

PRIME MINISTER

c Mr Ingham

ANGLO/ITALIAN SUMMIT

You may like to look at the briefs for the Anglo/Italian Summit (on Wednesday) over the weekend.

I can't pretend that there is a great deal of substance to discuss. But it is eighteen months since the last Summit - you agreed with Fanfani in 1981 that they should be twice a year - and the Italians are beginning to feel left out and unloved. That was deserved last year after their performance at the Milan Council. But it won't help us to have a feeling of estrangement.

The main aim of the Summit is therefore to show that last year's problems are behind us and a valuable working relationship re-established. This really is important if we are to get the Italians working with us rather than against us during our Presidency of the Community. A secondary aim is to demonstrate that your political vim and vigour is no whit diminished by the events of recent months (which were hysterically reported in Italy) nor your determination to give a strong lead on all major international issues. In this respect the television coverage and the joint press conference assume particular importance.

I suggest that the subjects on which you should concentrate with Craxi are:

(i) Arms Control. He has made unsound comments in the past about the need to take the UK and French deterrents into account in arms control negotiations. You will want to spell out our position and try to get him to endorse it. More widely you might take him through your general approach to arms control, as set out in your message to President Reagan (in folder); and caution him against outright support for a European zero-zero option on INF.

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(ii) Group of Five. He is bound to raise this. There's something to be said for your taking the initiative. In practice we are going to have to include Italy and Canada BUT go on with separate and secret meetings of G-5. You might agree the line which you propose to take at the press conference: we support expansion from five to seven, but the details still have to be worked out.

(iii) Bilateral issues. Here I suggest you make quite clear to him that Sikorsky's participation in Westland in no way affects our intention to continue participating in European collaborative projects. (Incidentally you will have flown in a Sikorsky helicopter from Pisa to Florence.) The EH101 project is on course and we are ready to move to a joint feasibility study of Augusta Al29 Mark 2. The Westland affair was never a choice between Europe and America: it was about the right of a private company to seek its own salvation.

(iv) Arms Sales to Argentina. You should tell Craxi that you have Kohl's personal assurance that the Germans will not sell STU torpedoes to Argentina (the Italians are perennially scared that the Germans will get ahead of them).

(v) Effect of lower oil prices. Craxi has in the past discussed with you his ideas for pricing oil in terms of a basket of currencies. This looks less relevant than ever. You might ask how he assesses the effect on the Italian economy of lower prices.

(vi) European Community. You might save this until Foreign Ministers join the meeting. The point that you will want to get over to him is that the time for Declarations, Conferences, Treaties, European Union etc is over. The Community has to get down to hard practical issues, above all reform of the CAP. (You could hand over some statistics showing what a financial disaster the CAP is.) This is the way we intend to run our Presidency: unglamorous but down to earth. You hope to make the European Council more reflective with a less crowded agenda.

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(vii) Middle East. Again might be handled with Foreign Ministers present. there is a bit of a vacuum with the ending of King Hussein's initiative: but we don't want the European Community rushing in with ill thought-out missions. You might see what news he has of Libya, on which he prides himself as an expert (you will have seen the recent JIC assessment).

There is a separate brief (no. 2) on the handling of the plenary session.

You will wish to consider whether you want a briefing meeting (for which we have set aside an hour on Tuesday). They can be a bit tedious when there's nothing very substantial on the agenda: and there will be a chance to talk to your colleagues on the flight.

Prefer to:

- (a) keep the briefing meeting?
- or
- (b) cancel it?

CDP.

CDP

7 March 1986

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