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PRIME MINISTER

ANGLO-ITALIAN SUMMIT, 23 FEBRUARY

We have an Anglo-Italian Summit on Friday, though on a modest scale. Only Signor Andreotti and his Foreign Minister are coming. The procedure is a talk between you and Andreotti: joined by Foreign Ministers and Ambassadors for a further discussion: a press conference in No.12: and a working lunch. The whole shooting match will last from 1000-1430.

Andreotti of course needs no introduction. His Foreign Minister, de Michelis, is a Socialist and to our taste something of a figure of fun. Physically gross ('who is that frightful Turk?' you asked, when you first saw him): author of a frivolous book on Italy's discotheques: given to grandiloquent and sometimes absurd initiatives: at worst a Court Jester and bit of a buffoon. But he is taken seriously at home, because he keeps Italy in the international limelight. Definitely not your cup of tea, but not to be under-estimated.

It is quite a good moment for an Anglo-Italian Summit. For the last year or two, we have had the problem of the Italians' tearaway attitude on the European Community: early IGC, full Delors Stages 2 and 3, more powers for the European Parliament, in short total euro-enthusiasm. That is still there: but the new factor is concern about Germany. Andreotti's private views are very close to your own, and indeed some years ago he came out publicly with a forthright statement of opposition to unification. This he has now publicly recanted, but I doubt his private views have changed. There should be two helpful side-effects: dealing with the consequences of unification will be the Italians' main preoccupation, with other matters including the development of the EEC taking a lower priority: and they should become more eager to find points in common with us.

This is a good moment therefore to be super-nice to the Italians - and the fact that they take on the Presidency of Europe in July is an added reason. The pay-off would be twofold: some easing of

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Italian pressure for constant forward movement in the EC: and an added counter-weight to Germany, in the same way that we are seeking to enlist France through closer Anglo-French co-operation. Quite how being nice to the Italians might manifest itself is more of a problem. But the sort of points which you might emphasise in your talks and press conference are:

- the long-standing nature of the links between Britain and Italy. Both of us being geographically on the fringes of Europe, it is natural that we should draw particularly close when great changes are taking place in the centre of the Continent.
- our recognition of Italy's vital interest in the process of German unification, and our resolve that the four plus two forum should not be used to exclude others from expressing their views. It must be paralleled by full consultation in NATO, in the EEC and in the Helsinki framework. If you can bring yourself to say that we propose to keep Italy very fully informed of the matters discussed in the two plus four and to take account of her views, that would be better still. (But we should not want this to become a burdensome obligation.)
- reference to Andreotti's vast political and international experience and your habit of consulting him closely on crucial issues, a practice which you want to intensify in the face of the momentous changes we are experiencing. You hope to have another meeting with him before Italy takes up the Presidency of the European Community in July.
- reference to our pleasure at the prospect of the Italian State Visit in the Autumn, coinciding with Italy's Presidency of the European Community. [~~I am not yet absolutely sure that we shall be able to announce this,~~]

The purpose of the exercise is to create a public perception in Italy, and more widely in Europe, of Britain and Italy drawing more closely together in reaction to German unification and the

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consequences which flow from it. Such an outcome will not be easy to achieve, given the wide differences of view on the way forward in the European Community. But I doubt there is anything more concrete to be achieved from an Anglo-Italian Summit.

The FCO briefs in the folder deal with all the main issues. You will want to focus on:

- German unification. You will want to pay particular attention to soothing Italian dislike of the Four plus Two forum. You will want to discuss how the negotiations in the EC should be handled: and consider also the particular problem of Poland's border with Germany.
- wider East/West developments. This will need to cover both the Soviet Union and Eastern Europe, the Development Bank, Association agreements between East European countries and the Community.
- EC and Italian Presidency. This is likely to focus on the timing of an IGC, and the substance of economic and monetary union. But you might also widen it to cover the future architecture of Europe in the face of German unification.
- South Africa. The main aspect is the lifting of sanctions.
- Middle East. He is greatly preoccupied with Libya.

C.D.
C. D. POWELL
21 February 1990

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