

GRS 700
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FM ROME
TO IMMEDIATE FCO
TELNO 165
OF 071830Z MARCH 86

MIPT: ANGLO-ITALIAN SUMMIT: AGENDA.

CRAXI.

1. I HAVE SUGGESTED TO BADINI, CRAXI'S DIPLOMATIC ADVISER THAT THE ISSUES WHICH MAY COME UP IN THE PRIME MINISTER'S TALKS WITH CRAXI INCLUDE: EC AFFAIRS (INCLUDING CAP PRICE FIXING); INTERNATIONAL ECONOMIC ISSUES AS THE TOKYO ECONOMIC SUMMIT; DISARMAMENT AND EAST/WEST RELATIONS; TERRORISM; EXTRADITION; SCIENTIFIC COOPERATION; INDUSTRIAL COLLABORATION; REGULAR AND BILATERALS; AND THE ANGLO-ITALIAN ROUND TABLE. BADINI AGREED AND ADDED THAT CRAXI WOULD ALSO WISH TO DISCUSS THE MIDDLE EAST, (A SUBJECT OF PARTICULAR PERSONAL INTEREST). ON PARTICULAR POINTS:

(I) EAST/WEST RELATIONS. I HAVE MADE CLEAR TO BADINI OUR FIRM VIEW ABOUT THE ROLE OF THE BRITISH DETERRENT AND THE FACT THAT IT CANNOT BE REGARDED AS PART OF THE PRESENT INF NEGOTIATIONS. I THOUGHT IT PROBABLE THAT THE PRIME MINISTER WOULD MENTION THIS.

(II) ON MONETARY AND ECONOMIC ISSUES CRAXI WILL WANT A WIDE-RANGING TALK IN THE LIGHT OF THE FALL IN OIL PRICES AND THE VALUE OF THE DOLLAR. HE AND ANDREOTTI ARE LIKELY TO BE PARTICULARLY CONCERNED ABOUT DEVELOPING COUNTRY DEBT. AFTER HIS SUCCESS IN PERSUADING KOHL TO GO FURTHER ON G5 IN PUBLIC THAN HAD BEEN EXPECTED, AND A RECENT HELPFUL MESSAGE FROM THE JAPANESE, CRAXI IS CONFIDENT OF GETTING HIS WAY ON THIS. HE WAS PLEASED BY THE PM'S LETTER OF JANUARY 27.

(III) EC ISSUES ARE LIKELY TO FEATURE LESS PROMINENTLY THAN USUAL. BUT IT WILL BE WORTH REMINDING CRAXI OF THE NEGATIVE EFFECT OF THE CAP ON THE COMMUNITY'S EXTERNAL RELATIONS, IN PARTICULAR WITH THE US. CRAXI WILL LOOK TO THE PRIME MINISTER FOR A PREVIEW OF THE PRIORITIES IN OUR PRESIDENCY.

(IV) SCIENTIFIC AND INDUSTRIAL COOPERATION. THE PRIME MINISTER MAY WISH TO STRESS THE VALUE THAT WE ATTACHE TO COOPERATION WITH EUROPEAN PARTNERS IN THE MILITARY AND CIVIL FIELDS E.G. EFA, HELICOPTERS (EH101), EUREKA AND SNS, (THE DETAILS OF WHICH WILL BE DEALT WITH BY THE DEFENCE SECRETARY AND MR PATTIE).

ANDREOTTI

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ANDREOTTI.

2. HIS PRIVATE SECRETARY HAS TOLD ME THAT HIS MINISTER WOULD LIKE A THOROUGH DISCUSSION OF SDI WITH YOU. ANDREOTTI HOPES YOU WILL BE ABLE TO INDICATE ENOUGH OF OUR OWN APPROACH AND EXPERIENCE IN OUR BILATERAL NEGOTIATIONS TO HELP HIM PREPARE FOR THE PARLIAMENTARY DEBATE ON SDI, WHICH IS EXPECTED TO TAKE PLACE BEFORE LONG. I WAS NOT (NOT) TOLD THAT ANDREOTTI WOULD BE SEEKING INFORMATION ABOUT THE CONTENT OF OUR BILATERAL AGREEMENT.

3. OTHER ISSUES ON ANDREOTTI'S MIND ARE:

(I) MIDDLE EAST: BOTH GENERAL ISSUES AND EGYPT (THE ITALIANS ARE DISMAYED BY THE EFFECT OF RECENT EVENTS ON MUBARAK'S AUTHORITY, AND BELIEVE THAT EGYPT COULD BE FURTHER UNSETTLED BY FALLING OIL PRICES).

(II) WEU. ANDREOTTI MAY WISH TO TOUCH ON THIS GIVEN THE FORTHCOMING SPANISH REFERENDUM AND THE VENICE MINISTERIAL MEETING IN APRIL. (MFA OFFICIALS NOW SEEM TO FAVOUR THE POSSIBILITY THAT SPAIN MIGHT MAINTAIN HER APPLICATION TO JOIN WEU EVEN IF THE REFERENDUM SHOULD GO BADLY).

(III) ARMS FOR ARGENTINA. I HAVE REMINDED BIANCHERI THAT YOU INTEND TO RAISE THIS.

(IV) BRITISH NUCLEAR FORCES. ALTHOUGH THE PRIME MINISTER HERSELF PROPOSES TO RAISE THIS WITH CRAXI THERE WILL BE AN OPPORTUNITY FOR YOU TO COVER THE SAME GROUND IN DISCUSSION ON EAST/WEST RELATIONS.

SPADOLINI.

4. CONVERSATION WITH SPADOLINI'S POLITICAL ADVISER SUGGESTS THAT HELICOPTERS, THE FORTHCOMING IEPG MEETING IN MADRID AND THE VENICE WEU MINISTERIAL MEETING ARE LIKELY TO COME UP IN DISCUSSION. EFA MAY ALSO BE MENTIONED, AND SPADOLINI HAS BEEN ASKED TO PUT IN A WORD ON RTM322: THE ITALIAN MOD WANT HMG'S INTERVENTION TO CLARIFY PRESENT DIFFICULTIES.

5. SPADOLINI MAY ALSO SEEK A DISCUSSION OF THE MEDITERRANEAN WHERE HE IS ANXIOUS THAT THERE SHOULD BE A MORE VISIBLE "EUROPEAN" PRESENCE TO BALANCE THAT OF THE US AND SOVIET NAVIES. SPADOLINI SEEMS TO HAVE NO SPECIFIC PROPOSALS TO MAKE BUT IS ANXIOUS TO FIND SOME MEANS TO HIGHLIGHT THE EUROPEAN COMPONENT OF THE NATO NAVAL PRESENCE IN THE MEDITERRANEAN.

6. WE HAVE TELEGRAPHED SEPARATELY ABOUT ISSUES WHICH THE HOME SECRETARY MIGHT DISCUSS (OUR TELNOS 155, 159 AND 167) AND HAVE BEEN IN DIRECT CONTACT WITH MR PATTIE'S OFFICIALS ABOUT HIS TALKS WITH GRANELLI.

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