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RECORD OF PLENARY MEETING: ANGLO/ITALIAN SUMMIT IN FLORENCE ON  
12 MARCH

Present:

The Prime Minister	On Bettino Craxi
The Rt Hon Sir Geoffrey Howe	On Giulio Andreotti
The Rt Hon Douglas Hurd	On Oscar Luigi Scalfaro
The Rt Hon George Younger	Sen Giovanni Spadolini
Mr Geoffrey Pattie	Sen Luigi Granelli
and officials	and officials

Signor Craxi welcomed the Prime Minister to Florence. He spoke of the friendly exchange of views at their tête-à-tête, and listed the subjects covered. On East/West relations he stressed concern that if present disarmament negotiations produced no concrete results, strong disappointment would result. Discussion of areas of conflict in the world had focussed particularly on the Mediterranean and the Middle East, where terrorist acts affecting many European countries originated. Signor Craxi expressed appreciation for the degree of collaboration between HMG and Italy on terrorism. He made brief mention of the discussion of outstanding EC problems.

The Prime Minister thanked Signor Craxi for having held the summit in Florence at her request, and for the trouble taken over the arrangements. She endorsed the list of subjects discussed and wished to add three points. First, it was important to record that European unity and strength in the defence of its common freedom were now greater than ever. This was owed in part to the exceptional degree of close consultation between President Reagan and his European allies. Second, among the subjects discussed which would not find answers for a long time to come were both the Middle East and the CAP. Third, there had been discussion of the financial and trading decisions to be taken at the Tokyo Economic Summit.

Signor Andreotti reported the Foreign Ministers' discussion of EC problems. They had agreed on the difficulty caused for the Community budget by the worrying scale of debt on deferred non-obligatory payments which the Community was accumulating, and by the continued and automatic increase in agricultural surpluses.

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Foreign Ministers were rightly alarmed at these developments since the beneficiaries would not be Community farmers but international traders. The discussion had touched on the Extradition Treaty, the Air Service Agreement and the ISIS/SNS memorandum, (all to be signed after the plenary session). There had been a brief mention of the British-Italian Round Table and a discussion of Eureka, particularly the importance of avoiding conflict between Eureka projects and specifically EC Community research programmes.

Foreign Ministers had also discussed SDI, though not the technical and military aspects which lay more in the competence of the WEU. Italy was moving towards an agreement on research with the US along lines already discussed in WEU: The government would seek to ensure that firms engaged in SDI research respected US security requirements while obtaining a return ("fall out") from their participation. Italy had always been prudent in its assessment of the strategic implications on SDI, on which it was too soon - even for the US - to reach a conclusion.

Signor Andreotti said that the US/Soviet Arms Talks had been discussed, and British and French independent strategic nuclear forces. While the British position was understood it was important to avoid British and French nuclear forces being presented by the Russians as an obstacle to a global solution, which they were not. It was worrying that the climate of negotiations now seemed less promising than two months before.

Signor Andreotti referred to the discussion of recent events in South Africa: Italy agreed that the Commonwealth contact group could usefully take stock of the present situation and help push the South African government towards the political change needed to end violence.

Sir Geoffrey Howe endorsed Signor Andreotti's description of their discussions. They had also discussed the question of the Falkland Islands and Argentina. The Secretary of State had made clear continuing British anxiety that certain sophisticated weapons should not be sold to Argentina, especially the SUT torpedo, which a Ministry of Defence expert would shortly be discussing with the



Italian authorities. He had also described the recent meeting between Argentinian and British MPs: HMG regretted that the Argentinians had not accepted the offer of a meeting with a British Minister, but HMG would continue to work for the improvement of bilateral relations.

There had also been a discussion on Libya. British policy would continue to be one of strict limitation of its bilateral relations. It was important that Anglo-Italian cooperation on terrorism should continue. EC Ministers would need to discuss the possibility which had been raised of some contact between the Libyan authorities and the EC.

Signor Scalfaro said that he and the Home Secretary had discussed the recent terrorist attacks in Florence and Rome. The Italian authorities were examining what lay behind this terrorist resurgence with its attendant features of international links and connections with drugs, the arms trade and organised crime. The two Ministers had agreed on the importance of exchanging intelligence information to help prevent terrorist attacks. They looked forward to the meeting of the Trevi Group in the Hague on 24 April, and had discussed the recent declaration of EC Foreign Ministers on terrorism: terrorism was international and required international cooperation to combat it.

Signor Scalfaro stressed the importance of the new extradition agreement which extended the list of extradictable offences to drugs and weapons, though the agreement would have to be ratified by both parliaments. Future changes envisaged in British law relating to extradition would also be helpful. There had been discussion of the problems of immigration controls. Terrorism made it impossible to remove these controls, but a balance had to be found between the wish for open frontiers and the need to fight terrorism.

The two Ministers had discussed the position of foreign students in Britain and Italy and had agreed on the importance of arriving at residence procedures better suited to present circumstances. All EC countries shared similar problems in these areas and it was important that none should take unilateral decisions without



consulting their partners.

The Home Secretary agreed with this account of their discussion. He recalled the last two terrorist attacks in Italy and expressed his sympathy. Britain and Italy enjoyed excellent collaboration in the field of counter-terrorism: the exchange of information was increasingly important. The initiative of EC Foreign Ministers on terrorist matters was welcome but it should not overlap or confuse the cooperation already existing within the Trevi framework. The new Extradition Treaty was an important step forward, though not a final one: HMG's efforts to change its extradition laws were in recognition of the international content of much organised crime.

Signor Spadolini said that his first meeting with Mr Younger had provided the opportunity of a full examination of collaboration between Britain and Italy in the military field. There had been discussion of SDI and an identity of views on East/West relations in the light of recent developments in the disarmament negotiations. The two Ministers had shared a common concern to safeguard European defence within the framework of NATO: both the imbalance in conventional forces and the level of nuclear weapons needed to be taken into account.

There had been a discussion of bilateral collaboration on weapons development, and agreement on the particular importance of collaboration on helicopters. Close collaboration already existed over EH101. Both Ministers had expressed the wish that France and Germany might participate in the AH129 helicopter project. Signor Spadolini had reaffirmed Italy's wish to continue the EFA project along the lines already agreed in 1985. He had made clear Italy's hope for a good result in the Spanish referendum on membership of NATO.

Mr Younger agreed that this had been a useful meeting. Both sides had clearly reaffirmed their strong commitment to collaborate on major defence projects. HMG was committed to continuing its collaboration in the field of helicopters. Mr Younger had stressed the importance for Europe of maintaining the independent British and French nuclear deterrent, and of not agreeing to Soviet proposals



seeking to prohibit modernisation.

Signor Granelli said it had been particularly useful to meet Mr Pattie, and was pleased that Italy would now sign the ISIS/SNS memorandum. Many opportunities existed for British and Italian collaboration in the technical and scientific fields. The two Ministers had agreed to begin a regular series of bilateral consultations on these subjects at a technical level to supplement political consultations: this had been a particularly positive result of the summit.

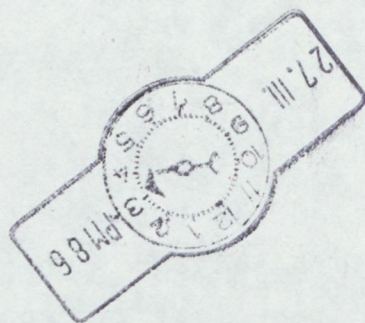
There had been a discussion of Eureka and of the need for positive results from the meeting in June: too much bureaucracy must be avoided. There had been agreement on the particular importance of projects relating to industrial lasers and school computers. The two sides had noted a common interest in strengthening their already close cooperation in the field of European telecommunications.

Though there were differences between Britain and Italy on EC scientific collaboration, both agreed on the need to avoid red tape and improve the possible benefits to industry. Collaboration between Britain and Italy in the field of space was excellent, and the Italian side had expressed its interest in examining the Hotel project. Signor Granelli stressed the importance of East/West collaboration in scientific research: an opportunity to develop this had been provided by the recent meeting between Gorbachev and President Reagan and it should not be wasted.

Mr Pattie welcomed Italy's signature of accession to the Memorandum of Understanding. He was pleased that agreement had been reached that senior officials should meet regularly to review projects of common interest. There had been a review of the Eureka programme, though some outstanding issues remained to be resolved. There were some differences of approach on EC research and development as regards the content cost and balance of the commission's proposals: HMG wished to concentrate the research effort on areas of major technological advantage.

26 March 1986







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Foreign and Commonwealth Office

London SW1A 2AH

27 March 1986

*CDP*  
*27/3.*

*Dear Charles,*

Anglo/Italian Summit in Florence on 12 March

I enclose the record of the plenary meeting at the Summit prepared by the Embassy at Rome.

I am copying this letter and the record to Rachel Lomax (HM Treasury), Stephen Boys Smith (Home Office), John Mogg (Department of Trade and Industry), Richard Mottram (Ministry of Defence), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Tim Abraham (Mr Pattie's office, DTI) and Michael Stark (Cabinet Office).

*Yours ever,*

*Colin Budd*

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Private Secretary

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