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FM ROME

TO IMMEDIATE DESKBY 061700Z FCO

TELNO 154

OF 061600Z MARCH 86

PRIME MINISTER'S TOAST AT LUNCH ON WEDNESDAY 12 MARCH

1. CRAXI'S OFFICIALS EXPECT THE ITALIAN PRIME MINISTER TO SPEAK FOR ABOUT 5 MINUTES. HE USUALLY SPEAKS FROM A TEXT WHICH IS SUBSEQUENTLY DISTRIBUTED TO THE PRESS. I RECOMMEND WE DO THE SAME AND SUGGEST THE FOLLOWING DRAFT FOR THE PRIME MINISTER'S REPLY.

2. <sup>Treat</sup> IT IS ALWAYS A ~~SPECIAL PLEASURE~~ TO COME TO ITALY FOR OUR REGULAR MEETINGS. BUT I WAS PARTICULARLY PLEASED THIS TIME THAT WE COULD HOLD OUR TALKS IN THIS OUTSTANDING PALAZZO IN THIS FAMOUS AND BEAUTIFUL CITY. I AM GRATEFUL TO YOU, PRIME MINISTER, AND TO YOUR OFFICIALS AND THE AUTHORITIES AND PEOPLE OF FLORENCE, FOR MAKING IT POSSIBLE. WE HAVE A LONG ASSOCIATION WITH FLORENCE. THE BRITISH CONSULAR PRESENCE DATES BACK TO THE 15TH CENTURY. THE BRITISH INSTITUTE OF FLORENCE AND ITS WORK OF TEACHING ENGLISH AND ITALIAN AND SPREADING UNDERSTANDING OF THE CULTURES OF BOTH COUNTRIES, DATES BACK TO THE FIRST WORLD WAR. AND FOR HUNDREDS OF YEARS BRITISH PEOPLE HAVE VISITED, AND SETTLED IN, THIS CITY. FOR ME, IT IS ALSO A SPECIAL HONOUR TO BE IN FLORENCE IN 1986, WHEN THE CITY IS THE CULTURAL CAPITAL OF EUROPE. THIS IN AN ACHIEVEMENT WHICH FLORENCE SO OBVIOUSLY DESERVES AND BRITAIN (THROUGH THE BRITISH COUNCIL) WILL BE PROUD TO MAKE A DISTINCTIVE CONTRIBUTION TO THE CELEBRATIONS IN A NUMBER OF WAYS DURING THE YEAR. MR PRIME MINISTER, OUR MEETINGS ON THESE OCCASIONS ARE ALWAYS TOO SHORT BUT I AM PLEASED, EVEN SO, TO BE ABLE TO LOOK FORWARD TO LOOK BRIEFLY AT SOME OF THE MANY BEAUTIFUL SIGHTS FOR WHICH FLORENCE IS SO JUSTLY FAMOUS, WHEN OUR BUSINESS IS OVER LATER THIS AFTERNOON.

3. THIS IS THE FOURTH TIME I HAVE COME TO ITALY FOR A BILATERAL SUMMIT, THOUGH YOU AND I, MR PRIME MINISTER, DO OF COURSE MEET MUCH MORE FREQUENTLY. THIS TIME WE HAVE HAD MUCH TO DISCUSS. WE HAVE CONCENTRATED PARTICULARLY ON IMPORTANT SUBJECTS WHICH ARE TODAY AT THE FOREFRONT OF OUR CONCERNS. AMONG THESE I LIST PEACE FIRST. PEACE IN THE WORLD REMAINS AN OBJECTIVE WHICH OUR TWO COUNTRIES SHARE ABOVE ALL OTHERS. WE HAVE HAD THE CHANCE TO SHARE OUR VIEWS ON THE IMPORTANT STAGE WHICH EAST/WEST RELATIONS AND ARMS CONTROL NEGOTIATIONS HAVE NOW REACHED. I BELIEVE WE BOTH SUPPORT TO THE FULL THE IMPORTANCE OF FINDING A MEANS OF REDUCING THE LEVEL OF NUCLEAR ARMAMENTS IN THE WORLD SO AS TO MAKE IT A SAFER AND MORE SECURE PLACE FOR ALL COUNTRIES AND PEOPLES. THAT IS WHY THE NEGOTIATIONS THAT ARE GOING ON BETWEEN THE UNITED STATES AND THE SOVIET UNION REMAIN OF THE UTMOST IMPORTANCE. PRESIDENT REAGAN AND HIS NEGOTIATORS, WITH WHOM YOU AND I KEEP IN CLOSE TOUCH, HAVE OUR FULLEST SUPPORT IN THEIR VITAL TASK.

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4. WE ALSO, MR PRIME MINISTER, SHARE A COMMON DETERMINATION TO CONFRONT THE RENEWED THREAT FROM TERRORISM. THE WORLD HAS WITNESSED RECENTLY THE TRAGIC EXAMPLES OF THE SENSELESS KILLING OF OUR COLLEAGE OLAF PALME, AND, HERE IN FLORENCE, THE BRUTAL MURDER OF LINDO CONTI, THE CITY'S FORMER MAYOR. TERRORISM IS NOT ONLY A PERSONAL THREAT. IT ALSO ATTACKS THE ROOTS OF CIVILISED SOCIETY. IT IS AN EVEIL WHICH WE CAN ONLY COMBAT EFFECTIVELY IF WE WORK TOGETHER. ITALY AND BRITAIN COOPERATE IN THE CLOSEST POSSIBLE WAY ON THESE PROBLEMS. FOR THAT REASON I AM PARTICULARLY GLAD THAT WE HAVE BEEN ABLE TO INCLUDE IN OUR TALKS TODAY ONOREVOLE SCALFARO AND MR HURD.

5. WE HAVE ALSO HAD A FULL DISCUSSION ON THE MIDDLE EAST WHERE PEACE, ALL TOO OFTEN IN THAT TROUBLED PART OF THE WORLD, REMAINS AT A PREMIUM. I BELIEVE IT REMAINS OUR DUTY, AS MEMBERS OF THE EUROPEAN COMMUNITY, TO CONTINUE TO GIVE OUR SUPPORT TO THOSE COUNTRIES DIRECTLY INVOLVED IN THE EFFORT TO FIND A PEACEFUL SOLUTION.

6. PERHAPS ON THIS OCCASION WE HAVE DEVOTED LESS TIME TO THE PROBLEMS OF THE EUROPEAN COMMUNITY. I FOR ONE AM PLEASED AT THAT BECAUSE TO ME IT SHOWS THAT THE COMMUNITY, FOR ALL ITS PROBLEMS, WORKS TO THE BENEFIT OF ALL ITS CITIZENS. BRITAIN AND ITALY MUST SEE TO IT THAT THAT TREND CONTINUES.

7. MR PRIME MINISTER, BEHIND ALL THE DISCUSSIONS WHICH YOU AND I AND OUR COLLEAGUES HAVE HAD TODAY LIES THE FACT THAT RELATIONS BETWEEN OUR TWO COUNTRIES HAVE NEVER BEEN CLOSER. WE HAVE SHOWN THIS IN A CONCRETE WAY. WE HAVE TODAY BEEN ABLE TO SIGN TWO IMPORTANT AGREEMENTS ON AIR SERVICES AND ON EXTRADITION. WE HAVE AGREED TO HOLD REGULAR TALKS ON AID POLICY AND SCIENTIFIC COLLABORATION OF WHICH ITALY'S PARTICIPATION IN THE SPALLATION NEUTRON SOURCE AT OXFORD (WHICH I OPENED LAST OCTOBER) IS A MOST WELCOME EXAMPLE. THE CLOSENESS OF OUR RELATIONS IS BORNE OUT BY THE HUNDREDS OF THOUSANDS OF BRITISH VISITORS EVERY YEAR WHICH ITALY - AND FLORENCE - WELCOME. OURS IS A FRIENDSHIP BETWEEN NATIONS WHICH, AS EVENTS HAVE BORNE OUT IN THE LAST YEAR, IS DEEP ENOUGH TO TAKE THE OCCASIONAL KNOCKS AND BUMPS WE ALL SUFFER. IT IS A FRIENDSHIP WHICH I FOR ONE WISH TO SEE CONSTANTLY DEEPEMED AND ENRICHED. I HOPE YOU WILL AGREE THAT OUR BEING HERE IN THE PALAZZO PITTI IS AN IMPORTANT AND CONCRETE EXAMPLE OF THE AFFECTION AND REGARD WHICH BRITAIN AND ITALY HAVE FOR EACH OTHER. IN RAISING MY GLASS TO DRINK ALSO TO THE FUTURE OF THE VERY SPECIAL FRIENDSHIP WHICH EXISTS BETWEEN OUR TWO COUNTRIES''.

BRIDGES

LIMITED

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NEWS.D

CRD

PLANNING STAFF

RES.D

PS

PS/LADY YOUNG

MR DEREK THOMAS

MR BRAITHWAITE

MR RATFORD.

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PS/NO 10

DOWNING STREET.