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TO DESKBY 041700Z FCO

TELNO 356

OF 041530Z JUNE 87

INFO PRIORITY WASHINGTON TOKYO OTTAWA BONN PARIS

VENICE ECONOMIC SUMMIT: ITALIAN CHAIRMANSHIP

SUMMARY:

1. SUCCESS AT VENICE IMPORTANT FOR THE ITALIANS. FANFANI'S CHAIRMANSHIP WILL REFLECT THIS. HIS COMPARATIVELY WEAK DOMESTIC POSITION WILL LEAD HIM TO BE CAUTIOUS OVER ISSUES OF SUBSTANCE.

DETAIL:

2. FANFANI TAKES THE VENICE SUMMIT SERIOUSLY AND HAS TRIED TO PREPARE HIMSELF WELL FOR IT. HIS PRE-SUMMIT VISITS TO SUMMIT 7 CAPITALS HAVE BEEN GENERALLY APPLAUDED HERE (THOUGH NOT BY CRAXI AND THE SOCIALIST PARTY). FANFANI HAS A SCRUPULOUS EYE FOR DETAIL, AND WILL HAVE LEARNED HIS BRIEF MUCH MORE THOROUGHLY AND CONSCIENTIOUSLY THAN CRAXI WOULD HAVE DONE IF STILL PRIME MINISTER. A FULL MEETING OF THE COUNCIL OF MINISTERS IS PLANNED FOR TOMORROW TO AGREE THE FINAL DETAILS OF THE ITALIAN POSITION.

3. THE PSI HAVE SOUGHT (WITHOUT CONVINCING SUCCESS) TO MAKE THE SUMMIT AN ISSUE IN THE ITALIAN ELECTION CAMPAIGN. CRAXI HAS CLAIMED A NUMBER TIMES THAT FANFANI, AS HEAD OF A WEAK, INTERIM, ONE-PARTY GOVERNMENT, WILL NOT BE ABLE TO REPRESENT OR DEFEND ITALY'S INTERESTS ADEQUATELY. FANFANI HAS RESPONDED ROBUSTLY TO THESE ACCUSATIONS AND HAS SAID HE WILL CONTINUE TO DO ALL HE CAN TO MAKE VENICE A SUCCESS.

4. THE INHERENT WEAKNESS OF THE FANFANI GOVERNMENT IS UNLIKELY TO AFFECT MORE THAN marginally the way in which FANFANI CHAIRS NEXT WEEK'S SUMMIT. HE WILL BE ANXIOUS TO SEEK CONSENSUS WHEREVER POSSIBLE.

BUT HE WILL ALSO STAUNCHLY UPHOLD ITALIAN NATIONAL INTERESTS WHEN NECESSARY SINCE HE WILL WISH TO AVOID ANY ALLEGATIONS, ESPECIALLY IN THE LAST STAGES OF THE ITALIAN ELECTION CAMPAIGN, THAT HE AND THE DC HAVE BEEN WEAK OR INEFFECTIVE. ON MATTERS OF SUBSTANCE WHICH COULD BE CONTROVERSIAL IN ITALY, FOR EXAMPLE, THE PROTECTION OF SHIPPING IN THE GULF, FANFANI WILL BE CAUTIOUS. HIS GOVT'S CARETAKER STATUS AND THE FACT THAT PARLIAMENT HAS BEEN DISSOLVED LIMIT HIS FREEDOM OF MANOEUVRE. BESIDES HE WILL NOT WISH TO COMMIT ITALY TO ANY ACTIONS WHICH COULD BE USED BY THE OTHER PARTIES AGAINST THE DC IN THE ELECTION CAMPAIGN.

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5. FANFANI IS WELL AWARE THAT THE SUCCESS OF THE SUMMIT AND OF HIS CHAIRMANSHIP ARE LIKELY TO HAVE A BEARING ON ITALY'S IMAGE OVERSEAS. AS HEAD OF A CARETAKER DC GOVERNMENT WHICH IS MINDING THE SHOP THROUGH ONE OF ITALY'S LONGEST POST-WAR GOVERNMENT CRISES, FANFANI IS PARTICULARLY SENSITIVE TO THE NEED TO SHOW THAT THE END OF 3-1/2 YEARS OF RELATIVE STABILITY UNDER A CRAXI GOVERNMENT NEED HAVE NO EFFECT ON ITALY'S INTERNATIONAL STANDING AND HER CLAIM TO BE TAKEN SERIOUSLY BY HER MAJOR ECONOMIC PARTNERS. HE WILL BE HELPED IN THIS OBJECTIVE BY THE FACT THAT BOTH ANDREOTTI AND GORIA HAVE RETAINED IN HIS ADMINISTRATION THE PORTFOLIOS THEY HELD THROUGHOUT CRAXI'S GOVERNMENT.

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