable financial obligations in 1984. Also delighted that the European Parliament has at last agreed to release our 1983 refunds. Grateful for help we received from other Member States in securing that result. Way now open for work on implementing the Fontainebleau conclusions to be completed within the next few weeks.
2. Finance Ministers got close to agreement on a budget discipline text at ECOFIN on 1 October. Discussion should continue at ECOFIN and not be transferred to the Foreign Affairs Council which has not been involved in the detail.
3. UK's aim throughout has been implementation of Fontainebleau conclusions. No question of seeking to undermine the operations of the CAP but rather to ensure that its growth does not squeeze out the resources available for other essential policies to which the Community is committed

**CONFIDENTIAL**

and from which Italy and UK both stand to benefit.

4. The other major problem still to be resolved is the timing of entry into force of new own resources. At the Foreign Affairs Council nine Member States could accept the Presidency proposal for a 1.2% transitional VAT rate in 1984. Only the Germans could not accept this. We should not give up. Transitional arrangements would enable the Community to meet its inescapable financial obligations in 1985 and to fulfil the Fontainebleau conclusions in respect of the UK's 1984 abatement

5. Fontainebleau was a major success in providing sound basis for future development of Community. Must try to persuade the European Parliament over the next few weeks not to try to change what has been agreed. The proposals put forward by the rapporteur of the Budgets Committee (Herr Pfennig) on the New Own Resources Decision would not be compatible with decisions taken by Heads of Government. We wish to work closely with the European Parliament, respecting Parliament's powers under the Treaties but this needs to be on a constructive basis. Important thing now, in interests of the Community as a whole is to get the new Own Resources Decision agreed, adopted and implemented.

/BACKGROUND

**CONFIDENTIAL**



**CONFIDENTIAL**

BACKGROUND

1. Italy has now overtaken France as the principal beneficiary of FEOGA guarantee expenditure. The figures for January to August 1984 by comparison with the corresponding period of 1983 show that Italy's share of FEOGA expenditure has risen from 19.9% to 21.9% while the French share has fallen from 23.4% to 18.7%.
2. The Italians are also the principal beneficiaries of the Regional Fund. They disapprove of the British approach to the budget problem and believe that, like them, we should seek a solution through more Community expenditure and particularly the expansion of the structural funds.
3. The Italians dislike the concept of budget discipline. But they have been prepared to agree to a text on budget discipline in non-binding form.
4. The Italians are enthusiastic supporters of the further development of the Community including the extension of the European Parliament's powers. Consequently they cannot be relied on not to break ranks in the event of an inter-institutional quarrel. For example the Italians might be tempted to support the Parliament's proposal for further ad hoc refund arrangements on the expenditure side. The Italians have always disliked the idea of a "system" for correcting budget imbalances. However their overriding interest now must be to secure the adoption and implementation of the new Own Resources Decision. That can only happen on the basis of a text which implements the Fontainebleau Conclusions.

# CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

GMV (84) 3(c)

COPY NO: 51

15 October 1984

ANGLO-ITALIAN SUMMIT

18 - 19 OCTOBER 1984

COMMUNITY AGRICULTURAL MATTERS

Brief by the Ministry of Agriculture, Fisheries and Food

## OBJECTIVES

1. To impress on Craxi the need for the Community to consolidate the progress made in 1984 by taking further measures to contain EC agricultural expenditure especially at the 1985 CAP price fixing; and to make it clear that no producers or member states can be exempt from this process.

## POINTS TO MAKE

2. The Agriculture Council made significant progress in the 1984 price fixing settlement towards containing CAP costs. This needs to be implemented properly, for example on milk, and to be followed up for other products for example wine. It is essential that support prices are held down and surpluses tackled.

3. The Fontainebleau agreement on budgetary discipline had as one important component a financial guideline for agriculture. This must be adhered to; it seems likely it will first apply to the 1986 budget and will therefore be relevant at the 1985 price fixing.



## CONFIDENTIAL

4. Financial stringency is necessary for all CAP commodity regimes. Following above average price settlements for "Mediterranean" products over a number of years, expenditure on these regimes has gone up much more than on those for "Northern" products. In 1984 very difficult decisions have been taken, for example on milk. It is only fair that effective measures should also be taken to limit the growth of expenditure on, for example wine by tackling the surplus.

### BACKGROUND

5. Among the measures taken at the 1984 CAP price fixing was a reduction in the average level of common prices by about  $\frac{1}{2}$  per cent, and the introduction of a quota scheme in the milk sector at a level some 6% below current output. The detail is such that Italian production will not have to be reduced while the reduction required in the UK is over 6%. Further, there are strong indications (which we are following-up with the Commission) that the Italians will not have taken the necessary administrative measures in time for the supplementary levy on production in excess of quota to be charged on individual producers in 1984/85. This has been criticised by our own producers. Our own arrangements are well advanced.

6. Agreement was also reached in principle at the <sup>1984</sup> price fixing to introduce "guarantee thresholds" for products in or likely to be in surplus or for which expenditure is rising rapidly; and new thresholds were in fact introduced for a number of Mediterranean products (dried grapes, sunflowerseed, tomato products and durum wheat) though, unlike in the case of the decision on milk, at above the level of current production.



**CONFIDENTIAL**

7. Details of the financial guideline for agriculture have not yet been settled but it is currently expected that it will apply to the 1985 price fixing in respect of expenditure in the 1986 budget (ie calendar) year.

8. The Italians will be in the chair in the first half of 1985, that is during the period of the 1985 CAP price fixing. On past form their view is likely to be that after the tough 1984 settlement, in 1985 it will be necessary to seek to improve producers' incomes especially those concerned with "Mediterranean" products.

9. At Fontainebleau it was agreed that (in the context of enlargement) the Community's wine regime should be reformed to ensure that the quantities of wine produced in the Community should be controlled. (There is a large surplus amounting to up to 30% of production, which has to be distilled at Community expense). Intensive discussions have taken place in the Agriculture Council on possible reforms and the Italians are proving particularly obstructive. Since some 60% of wine expenditure takes place in Italy, there is no prospect of any effective reform which does not impinge on Italian interests.

Ministry of Agriculture, Fisheries and Food

15 October 1984



**CONFIDENTIAL**

ANNEX

FEOGA GUARANTEE EXPENDITURE

Commodities	1979 outturn (mecu)	% of total	1984* forecast (mecu)	% of total	growth 1979-1984 %
Cereals (excluding durum wheat and rice)	1,449	13.6	1,715	9.3	18.4
Milk	4,731	44.4	5,811	31.4	22.8
Beef	748	7.0	2,056	11.1	174.9
Sugar	940	8.8	1,602	8.7	70.4
Oilseeds and proteins	280	2.6	927	5.0	231.1
<u>Mainly Mediterranean Products</u>					
Fresh and Processed Fruit and Vegetables	443	4.2	1,343	7.3	203.2
Olive Oil	388	3.7	888	4.8	118.9
Tobacco	225	2.1	795	4.3	253.3
Wine	62	0.6	1,107	6.0	1,685.5
Total (Mediterranean products)	1,295	12.2	4,589	24.8	254.4
Grand Total (including commodities not included in table)	10,644	100.0	18,401	100.0	72.9

\*Preliminary draft supplementary and amending budget as provisionally agreed by Council of Finance Ministers, 1 October 1984

**CONFIDENTIAL**

e/c

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

GMV(84)3(d)

COPY NO **51**

12 OCTOBER 1984

ANGLO-ITALIAN SUMMIT

18-19 OCTOBER 1984

**ENLARGEMENT**

Brief By Foreign and Commonwealth Office

OBJECTIVE

1. To stress to the Italians;
  - a) the political importance of completing the accession negotiations by the end of the year and,
  - b) the need to make substantive progress at the at the Agriculture Council on 21 October and the Foreign Affairs Council of 22/23 October.
  - c) to press the Italians to reconsider their position on wine and reinforce our tactical alliance on fish and Spanish car tariffs.

POINTS TO MAKE

2. Political importance for Spain and Portugal of completing at least the substantive part of accession negotiations by end of the year. Both applicants have made accession by 1 January 1986 major plank in their foreign policy. Failure could have serious repercussions (PSOE Congress in December and referendum on NATO membership in Spain and general political stability in Portugal). As Mr Barry has pointed out in his letter to EC Foreign Ministers, three Foreign

(1)

**CONFIDENTIAL**



Affairs Councils in succession have failed to produce results, and Community has not put any position of substance to Spaniards since summer break.

3. Now need real political effort to resolve outstanding problems "global package" at Foreign Affairs Council on 22/23 October. Means difficult concessions for all of us. But unless Agriculture Ministers can make enough progress on wine on 22 October for negotiations on wine to begin in enlargement context, discussion of package will fail again. This could precipitate real political difficulties with Spain and Portugal.

4. Another important element in package is Spanish industrial tariffs. Find it very difficult to understand how French can block progress in interests of protecting French investment in Spain; main concern should be protection of producers in existing member states. But could accept reduced duty quota for cars if it helped French. Italian-UK interests very similar: hope we can stick together.

5. No objection in principle to Portuguese "constat d'accord"; but need to be sure that text offers no hostages to fortune. Should be a Presidency text, have no juridical value and not have effect of unlinking Spanish and Portuguese negotiations.

**CONFIDENTIAL**

(3)

BACKGROUND

7. Three successive Foreign Affairs Councils have failed to reach agreement on a "global package" of outstanding enlargement issues, including olive oil, wine, Spanish industrial tariffs. Social Affairs and Portuguese sugar (the only item agreed). The obstacles to agreement on 17 September were Greece on olive oil (the Italians were prepared to accept a compromise text), the French on Spanish industrial tariffs and the Italians on wine (by refusing to accept Commission compromise proposals as a basis for negotiation in the Agriculture Council).

8. The Spaniards and Portuguese are understandably frustrated. The PSOE Party Congress in December will consider the referendum on NATO membership, which is linked to success in the accession negotiations. Dr Soares is facing growing disillusion within his coalition about EC accession (and his own Presidential campaign in 1985).

9. The Irish Foreign Minister has written to EC Foreign Ministers to urge that all Foreign Ministers be present for the Enlargement discussions at the next Council on October 22/23 and be ready to make decisions.

10. Wine is probably the most intractable element in the passage: nothing can be settled on wine in the



**CONFIDENTIAL**

(4)

enlargement context until the Agriculture Council has acted to reform the CAP wine regime, and we should impress the urgency of this on the Italians - details are in Brief No 3(c). The French are blocking a draft declaration on the problem of very high Spanish industrial tariffs (which proposes that those parts of the tariffs over 20% on a list of products including cars and automotive products would be reduced in 4 steps during 3 years before continuing general dismantlement at the same rate as for other products), to protect the very substantial Renault investment in Spain. We are exploring with the French and the Commission an alternative approach for cars alone of reduced duty quotas (this was originally our preferred approach for all products protected by high tariffs) but was unacceptable to the Germans and Dutch. Italian officials have confirmed that they share our concerns.

12. We have little interest in discussing olive oil with the Italians; they know that we insist that guarantee thresholds should apply in an enlarged Community and they will seek to mobilise the opposition. However, the Italians have been prepared to accept a Presidency compromise text which we can also live with; it is the Greeks who are standing out to help them get more money out of their partners in

**CONFIDENTIAL**

**CONFIDENTIAL**

(5)

the context of the Integrated Mediterranean Programmes. We can make some move to meet Greek problems so long as the text continues to make clear that Spain will not begin transition to EC price levels until the reformed regime for olive oil (to include a guarantee threshold) is in effect.

13. For domestic political reasons, the Portuguese have asked the Community for a "constat d'accord" or solemn declaration recording that agreement has been reached on most issues in the negotiations and that the date for Portugal's accession is 1 January 1986. The Foreign Affairs Council on 17 September accepted the idea in principle subject to satisfaction on detail. We have no objections so long as the declaration is a Presidency text, has no juridical value and does not set a timetable for Portuguese accession which cannot be met for Spain.

FOREIGN AND COMMONWEALTH OFFICE

12 OCTOBER 1984

**CONFIDENTIAL**





C/L

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

GMV(84)4

COPY NO

15 October 1984

50

ANGLO-ITALIAN SUMMIT

18-19 OCTOBER 1984

---

SECURITY COOPERATION IN EUROPE  
Brief by Foreign and Commonwealth Office

OBJECTIVE

1. To reaffirm role of North Atlantic Alliance as foundation of our security and impress on the Italians our commitment to strengthening European defence cooperation.

POINTS TO MAKE

2. Alliance the foundation of our security. No substitute for NATO or the US nuclear guarantee. But important to strengthen European pillar of Alliance. Defence must play full part in European cooperation. "Europe: The Future" sets out problems we must find answer to
  - how to respond to public questioning of security and defence policy
  - rising costs and resource constraints
  - effective procurement collaboration



**CONFIDENTIAL**

- correcting US misconceptions, exemplified in the Nunn amendment, and persuading the Americans that we take our own defence seriously.

3. We have to make the best use of the institutions at our disposal: NATO, Eurogroup, Independent European Programme Group (IEPG) and WEU. Important that Rome WEU Ministerial should be a success. Council in particular can provide a forum for discussion of key issues and impetus for enhancing greater collaboration in other fora. Primary forum for equipment collaboration should remain the IEPG.

4. Bilateral links make important contribution to European defence cooperation. Particularly value Anglo/Italian procurement cooperation. Solid foundation on which to build.

BACKGROUND

1. The UK paper 'Europe: the future' circulated at Fontainebleau in August recognises the importance of European defence and security in the context of US misconceptions of the European defence effort and raises a number of questions to which the European allies must find answers.

2. A number of multilateral fora are engaged in promoting European defence and security cooperation. These include the Eurogroup (the French are not members), the Independent European Programme Group (the French belong) as well as WEU (which comprises 7 out of 16 NATO countries). New initiatives have been launched this year to give new impetus to the work of

**CONFIDENTIAL**

the IEPG in armaments collaboration and to reactivate the WEU.

3. The Italians will host the first ever joint WEU Foreign and Defence Ministers' meeting in Rome on 26/27 October. The original purpose was to mark the 30th anniversary of WEU but the French proposed "reactivating" the organisation early this year and this was agreed by WEU Foreign Ministers in Paris in June. Besides dealing with the future role of the organisation, we hope that there will be serious discussion in Rome of topical defence issues. The IEPG will meet at full Ministerial meeting for the first time in The Hague on 22/23 November. Bilateral procurement projects with Italy are covered in Brief 9.

4. The Italians have expressed sensitivity about tripartite meetings of British, French and German Defence Ministers (last held in September 1983). They have drawn attention to their own important role in collaborative equipment projects, the main item on the tripartite agenda. While we have not ruled the possibility of future tripartite meetings, none are currently planned. Italian interest in the WEU has been motivated in part by the need to find an alternative forum, including them.

Foreign and Commonwealth Office

15 October 1984



**CONFIDENTIAL**

c/L

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S  
GOVERNMENT

GMV (84) 5

COPY NO 51

11 OCTOBER 1984

ANGLO-ITALIAN SUMMIT  
18-19 OCTOBER 1984

---

EAST/WEST RELATIONS (INCLUDING AFGHANISTAN)  
Brief by Foreign and Commonwealth Office

Objective:

1. To discuss recent developments in East/West relations; to urge need to maintain Western unity in 1985.

Points to Make

2. Welcome Reagan and Shultz meetings with Gromyko. Important that Reagan made clear personally to Gromyko wish for better relations and commitment to arms control. Results will be carefully evaluated by Soviet leadership. Carefully worded Soviet public position leaves options open for 1985. But rapid progress unlikely.
3. Right approach now realism and patience. Time needed to build understanding and trust at political level before substantial movement in Soviet positions can be expected.
4. Meanwhile important for West not to wobble under effect of Soviet immobility.
5. Soviet Union will still hope to split Alliance cohesion. Foreign Ministers must take opportunity at NATO Ministerial meeting on 13-14 December to discuss how to handle prospect of little or no progress on arms control in 1985.

**CONFIDENTIAL**

**CONFIDENTIAL**

UK/Soviet Relations

6. British Government will continue to maintain contacts and to emphasise openness and willingness to do business.
7. At meeting in New York Gromyko accepted Sir G Howe's invitation to UK next year.

Leadership

8. See no evidence that Chernenko about to step down. But even if he was replaced by a leader from the younger generation, eg Gorbachev, not likely to be any immediate impact on Soviet policy. Any new leader will require time to establish position, and whoever is in charge will continue to pursue Soviet interests.

Eastern Europe

9. Cancellation of Honecker/Zhivkov visits demonstrated Soviet determination that East Europeans should follow Soviet lead on East/West relations.
10. Important to keep talking to East Europeans. But care needed over public presentation so as not to lead Russians to rein them in further.

Soviet Accusations of FRG Revanchism

12. Soviet accusation that FRG is expansionist and threatens peace in Europe is absurd. Will take every opportunity to rebut it.
13. Russians likely to exploit 40th anniversary of VE-Day in 1985. Important for Alliance to keep together on this and to involve Germans fully in deciding how to respond.



**CONFIDENTIAL**

Afghanistan [if raised]

14. Important to maintain pressure on Soviet Union, and to ensure resounding victory for Pakistan resolution at UNGA (in November).

Background

East/West Relations

15. Soviet Union continues to try to place blame for poor state of East/West relations on US, and to create disunity in Alliance over INF deployment in particular. During meetings with Shultz and Reagan, Gromyko inflexible on substance. Early progress unlikely; expect no further shift in Soviet position until after US election, and probably not for some time after that.

16. Some signs of encouragement in longer term. At second Shultz/Gromyko meeting on 29 September, agreement to discuss regional questions and enlarge the bilateral dialogue through diplomatic channels. Soviet public reaction, including authoritative Politburo statement on Reagan/Gromyko meeting, leaves option open for improvement in US/Soviet relations.

UK/Soviet relations

17. Gorbachev, Ministers for Coal and Food Industry, Deputy Prime Minister in charge of agriculture, and Gromyko invited to UK. Only last has accepted so far. Programme of senior official and expert-level talks.

Leadership

18. Persistent rumours (fed by US) that Chernenko might step down in late October; no evidence for this. Party plenum to be held later in month could theoretically announce such a change, but Soviet spokesmen have been at pains to deny this

**CONFIDENTIAL**

and make clear that Plenum will discuss agriculture where fourth harvest failure in a row (probable 180 million tonnes or less, plan 238 million tonnes) has necessitated major purchases in West (up to 45 million tonnes).

Eastern Europe

19. Mr Rifkind to Poland, 4-7 November and consultations in autumn with Romania, Czechoslovakia, GDR and Bulgaria.

FRG Revanchism (not for use)

20. Mr Andreotti's recent expression of support for permanent division of Germany caused great resentment in FRG and to Chancellor Kohl. Sir G Howe made clear shortly thereafter British support for long-term German aspirations for reunification/self-determination in terms of joint declaration by the Prime Minister and Chancellor Kohl of 2 May (at Chequers summit).

General

21. Despite vocal Italian peace movement Mr Craxi's Government has stood firm on INF deployment and more generally on East/West issues.

22. No visible rapport between the Italian Communist Party (PCI) and Moscow since 1982 split. Russians irritated by PCI's independent policies over Afghanistan and Poland. Gorbachev's presence at Berlinguer's funeral in June suggests Soviet wish to improve relations with new leadership.

Foreign and Commonwealth Office

11 October 1984

**CONFIDENTIAL**



42

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S  
GOVERNMENT

GMV(84) 6  
12 OCTOBER 1984

COPY NO: **51**

ANGLO-ITALIAN SUMMIT,

18-19 OCTOBER 1984

ARMS CONTROL AND DISARMAMENT

Brief by Foreign and Commonwealth Office

OBJECTIVE

1. To encourage Italians to maintain with allies cohesive Western front in the face of continued Soviet intransigence on the resumption of nuclear arms control negotiations.

POINTS TO MAKE

INF/START

2. Gromyko speech to UNGA on 26 September and lunch meeting with Sir G Howe on 27 September gave no hint of change in Soviet position on resumption of nuclear arms control talks. Soviet intransigence on nuclear arms control likely to continue after US elections and well into 1985.
3. NATO must remain firm about not offering concessions just to entice Russians back to the negotiating table. We should continue to make clear to Soviet Union and Western public opinion US willingness to resume talks anywhere, any time without preconditions. NATO should speak with one voice, demonstrating continuing resolve to fulfil twin track decision.

**CONFIDENTIAL**

## CONFIDENTIAL

Any signs of weakness under pressure will merely encourage Soviet intransigence.

### FREEZE (If raised)

4. Freeze would not serve East/West security or the cause of disarmament. Would perpetuate Soviet superiority in a range of weapons, especially INF. Would remove incentive to negotiate reductions. Verifiable freeze would be at least as difficult to negotiate as agreement on reductions, which would be vastly preferable. NATO has already offered to suspend or reverse its scheduled INF deployments whenever a negotiated agreement warrants it.

### INCLUSION OF FRENCH AND UK INDEPENDENT DETERRENDS

5. UK position unchanged. UK strategic deterrent quite inappropriate for inclusion in INF talks. At strategic level UK deterrent represents under 3% of Soviet strategic arsenal. Absurd as things stand to trade reductions. However if Soviet and US strategic forces were very substantially reduced and if no significant changes had occurred in Soviet defence capabilities we would want to review our position.

### CDE (If raised)

6. Real progress unlikely before Soviet Union develops its approach to East/West relations, particularly in light of US elections. We must be patient. Resist being pushed by Russian immobility into negotiating on their terms. Common ground may exist between East's declaratory proposals and our concrete measures of military transparency which could offer way forward eventually.

### MBFR (if raised)

7. No sign that East is genuinely committed to the asymmetric



**CONFIDENTIAL**

reductions needed to remove its unacknowledged superiority (over 200,000 men). West must maintain steady, coherent support for its April initiative, which remains centre stage and was designed to help the East out of the corner in which they have painted themselves. No time for hasty new initiatives.

OUTER SPACE ARMS CONTROL

8. Vienna talks episode disappointing, but US/Soviet contacts still offer scope for progress. Interesting US shift on ASAT moratorium. Allied consultations should continue on BMD/SDI perhaps another round in early 1985.

CHEMICAL WEAPONS

9. Arms control agreement optimum solution. Latest Soviet proposals unacceptable, but negotiating door left open. Need for concerted allied effort to pin Russians down (especially on verification/compliance) when Geneva negotiations resume.

DISARMAMENT AT THE UNGA

10. Better Western cohesion desirable. Welcome recent efforts to improve in NATO/Geneva, must continue. Outer space one key area where West must stick together with US. Welcome Italian lead.

NON PROLIFERATION TREATY (NPT)

11. NPT vital to security of all countries not merely NWS. Robust defence by all Parties needed at 1985 Review Conference, to prevent acrimonious Article VI debate undermining Treaty's effectiveness.

**CONFIDENTIAL**

ESSENTIAL FACTS

INF/START

1. Italy is important as a NATO partner and INF basing country. The government has been robust on INF deployment, and has not so far had to face the difficulties encountered by several other Western European coalition governments. But the risks are there, even though the domestic peace movement has limited impact in Italy, and the PCI has so far kept a low profile on this issue.

FREEZE (If raised)

2. The Italian Prime Minister, Mr Craxi, at a press conference during a visit to Portugal, 2-4 May 1984 floated the proposal that the West should agree to a bilateral moratorium on INF deployments if the Russians returned to the negotiations. This statement attracted instant criticism from the US and FRG, and also from Mr Craxi's coalition partners. It is not entirely clear what prompted Mr Craxi to make the statement. It may have been partly in response to a leak of a private discussion, partly in response to domestic political pressures, and partly from a mistaken belief on Mr Craxi's part that no new NATO deployments were planned for some time anyway.

3. It is clear that the statement was not an agreed Italian government position, and the Italian MFA quickly tried to explain it away. Craxi himself later backtracked.

INCLUSION OF FRENCH AND UK INDEPENDENT DETERRENTS

4. Speaking at the Festa dell'Unita on 13 September Andreotti reportedly made remarks in favour of taking British and French systems into account in US/USSR nuclear arms control negotiations. No official text was made available and press reports differed. Italians later said that Andreotti's comments



**CONFIDENTIAL**

were not an official statement: Italy is officialy in accord with NATO that the UK and French independent systems should not be included in INF talks. Nevertheless worth reminding Italians of UK position.

5. Sir G Howe's lunch with Gromyko on 27 September was largely dominated with sharp discussion of familar Soviet demand for inclusion of British and French forces. In response to UK call for substantial reductions first in the two superpower's arsenals, Gromyko stated this would only be possible after removal of cruise and Pershing II missiles.

CDE

6. Stockholm Conference began January 1984. Autumn sessions 11 September - 12 October and 6 November - 14 December. Mr Luce visited 12/13 September and spoke. So far substantive negotiations have not begun. Although there is a wide gulf between the West's proposals for concrete measures of military transparency (eg notification and observation of military activities) and the East's declaratory proposals, common ground does exist. But progress is likely to be dependent on the overall state of East/West relations.

MBFR

7. Talks began in Vienna in 1973. Their agreed goal is 900,000 ground and air forces on each side. NATO and the Warsaw Pact negotiate as Alliances. East claims approximate parity around 1 million troops on each side already exists. West knows they under-estimate their own by over 200,000. West's April initiative confines exchange of data before treaty signature to combat and combat support forces in hope that force categorisation discussion will give East a way out of the impasse without losing face but so far they have made no move to exploit this opening. Current round 27 September - 13 December.

**CONFIDENTIAL**

OUTER SPACE ARMS CONTROL

8. Italians helpful in approach to outer space arms control at UNGA (see below) and elsewhere. On ASATs, President Reagan in UN speech moved towards possible moratorium while negotiations in progress. On strategic defence research July consultations in Washington with UK, Italy, France and FRG have shown increased US recognition of Allied concerns. No date set for next meeting, but could be useful in early 1985.

CHEMICAL WEAPONS (CW)

9. Results of 1984 negotiating sessions disappointing. The US proposal for "no refusals" challenge inspection (Article X) rejected by the Russians. Also presents severe difficulties for us. Soviet counter-proposals, although unrealistic, offer scope for further negotiations next January. Further Allied consultations in NATO/New York likely this winter.

DISARMAMENT OF THE UNGA

10. Italians playing active role in allied UNGA coordination: leading on outer space. Wish to avoid repeat of last year's US and UK isolation on this key issue.

NON PROLIFERATION TREATY (NPT)

11. Strong non-aligned criticism expected at 1985 NPT Review Conference of alleged failure by nuclear weapons states to honour obligations under Article VI, calling for disarmament. But maintenance of all basic NPT provisions a key security interest of all parties. Short-sighted to damage Treaty in order to register concern about lack of nuclear disarmament.

Foreign and Commonwealth Office  
12 October 1984



l at  
in  
ons  
ons  
or

e US  
s for  
scope

on:  
s US

w  
t.

7

GMV(84)7  
15 August 1984

COPY NO 50

ANGLO-ITALIAN SUMMIT  
18-19 OCTOBER 1984

INTERNATIONAL ECONOMIC ISSUES  
Brief by HM Treasury

Objective

1. To secure agreement over appropriate macro-economic and structural policies for sustained world recovery and to urge support in promoting London initiatives on debt.

Points to Make

2. Recovery in industrial countries proved stronger than expected. With weaker US activity next year important that non-inflationary growth in Japan and Europe is sustained.
3. Financial position of many developing countries has improved with firm adjustment efforts helped by world trade recovery. Strategy agreed at London Summit endorsed by recent IMF/IBRD annual meetings. Welcome decision to hold wide-ranging debate in Interim and Development Committees next spring. No useful purpose served by a political debtor/creditor Summit.
4. World prospects better but difficulties remain particularly higher world interest rates this year. Welcome recent easing in US rates though outlook remains uncertain.
5. Policies should consolidate progress on inflation and growth. Firm monetary policies are needed together with further reductions in underlying budgets deficits in some countries especially the US.



6. Greater efforts necessary to overcome structural rigidities in both domestic and international markets. Risk that protectionist pressure could hamper developing countries' export efforts. Further capital market liberalisation desirable.

7. UK continues to attach importance to Summit commitment on roll-back. US failure on tariff cuts need not deter unilateral EC action. Could gain considerable credit.

8. Look forward to G10 report on international reform studies. Italian Finance Minister Goria useful chairman, but term now over. Attach importance to strengthening IMF surveillance particularly where policy imbalances significantly affect others - as in US case.

9. Question value of global solutions to developing country problems. Best contribution from industrial countries is practical help of securing low inflation, steady growth, lower interest rates etc.

#### Background

10. Output in the industrial countries is expected to rise by 5 per cent this year, the fastest rise since 1976. This is partly the result of unexpectedly rapid growth in the US and Japan though recovery in Europe has been slower and uneven. US growth has now moderated whilst trends in European activity have recently been distorted by industrial disputes.

11. Growth could slow from now on with more moderate US activity continuing into 1985 when Japan's recovery could start to ease. In Europe, growth may not rise significantly next year with most forecasts putting it around 2-2½ per cent. Such growth is unlikely to be sufficient to curtail further rises in the number of jobless in the Community. Unemployment in Europe could approach 20 million by the end of next year whilst further slight falls in the US are still in prospect.



12. Inflation in the major countries more than halved between 1980 and 1983 and has changed little since, remaining around 4½ per cent. Commodity prices remain weak. Overall no further decline in inflation is expected with any fall in Europe being offset by faster US inflation. Dollar depreciation would worsen US inflation prospects.
13. Private and public credit demands in the US have pushed US interest rates up sharply this year. Real interest rates have also risen. Since the summer rates on long US bonds have eased back by over 1 point to 12½ per cent though short rates have fallen rather less to stand at 11 per cent now.
14. Interest rates in continental Europe have remained broadly flat this year. Widening interest rate differentials probably help explain some of the dollar's renewed strength this year. Recently it has eased from its September highs.
15. World trade has recovered faster than anticipated. Growth of around 8 per cent is likely this year before some slowing next. Rapid domestic growth and the strong dollar are likely to raise the US current account deficit to \$90 billion or so this year and more next. One counterpart is the \$35-40 billion expected Japanese surplus.
16. Non-oil developing countries' adjustment has cut imports. This has halved their current account deficit since 1981. Rising world trade has allowed a sharp recovery in their exports. External deficits could fall slightly again this year. IMF's medium term analysis of debt prospects suggests that debt burdens could ease without further falls in per capita incomes. However this improvement is vulnerable, particularly to any sharp downswing in industrial countries' growth, further rises in interest rates and any hesitation by the banks to refinance the 'hump' of debt repayments in 1986-88.
17. The London Summit initiatives on debt included:
- continuing adjustment by debtors



- encouraging the role of IMF
- improved financial flows to developing countries from debtors encouraging greater direct investment and lenders exploring forms of portfolio finance
- an enhanced World Bank role and increased co-operation with the Fund
- where adjustment is satisfactory readiness to consider multi-year rescheduling arrangements (so far Mexico is the only example).

18. More recently HMG has also favoured earlier resumption of export credit cover but only where adjustment is firmly underway. Interest rate capping and similar ideas deal with symptoms rather than cause - the real solution is lower US, and hence international interest rates.

19. In the run-up to the IMF/IBRD meetings the major Latin American debtors' conference at Mar del Plata issued a list of demands and a request for a dialogue between debtors and creditors. This bid was diverted to the meetings of the IMF Interim and Development Committee next spring. The London Summit saw the latter as the natural forum for future discussion on debt. Work is now beginning to establish the agenda for these meetings. We have told Latin American Ambassadors that any debtor/creditor Summit is likely to be confrontational and damage substantive progress.

20. Governments of the major economies have agreed to pursue prudent macro-economic policies and to promote more flexible working of markets. The recent IMF/IBRD Annual meeting reaffirmed this broad strategy.

21. Monetary targets were generally met last year though not in France. This year the major countries are aiming for rather slower monetary growth which should be consistent with



faster real activity whilst containing inflation. Most targets are now being met in the US, though the policy stance has eased a little recently, as well as in Germany and France though not in Italy.

22. Fiscal deficits in the major economies have risen sharply since 1979, but are expected to fall this year partly through the effects of the recovery. Many governments in Europe as well as Japan are reducing structural deficits but in the US it has continued to rise. The US Congress has recently passed a budget resolution completing the \$150 billion downpayment reduction over fiscal years 1985-87. If enacted it still leaves prospective deficits of \$180-200 billion. President Reagan has promised further measures in the short term to cut the Federal deficit in his next budget though even if agreed promptly these will not begin to bite until at least 1986. A convincing deficit reduction programme would help ease interest rate pressures.

23. Further efforts are needed to foster structural adjustment by reducing distortions and improving competition. Greater labour market flexibility is the key to improving longer term prospects for jobs. Some industrial countries including the US and Japan are liberalising their financial markets but others such as Italy and France still maintain controls.

24. On trade issues, progress on implementing accelerated tariff cuts, agreed at this year's OECD Ministerial meeting has slowed to a virtual standstill. The principal difficulty is that the US Administration lacks the necessary Congressional authority to proceed. Since EC implementation was conditional on others' action it is proving difficult to persuade all member states of the advantages of proceeding regardless of the US. Failure to implement could be seen as an embarrassing failure to live up to the rhetoric of anti-protectionism.

25. Study of the international monetary system was originally proposed at the Williamsburg Summit and has been carried forward by G10 Deputies. Their work programme covers four areas:



CONFIDENTIAL

exchange rate arrangements, IMF surveillance, liquidity and the role of the IMF. We see the exercise as mainly educational and unlikely to lead to radical changes. Discussion so far bears this out. More effective IMF surveillance may well result but no major recasting of the system is in view.

26. An interim report was considered by G10 Ministers in Rome on 19 May. The London Summit called for its completion in the first half of 1985. The Italian Finance Minister, Gorla ceased to be Chairman of G10 in September this year and handed over to the Japanese.

27. On developing country issues the Italians are reported to have spoken of favouring a world summit to undertake an 'organic and comprehensive review of long term North/South relations'. Experience shows that such meetings are difficult and costly and clarify little. We support efforts to strengthen existing institutions but there is no need for new ones. The global negotiations initiative has so far failed and though we still publicly accept their launch on a basis agreeable to all we should be content to see them die away.

28. The London Summit declaration welcomed an invitation from the Italian government to an international conference on technology and new jobs in 1985. No proposals have yet been made but the Italians may use the Summit to take their idea further.

15 October 1984  
HM Treasury

CONFIDENTIAL

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S  
GOVERNMENT

GMV(84) 8

COPY NO: 51

16 October 1984

ANGLO/ITALIAN SUMMIT

18-19 OCTOBER 1984

FALKLAND ISLANDS/ARGENTINA

Brief by Foreign and Commonwealth Office

UNITED KINGDOM OBJECTIVE

To persuade the Italians not to vote with Argentina  
in the UNGA debate on the Falklands.

POINTS TO MAKE

1. Argentines making major effort to get our Partners  
to vote against us at the General Assembly. Matter of  
major political importance for us. We do not ask you to  
vote with us and against Argentina. We do urge you not  
to vote with Argentina and against us.
2. Disappointed by tough and uncompromising nature of  
President Alfonsin's speech to UNGA and subsequent press  
conference. Ignored events of 1982. Made no reference  
to people of the Falkland Islands, let alone their wishes  
or their right to live under a government of their own  
choosing.
3. Alfonsin made clear that negotiations can only have  
single pre-determined outcome: transfer of sovereignty to



**CONFIDENTIAL**

Argentina regardless of wishes of inhabitants.

4. Disappointed by Argentine insistence at Berne on establishing a mechanism for discussion of sovereignty as a pre-condition for normalisation. Clear violation of agreed basis for talks. Reiterated this demand at General Assembly.

5. Not realistic to insist that we should confront the most sensitive issue between us and one on which our positions are diametrically opposed. Argentines must recognise impact of events of 1982.

6. No service to Argentine democracy to encourage Argentines to maintain false hopes. More pragmatic approach could produce results that would benefit all concerned.

BACKGROUND

1. The original Argentine draft resolution did not find favour among several key states, whose votes the Argentines are keen to retain or to win. Argentines now watering down the text. A revised version recently given us in strict confidence by the Americans contains less obviously prejudicial language and is reduced to a straightforward call for negotiations on sovereignty. But this may prove not to be the definitive text.

2. In the UNGA General Debate on 2 October, Sr Andreotti called for Argentina and Britain to renew

**CONFIDENTIAL**

dialogue "without prejudicial positions" as a prelude to subsequent negotiations. The Italian Political Director has told us that if the Argentines produced a text simply calling for negotiations Italy would have to vote for it. The Italians argue that abstention would be damaging to democracy in Argentina. However, they claim not to have been active in discussing the question with the Argentines, preferring a "tougher" text which would make it easier for them to abstain. The Italians are likely to be in constant touch with the French and the Germans, and their own position will be closely watched by the Greeks.

3. In our recent lobbying we have emphasised the uncompromising nature of President Alfonsin's remarks on the Falklands in his speech to the General Assembly on 24 September and at his subsequent press conference which reveal his underlying policy.

4. The latest forecast is that the Falklands debate at the UN will be on 31 October. If President Alfonsin visits Rome, as the Italians expect, after his visit to Paris (21-22 October), this will increase the pressures to vote with Argentina imposed by Italy's close links with Argentina and the prospect of a visit by President Pertini to Argentina in early 1985.

Foreign and Commonwealth Office  
15 October 1984



C/L

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S  
GOVERNMENT

GMV(84)9

COPY NO 51

15 October 1984

ANGLO-ITALIAN SUMMIT

18-19 OCTOBER 1984

---

BILATERAL RELATIONS:

CIVIL AND MILITARY INDUSTRIAL COLLABORATION

(INCLUDING R AND D)

Brief by the Foreign and Commonwealth Office

OBJECTIVES

1. Our objectives are to reaffirm our commitment to creating a climate in which industry led industrial collaboration, both civil and military, can be promoted; and cooperation in Research and Development.

POINTS TO MAKE

2. General:

(i) Pleased that important EH101 helicopter programme has seen substantial progress since our last Summit.

(ii) Wide range of bilateral contacts in the aerospace and

**CONFIDENTIAL**

**CONFIDENTIAL**

defence sectors. Recently announced

Plessey/Elettronica and Racal/Selenia ventures are welcome. They should provide stimulus to others.

(iii) In many areas - particularly advanced technologies - future success of Europe's industries will depend on cooperation. Pleased to see our Ministers and officials have been exchanging ideas.

(iv) Collaboration thrives where mutual benefits and advantages are identified: this is best left to the judgement of the potential partners, but intergovernmental exchanges, leading to the appropriate climate are crucial, especially in high technology areas.

(v) We need to maximise opportunities arising from Community initiatives, eg partnerships between the UK and Italian companies in ESPRIT pilot phase must be reflected in main programme.

3. Defence equipment projects (if raised):

(vi) Anti-Tank Helicopter studies are nearing conclusion; all options, including the Al29 helicopter are being carefully examined (Background: para 11(iii)).

(vii) Sea Harriers - the UK MOD and British Aerospace would be happy to assist Italy in her consideration of VSTOL aircraft for her aircraft carrier. Royal Navy very



**CONFIDENTIAL**

pleased with Sea Harriers (Background: para 11(iv))

- (viii) Keen to have Italian participation in the TRIGAT (anti-tank missile) project. Arrangements made take account of Italian position. Hope they can be accepted by Italy.

4. Space Programme (NASA Space Station/Columbus) :

- (x) (If raised) The Minister of State DTI Mr Pattie, will meet Signor Granelli, Italian Minister for Space on 26 October. Therefore detailed discussion should be postponed until then. We are thinking carefully and positively about President Reagan's invitation, and about the Columbus (Italian/German) proposal. Europe should respond to the US through the European Space Agency (ESA) if possible. We have to examine our position in the light of financial restraints. Decisions should be taken in London during the next 2 months.

clear at the ESA Council in July, a 15% share in a suitable Columbus programme is one option we are assessing. But the programme needs to be defined more closely, and to take account of the views of other member states. What do the Italians envisage?

- (xii) (If raised) Most member states think that the ESA Ministerial Council Membership should rotate.

BACKGROUND

5. At the February 1983 Anglo-Italian Summit the Italian side

**CONFIDENTIAL**

pressed for greater industrial and R and D collaboration

6. We do not doubt the potential importance of industrial collaboration or the strength of Italian political interest. Italy fears the strength of the Franco/German axis. They are deliberately setting out to seek opportunities for further collaborative projects with the UK in order to 'balance' Franco-German activity; eg through talks in Rome on 10 October between Sir C Tickell and Sig. Ruggiero aimed at identifying areas worth discussion at the Summit (Rome telegram No 690, at Annex 1) both to maximise our collaboration with the French and Germans and to exploit what opportunities exist elsewhere eg with Italy. Others are courting Italian industry: eg recent French approaches to secure adoption of French Telecommunications Standards - rather than those of the UK, Germany or even Community level agreements. Where Italian industry is strong it is very good and competitive. (A copy of Mr Tebbit's minute recording his views on the importance of collaboration with Italy is at Annex 2).

7. But Government activity must reflect industrial reality. While there is some quickening of interest - eg Plessey/Elettronica: Racal/Selenia - soundings of UK firms suggest limited interest, to date, in cooperation with Italian industry. There are more promising prospects elsewhere. This is a reflection of the fact that our industry's natural partners often lie elsewhere in Europe, or in the USA and Japan.

8. There have been several high level contacts in this field since 1983 on the civil industrial field. Mr Lamont met



**CONFIDENTIAL**

Minister Altissimo in January (EH101) and Mr Tebbit in October; Mr Baker and Mr Trippier have met their opposite numbers; official contacts have also been increased over the past 12 months.

9. At the multilateral level, opportunities to promote collaboration will continue to arise through the Community (viz the ESPRIT programme where initiatives involving UK and Italian companies did quite well in the pilot phase and we look to similar successes under the main programme). Despite these efforts Italian interest is rarely matched by hard opportunities. But initiatives in the Community, eg telecommunications, biotechnology, advanced manufacturing and ESPRIT provide a mechanism upon which bilateral contacts can be built.

10. The range of Anglo-Italian defence equipment collaboration includes important programmes such as the bilateral EH101 helicopter and, with West Germany, the Tornado aircraft and SP70 self-propelled howitzer projects. Italy possesses a defence technological base covering most military equipment areas and is a reliable and enthusiastic collaborative partner.

11. MAJOR EQUIPMENT PROJECTS:

(i) V2500 Aeroengine Fiat Aviazione and Rolls-Royce are partners in the 5-nation International Aero Engines Consortium which is developing the V2500 (the others being Pratt & Whitney (US), the Japanese Aero Engine Corporation and MTU (West

**CONFIDENTIAL**

Germany)). Fiat have a 6% workshare (mainly the gearbox). We have negotiated with the US a broadly satisfactory Memorandum of Understanding (MOU) providing for bilateral consultation on export control matters affecting the engine, but US proposals for associating the other Governments with these consultations fall short of what we and they would like. As the Americans have refused to sign a multilateral MOU despite frequent representations from us and the other partners, we have told the other partners we hope to sign the bilateral UK/US MOU in the near future, whilst offering them parallel bilateral agreements. They have accepted this with varying degrees of reluctance. The Italians with the smallest share in the project do not seem too concerned.

(ii) EH101 helicopter. EH101 is the new medium helicopter being developed jointly by UK and Italy for the 2 navies and the commercial market. Westland (UK) and Agusta (Italy) forecast total sales of around 900 - worth some £12 billion including spares. Some 10,000 jobs in the UK aerospace industry are likely to be generated at its peak. At the last Summit, Prime Ministers were able to announce final agreement on the launch of the development phase; sound progress has subsequently been made on the project and working relations at both government and industrial levels are good.

(iii) Anti-Tank Helicopters The British Army has a need for an anti-tank helicopter from 1995. MOD are studying the options with a view to making a decision on procurement by the end of 1984. The main options are:



**CONFIDENTIAL**

- (a) Collaboration with Italy on an updated version of their Agusta Al29 helicopter (20% by value of this is already UK in origin).
- (b) Entry into the Franco-German PAH2 project.
- (c) A UK national development.
- (d) Off the shelf purchase.

The Italian government and industry are well aware of the UK's position.

(iv) Possible Sea Harrier Sale Italy is considering operating Vertical/Short Take-Off and Landing (VSTOL) aircraft from her aircraft carrier Garibaldi and efforts are being made to promote the British Aerospace Sea Harrier for this role. (The other contender is the US (McDonnell-Douglas AV-8B) in which British Aerospace has a substantial interest.)

(v) European Fighter Aircraft (EFA) EFA is a prospective quinquilateral (UK, West Germany, France, Italy and Spain) collaborative programme; industrial feasibility studies are currently underway. The UK and Italian positions on the project tend to be closely aligned.

(vi) Third Generation Anti-Tank Guided Weapon (TRIGAT) The TRIGAT project is a trilateral (UK, France and West Germany) collaborative project currently in project definition phase: full development is expected to start early 1985. Five members (Italy, Spain, Netherlands, Belgium and Greece) of the

**CONFIDENTIAL**

Independent European Programme Group have applied to join the project. Arrangements have been made for them to do so which would neither delay the programme nor lead to extra costs. Management of the project would remain with the three current members. Italy alone of the 5 applicant nations has expressed substantial reservations about joining the project on the terms offered; considerable efforts have been made to meet her requirements, for example by examining the scope for substantial involvement by Italian industry. She is currently considering her position in the light of the developments and is due to give her decision at around the time of the Summit.

(vii) G222 Airborne Early Warning (AEW) Aircraft Aeritalia is keen to develop an AEW version of its G222 aircraft and has sounded out Defence Ministers and officials on the prospect of HMG's interest. It has been made clear that the Nimrod AEW will meet the UK's defence requirement but that HMG will be pleased to foster UK/Italy industrial collaboration in the project.

Nasa Space Station/Columbus

12. Signor Craxi is keen for Britain to support Columbus, originally a joint Italian/FRG initiative based largely on (rather outdated) spacelab technology, which has now been offered as a programme of the ESA. In return for Italian and German support for the Ariane V launcher, France has indicated that it may offer to bear 25% of the costs (although privately it has expressed doubts about Columbus). In the context of the US space station programme, Columbus would begin as a



**CONFIDENTIAL**

pressurised, manned module attached to the space station: it would eventually lead to a European manned space station independent of the Americans. NASA has shown little enthusiasm, because the technology is old and because it adds little to the US space station. UK participation is likely to centre on a Columbus programme adapted to include a free flying unmanned platform. Decisions will be taken at the ESA Ministerial Council in early 1985. Papers are in preparation for Ministerial decisions during November or December.

13. The ESA (official level) Council in July gave general approval for work to proceed on planning for Columbus and HM60. The Italians may try to claim, as they did at the Anglo-Italian economic talks in Rome on 10 October, that the UK is thereby committed to fund the Columbus programme and to do so at the GDP rate of 15%. We do not accept this.

14. The ESA Ministerial Council will meet in 1985 for the first time in 8 years. Italy chaired the last Council and has therefore convened the next. The Italian Minister of Science has proposed holding the Council in Rome, and would like to chair it. While it seems to be agreed that the Council should meet in Rome, other member states are opposed to one country repeatedly chairing Ministerial Councils, and are resisting the Italian proposals.

Foreign and Commonwealth Office

15 October 1984



**CONFIDENTIAL**

GRC 600  
 CONFIDENTIAL  
 FM ROME 111600Z OCT 84  
 TO IMMEDIATE FCO TELNO 690  
 OF 11 OCTOBER 1984  
 AND TO PRIORITY INFO UKREP BRUSSELS.  
 INFO SAVING PARIS, BONN.

M I P T: TICKELL/RUGGIERO TALKS: PREPARATION FOR THE  
 ANGLCO/ITALIAN SUMMIT ON 18/19 OCTOBER

1. AFTER THE FORMAL MEETING RUGGIERO AND TICKELL DISCUSSED  
 WHAT ITEMS MIGHT COME UP AT MEETINGS BETWEEN MINISTERS AT  
 THE BILATERAL SUMMIT. THEIR SUGGESTIONS ARE AS FOLLOWS.

I. DEFENCE PROJECTS

A) HELICOPTERS OFFER A PROMISING AREA FOR LARGE-SCALE COLLABORATION.  
 MINISTERS MIGHT NOTE THE ATTEMPTS ON BOTH SIDES TO MEET THE  
 TIMETABLE FOR THE RECOVERY PROGRAMME ON EH101. ITALY WOULD WISH  
 TO PRESS ITS CASE FOR A DEVELOPMENT OF THE A129 ANTI TANK  
 HELICOPTER FOR THE BRITISH ARMY, AND WE MIGHT WISH TO DO LIKEWISE  
 FOR THE W630 LIGHT TRANSPORT HELICOPTER FOR THE ITALIAN MOD, ON  
 THE UNDERSTANDING THAT THERE WOULD BE WIDE SCALE WORK SHARING  
 ON BOTH PROJECTS BETWEEN AGUSTA AND WESTLAND.

B) MINISTERS COULD NOTE THE CLOSE IDENTITY OF VIEWS IN THE  
 EUROPEAN FIGHTER AIRCRAFT (EFA) IN TERMS BOTH OF OPERATIONAL  
 REQUIREMENTS AND INDUSTRIAL COLLABORATION, PARTICULARLY AS THE  
 TWO COUNTRIES SEE THE SENSE IN USING RB199 AS THE INITIAL POWER  
 UNIT ON EFA.

C) ITALY WILL WISH TO UNDERLINE ITS INTEREST IN SOME SORT OF  
 JOINT MEMORANDUM OF UNDERSTANDING IN FAVOUR OF INDUSTRIAL  
 COLLABORATION AND JOINT MARKETING OF THE G222 EARLY WARNING  
 AIRCRAFT, GIVEN THE HIGH UK INDUSTRIAL CONTENT.

D) SIMILARLY, WE HAVE AN OPPORTUNITY TO PRESS THE ITALIANS ON  
 THE MERITS OF SEA HARRIER AS OPPOSED TO AV8B SHOULD THEY DECIDE  
 TO BUY A V/STOL AIRCRAFT.

E) ITALY CAN BE EXPECTED TO CONTINUE TO PRESS FOR ADMISSION TO  
 THE TRIGAT PROGRAMME AS A FULL MEMBER RATHER THAN AS AN ASSOCIATE  
 MEMBER.

F) WE COULD UNDERLINE TO ITALIAN MINISTERS OUR HOPE THAT THE  
 ADVANCED TECHNOLOGY OFFERED BY PLESSEY IN THE BASIC SWITCH FOR  
 THE SOTRIN MILITARY COMMUNICATIONS SYSTEM WITHIN THE CATRIN PROJECT  
 WOULD BE FAVOURED RATHER THAN THE INFERIOR AMERICAN TECHNOLOGY.

II. SPACE

ITALIANS MAY SEEK A GENERAL EXCHANGE OF VIEWS ON SPACE WITH THE  
 PARTICULAR OBJECTIVE OF ENCOURAGING US TO JOIN IN THE COLUMBUS  
 SPACE STATION PROJECT. BUT AS WE HAVE SINCE LEARNT THAT COANELLI  
 MAY CALL ON MR PATTIE ON 26 OCTOBER, IT MAY BE THAT DETAILED  
 DISCUSSION CAN BE DEFERRED TILL THEN.

/m.

**CONFIDENTIAL**

**CONFIDENTIAL**



CONFIDENTIAL

## CONFIDENTIAL

### III. CIVIL PROJECTS

THE MAIN AREA FOR FURTHER COLLABORATION IS IN TELECOMMUNICATIONS AND ALTHOUGH THE ITALIAN IDEAS ON THIS ARE YET TO BE DEVELOPED, THERE SEEMS ROOM FOR PROGRESS ON:-

- A) STANDARDISATION OF TELECOMMUNICATION SUBSYSTEMS, AND
- B) AN OPTICAL FIBRE CABLE LINK BETWEEN ITALY AND A UK TERMINAL SO AS TO PERMIT ACCESS TO LINKS WITH NORTHERN EUROPE AND THE USA

### IV. EUROPEAN COMMUNITY

ENLARGEMENT (ESPECIALLY WINE); EUROPEAN INSTITUTIONS, INCLUDING THE WORK OF THE TWO COMMITTEES; PLANS FOR THE ITALIAN PRESIDENCY (ESPECIALLY CAP REFORM).

FCO PSE PASS INFO SAVINGS TO PARIS AND BONN.

BRIDGES

LIMITED

WED

DEFD

ESSD

ECD (E)

ECD (I)

NEWS D

PROTOCOL D

PLANNING STAFF

PS

PS / LADY YOUNG

PS / MR RIFKIND

MR DEREK THOMAS

MR JENKINS

MR KENWICK

CABINET OFFICE

2.  
CONFIDENTIAL

CONFIDENTIAL

**CONFIDENTIAL**Mr Llewellyn SmithMr Christopher  
Mr SpicelyMrs  
"x

ec PS

PS/Lady Young

Mr Derek Thomas

Mr Jenkins

Mr Jeremy Thomas

Mr White (TRSD)

Mr Fairweather (EED) (E)

PRIME MINISTER

VISIT TO ITALY : 1-2 OCTOBER 1984

CLPdd

10/10

I visited Rome on 1 and 2 October to have discussions on UK-Italian industrial and commercial relations and EC issues with members of the Italian Government and business community.

2 This proved to be a useful visit. Despite Italy's economic difficulties (with concern centring on unemployment, running officially at just over 10 per cent; inflation at 11-12 per cent; and a high PSBR), and the political strains inevitable in a five-party coalition (albeit a relatively stable one), the market is large and well worth exploiting. By any test, our export performance is disappointing: we provide only some 4 per cent of Italy's visible imports, compared with France's 13 per cent and the Federal Republic of Germany's 16 per cent. Our deficit in visible bilateral trade for 1983 was £895 million. There are structural problems for our exporters in penetrating a very fragmented wholesale and retail market, which local business people were convinced could only be solved if companies employed locally-based representatives. I know that, following his visit earlier this year, George Jellicoe and the British Overseas Trade Board are pursuing a number of valuable leads and I am sure our Posts in Italy - and Ministers here and in other Departments - will do all they can to support this.

JH4AKW

**CONFIDENTIAL**





3 My discussions with Signor Altissimo, Minister of Industry and Commerce, Signor Darida, Minister of State Participation (an imposing and depressing portfolio covering almost all Italy's state-owned enterprises) and Professor Prodi, the President of IRI (one of the state holding companies) ranged widely. An important theme was the Italian enthusiasm for industrial collaboration, particularly in the fields of defence and aerospace. There seemed considerable goodwill, some of it based on the conclusion of the agreement between Westlands and Agusta on the EH 101 helicopter. We discussed a range of promising possibilities, including UK-Italian collaboration on development of their G222 aircraft and further helicopter projects. I stressed the importance of collaboration as a means to an end, rather than an end in itself: the problems we have encountered in selling the Tornado to third markets underline the need to establish that markets outside the participating countries exist for such projects before they get too far advanced. This point was well taken in respect of the proposed five-nation collaboration on the European Fighter Aircraft, about which the Italians are very keen. I was able to visit two Italian electronics companies, Elettronica and Selenia, both of which have concluded important co-operative agreements with British companies (Plessey and Racal respectively), and was impressed by their sophisticated range of products.

4 I had encouraging discussions with Altissimo on EC matters. He is beginning to focus on the themes he would like to pursue during the forthcoming Italian Presidency, and showed heartening signs of a desire to start planning in advance. It would be unrealistic to expect any significant progress under the Italians on internal market

JH4AKW



**CONFIDENTIAL**



x  
questions, but Altissimo expressed his particular interest in reaching agreement on telecommunications equipment standards, with a view to liberalising the Community market for his equipment. The Italians are concerned, as we are, about the increasing dominance of US companies in this field, and believe the answer is to develop viable European alternatives. I am sure this is a course worth pursuing (although it will not find favour with the French), and I hope it can be touched upon in the Summit talks on 18/19 October.

5 On other Community matters, the Italians see eye to eye with us on the shipbuilding intervention fund and on vehicle emissions. On the enlargement discussions, the Italians are as concerned as we are about unfair competition from protected Spanish manufactured goods, and believe this is an issue which has not received due attention in the talks to date.

6 I was struck by the entrepreneurship of a number of the Italian businessmen I met, including many of those in public sector companies. Genuine efforts seemed to be being made to run these companies more efficiently (for example, by taking steps towards rationalisation and restructuring in the steel industry), although Signor Darida showed absolutely no enthusiasm for privatisation. Professor Prodi confirmed that it was his objective to run the state-owned sector in a cost-effective way, and impressed me as a thoughtful economic liberal with a strong pragmatic streak. He showed considerable scepticism about the importance of a common company law regime as an engine of EC development, making it clear that the prime movers of transnational co-operation were a common commercial strategy and mutual benefits. Interestingly, Professor Prodi was sympathetic to our aims of

JH4AKW

**CONFIDENTIAL**



**CONFIDENTIAL**



liberalising European air services, though he felt that Italy would have to be cajoled into liberalisation gradually.

7 The main lessons from this visit were two: first, there is scope for our exporters who will need to be actively encouraged to regard Italy as a sophisticated and valuable extension of our home market. This is something our Posts, and our commercial staff at home, will need to pursue imaginatively. Second, while we have a number of differences with the Italians on questions of commercial and industrial co-operation, there are substantial areas of common interest which I believe can be exploited to our advantage.

8 I am sending copies of this minute to Geoffrey Howe, Michael Heseltine, Nicholas Ridley and Michael Jopling.

A handwritten signature consisting of the letters 'N' and 'T' in a stylized, cursive font, with a horizontal line underneath.

N T

October 1984

Department of Trade and Industry

JH4AKW

**CONFIDENTIAL**





dl

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER MAJESTY'S GOVERNMENT

GMV (84)10

COPY NO 50

12 October 1984

ANGLO-ITALIAN SUMMIT

18-19 OCTOBER 1984

ITALIAN INTERNAL SCENE

Brief by Foreign and Commonwealth Office

Political

1. The present 5 party Coalition Government of Signor Bettino Craxi, (Italy's first Socialist Prime Minister since the War), took office in August 1983. The Coalition partners are the Christian Democrats (DCs) in the majority with Socialists (PSI), Republicans, Liberals and Social Democrats.

2. The balance of forces within the legislature means PSI support is essential for any Parliamentary majority which excludes the Communists (PCI) and neo-Fascists. The leader of the PSI thus enjoys a relatively strong position. The PCI constitute the main opposition party in Parliament. They are, however, strongly represented in Government at regional and local level.

**CONFIDENTIAL**

3. Now entering his second year of office, Craxi still looks relatively secure despite recent strains within the coalition. In the European elections (June), regarded as a test of domestic popularity for the coalition partners, Craxi and the Socialists polled a disappointing 11.2%. The winners were the PCI whose leader, Enrico Berlinguer, died a few days before the elections, gaining for the first time more votes (33.3%) than the DC (33%). While not recovering from their June 1983 election shock, when their vote dropped by 5% to 32.9%, DC morale was boosted by the result. For a while a weakened Craxi was under pressure from his coalition partners over the P2 Masonic Lodge Affair which resulted in July in the resignation of the Social Democrat Minister of the Budget. However, his government received a vote of confidence in Parliament on 1 August, and could conceivably remain in office at least until the local and presidential elections next summer (1985), if it can survive the current attacks on the standing of Andreotti, the DC Foreign Minister, following his ill-judged remarks on the two Germanies and more recently accusations attempting to link him with the jailed financier, Sindona.

4. Italian foreign policy has assumed a higher profile under Craxi and Foreign Minister, Andreotti. The Mediterranean area to which Italy regards herself as a natural bridge between Europe and the Arab World is an important feature of Italian foreign policy, partly for geographical and historic reasons but also because of her heavy reliance on energy imports. The Italian contingent

**CONFIDENTIAL**



**CONFIDENTIAL**

made a largely successful contribution to the Lebanese MNF. Italy now protects British interests in Libya. Craxi has proved to be a firm Atlanticist demonstrating Italy's steadiness as a NATO ally by his commitment to the stationing of Cruise missiles Comiso in Sicily in 1984. The Communist opposition never campaigned hard against deployment, which proceeded without serious domestic tension.

5. Urban terrorism by the Red Brigades and to a lesser extent by the extreme right, against which the security forces have had a number of successes, exists as a continuing, if now diminished, threat. Organised crime and drug trafficking increasingly preoccupy the government, which is stepping up its anti-Mafia campaign. The 'grey economy' continues to flourish, accounting for perhaps as much as 20% of GDP.

Economic

6. Like his predecessors before him, Craxi has not yet come to grips with the economy, his most pressing task. His government is committed to reducing the public sector deficit and inflation. Earlier this year, the government postponed tackling the excessively high budget deficit, now put at almost 16% of GDP. The target is 15.7% in 1984 and 14.3% in 1985. Progress however has been slower than desirable and the recent budget for 1985 is extremely vague on how targets are to be met, confirming that tough fiscal decisions have again been put off. The

**CONFIDENTIAL**

passage of the budget through Parliament is likely to be made difficult by differences of opinion within the governing coalition and opposition from the PCI. In contrast to the lax fiscal policy the authorities have successfully restrained money supply growth and the combination has resulted in high nominal and real interest rates, which have held back investment.

7. Monetary restraint has, however, been a factor in the reduction in inflation from an average 15% in 1983 to an expected 10½% - 11% by the end of 1984. Another factor is the government's proposal to cut the degree of wage indexation which met with strong opposition from the Communist-led union in Parliament before finally becoming law in June. Opposition continues and the PCI have asked for a referendum. Meanwhile talks on further counter-inflationary pay reforms are yet to start. The results of these could mean that the government's hopes for a further drop in inflation during 1985 to 7% will prove over-optimistic.

8. After three years of stagnation, Italian real GDP is now growing at 2½%-3% per annum and further growth of 2½% is expected in 1985. Export-led growth characterised the early months of recovery but private consumption has also contributed and there are now some signs of growth in investment. The current account of the balance of payments has improved after substantial deficits between

**CONFIDENTIAL**



**CONFIDENTIAL**

1980 and 1982, but the results for the first seven months of 1984 have been poorer than expected. The lire, though falling against the dollar, has remained stable within the EMS.

Foreign and Commonwealth Office

12 October 1984

**CONFIDENTIAL**

**CONFIDENTIAL**

c/c

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S  
GOVERNMENT

GMV(84)11  
16 October 1984

COPY NO  
51

ANGLO-ITALIAN SUMMIT  
18-19 OCTOBER 1984

---

TERRORISM

Brief by the Foreign and Commonwealth Office

Points to Make

International Cooperation against Terrorism

1. UK has been a major target of terrorism this year. Brighton bombing shows lengths to which terrorists are prepared to go to achieve their aims. Italy too has suffered much. We believe widespread international cooperation is likely to prove most effective means of countering problem.
2. Recent agreement in EC forms basis for more widespread international initiative amongst countries prepared to take action against terrorism. Political Directors agreed that we should seek to associate others (Summit 7, Council of Europe and Commonwealth). In due course we hope list can be broadened further.
3. Most grateful for consistent Italian support for proposals put forward by UK amongst the Ten. Hope that we can continue to count on this support when seeking agreement to broaden initiative.

**CONFIDENTIAL**



**CONFIDENTIAL**

Essential Background

1. At the meeting of Foreign Ministers of the Ten on 11 September agreement was reached on a set of measures based on earlier British proposals designed to combat terrorism and the abuse of diplomatic immunity. The Italians were sympathetic to our proposals and supported us at all stages of the discussions.
2. Foreign Ministers also agreed that consideration should be given to broadening the EC agreement and to associate other like minded countries with the measures proposed.
3. Political Directors considered how this proposals might be pursued when they met on 11/12 October and agreed to brief informally non EC Summit 7 participants, Council of Europe members and the Commonwealth asking them to adopt measures similar to those envisaged by the Ten. The UK will prepare guidance for the Ten on the terms such briefing might take.
4. We will however wish to consider in due course whether other like-minded countries might be associated with the EC proposals and we would hope that the Italians would continue to support us over any proposals we might put forward.

Foreign and Commonwealth Office  
16 October 1984

**CONFIDENTIAL**





**RESTRICTED**

C/L

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC  
MAJESTY'S GOVERNMENT

GMV (84) 12

COPY NO 50

17 October 1984

ANGLO-ITALIAN SUMMIT

18-19 OCTOBER 1984

APPOINTMENT OF NEXT DIRECTOR-GENERAL OF CERN (THE  
EUROPEAN CENTRE FOR NUCLEAR RESEARCH)

Brief by Foreign and Commonwealth Office

Objective

To avoid giving any UK commitment to supporting the  
Italian candidate as the next CERN Director-General.

Points to Make (if raised)

1. We have been giving careful thought to the Director  
Generalship of CERN and what should happen when  
Dr Schopper reaches the end of his present five year  
term.
2. We are well aware of the Italian candidate,  
Professor Rubia, and of his outstanding scientific  
achievements. The award of the Nobel Prize is a fully  
deserved recognition of his remarkable services to  
science.
3. [If pressed on likely UK position]. We can however  
see some merit in allowing Dr Schopper to continue in  
office for the time being, but we have not yet reached a  
decision.

Background

4. The Italian Embassy has warned that Sgr Craxi may wish to raise the matter during the Summit.

5. The present German Director-General of CERN Dr Schopper is due to leave at the end of 1985 at the end of his five year term. The Italians have not yet held the post (though they fill many senior appointments) and they are very keen for their candidate, Professor Carlo Rubia, to be appointed. The UK, who have previously held the post, is not putting forward a candidate.

6. (Not to be disclosed). Professor Rubia is an outstanding scientist whose award of the Nobel Prize was announced today. But he is not widely thought to have the necessary qualities to see the next generation of accelerator (the Large Electron Position, LEP, Phase I) through to completion. This project is now under construction and most CERN members see merit in allowing Dr Schopper, who has steered the project from the start, to continue in office until it is completed in 1988. The UK has made it known informally that we support this proposal. No other serious candidates have yet emerged. A decision is likely to be needed by the end of the year.

Foreign and Commonwealth Office

17 October 1984



c/l

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

GMV(84) 1 REVISE

COPY NO

51

ANGLO-ITALIAN SUMMIT  
18-19 OCTOBER 1984

LIST OF BRIEFS ISSUED IN THE GMV(84) SERIES

1. INDEX OF BRIEFS
2. GENERAL BRIEF  
Brief by Foreign and Commonwealth Office
3. EUROPEAN COMMUNITY TOPICS
  - a. GENERAL COMMUNITY BRIEF  
Brief by Foreign and Commonwealth Office
    - a. Addendum AD HOC COMMITTEE ON A PEOPLE'S EUROPE  
Brief by Foreign and Commonwealth Office
  - b. COMMUNITY FINANCING  
Brief by Foreign and Commonwealth Office
  - c. COMMUNITY AGRICULTURAL MATTERS  
Brief by Ministry of Agriculture, Fisheries and Food
  - d. ENLARGEMENT  
Brief by Foreign and Commonwealth Office
4. SECURITY CO-OPERATION IN EUROPE  
Brief by Foreign and Commonwealth Office
5. EAST/WEST RELATIONS (INCLUDING AFGHANISTAN)  
Brief by Foreign and Commonwealth Office
6. ARMS CONTROL AND DISARMAMENT  
Brief by Foreign and Commonwealth Office
7. INTERNATIONAL ECONOMIC ISSUES  
Brief by Treasury
8. FALKLAND ISLANDS/ARGENTINA  
Brief by Foreign and Commonwealth Office

**CONFIDENTIAL**

CONFIDENTIAL

9. BILATERAL RELATIONS: CIVIL AND MILITARY INDUSTRIAL COLLABORATION  
(INCLUDING R AND D)  
Brief by Foreign and Commonwealth Office
10. ITALIAN INTERNAL SCENE  
Brief by Foreign and Commonwealth Office
11. TERRORISM  
Brief by Foreign and Commonwealth Office
12. APPOINTMENT OF NEXT DIRECTOR-GENERAL OF CERN (THE EUROPEAN CENTRE  
FOR NUCLEAR RESEARCH)  
Brief by Foreign and Commonwealth Office

Cabinet Office

17 October 1984



HMV