

PRIME MINISTER

Qualifications

Banco - Oz / Bridge

STATE VISIT BY PRESIDENT COSSIGA

Home Sec

You may like to glance over the weekend at the brief for President Cossiga's visit. You will see quite a lot of him: State Banquet on Tuesday, and dinner at the Italian Embassy on Friday (you have accepted this instead of the return banquet on Thursday).

There is provision in the programme for 45 minutes of formal talks after lunch on Wednesday. President Cossiga will be accompanied by your not so favourite Italian Foreign Minister.

I suggest that the subjects to cover (depending a bit on what you discussed over lunch) are:

- the Gulf, where after a slow start the Italian's record has been quite good;
- the Soviet Union;
- the European Community. You might make the point that it was Cossiga who managed to find a solution to the British budget problem in 1980: you hope the present Italian government will be no less skilful in finding solutions which keep all Twelve members of the Community together.

C.D.P.

Prugs - Terrorism

Cocaine

CHARLES POWELL
19 OCTOBER 1990

*Can't be
do better.*

*Int.
Adv.*

Work.

c:\wpdocs\foreign\Cossiga.MRM

*Int. Law, relevant
substance / best list*



cc PC/
Bq/dmp

Foreign and Commonwealth Office

CONFIDENTIAL London SW1A 2AH

19 October 1990

Dear Charles,

State Visit by President Cossiga of Italy:
23-26 October 1990

The Prime Minister will see President Cossiga during the State Visit and will dine with him on 26 October before his private visit to Scotland. Their main discussion will follow the Prime Minister's luncheon on 24 October. This letter provides background on the State Visit, President Cossiga's position, the Italian internal scene and Anglo-Italian relations, and briefing for the talks.

State Visit

This visit was originally arranged for 1987, but was postponed because of an Italian political crisis. President Saragat made a State Visit in 1969. The Queen made State Visits to Italy in 1961 and 1980.

President Cossiga

I enclose a personality note on Cossiga. His term of office expires in 1992. The President, who chooses the Prime Minister, is influential in shaping Italy's coalition governments. The Constitution confines him to a mainly ceremonial rôle. Andreotti and others have argued that Italy would benefit from a more powerful Presidency, and Cossiga has recently probed the limits of his position by hard-hitting public statements, eg an attack on organised crime, including a letter to the Presidents of both Houses of Parliament demanding that the Government, judiciary and security forces take urgent practical measures.

Italy Internal

Andreotti's coalition Government shook in July when five Christian Democrat Ministers from the left-wing de Mita faction resigned over a Broadcasting Bill. But the Government carried through the Bill and is likely to see out the EC Presidency (the Gulf crisis has also helped cohesion). A deep rift remains. The next general election may be called for spring 1991.

The Communists (27% of the vote in 1987) continue to decline, with slow progress towards agreement on a new name or programme. Meanwhile Craxi has changed the Socialist Party

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2

name (to Socialist Unity) and hopes to overtake the Communists.

Economic prospects are worrying. Italy imports 80% of its energy supplies. Inflation will probably exceed 6% by end-1990 and may rise further. To tackle the continued high public deficit (11.5% of GNP), the Government has proposed a tough budget for 1991 (£10bn tax increases, £9.5bn health and other spending cuts). This will be fiercely resisted in Parliament and add more strain to the coalition. Commercial performance, however, is reasonably strong. Other political issues are the worsening problem of organised crime (recent Mafia murders of children and a Sicilian magistrate) and proposals for electoral and constitutional reform aimed at achieving a stronger executive.

Anglo-Italian Relations

UK exports (£4.5bn in 1989) still lag behind exports to Benelux, despite Italy's new economic strength. The Italians under-rate our views on Europe (despite their worries about Franco-German domination of the EC); they are sometimes casual about NATO and susceptible to gimmicks, eg the proposal for a Conference on Security and Cooperation in the Mediterranean (see below).

The Talks

Time will be short. The talks are due to begin at about 2.30 pm, but there could well be slippage to 2.45 pm. President Cossiga is due to leave at 3.30 pm, to give a press conference.

The tone of the talks will probably determine the political impact of the State Visit in Italy. We do not see this as an occasion for conveying the government's detailed views on immediate issues (more for the Prime Minister's talks with Andreotti on 20 October and the Foreign Secretary's with De Michelis on 25 October). Our objectives are to encourage Italian decision-makers to work harder for Anglo-Italian co-operation (on our terms) over the big European and NATO issues.

Participation. President Cossiga will be accompanied by Foreign Minister de Michelis, Ambassador Biancheri, a note-taker (Ambassador Berlinguer, Secretary General of the Presidency) and an interpreter. Sir Stephen Egerton and you will accompany the Prime Minister.

The talks have no fixed agenda, but the Prime Minister might suggest a rapid review of Anglo-Italian relations (including counter-terrorism co-operation); policy towards the EC, East/West relations and NATO; and the Gulf crisis.

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3

On Anglo-Italian relations, the Prime Minister could say:

- Relations excellent. 1.3m UK visitors to Italy each year. £11bn total trade pa - Italian surplus (£2bn) - respect for Italian commercial performance in certain sectors.
- Scope for closer political co-operation. Need more effort to agree policy on strengthening EC and safeguarding NATO. Britain and Italy should not indulge in theological disputes diminishing our joint influence.
- Counter-terrorism a good example of co-operation. British opinion impressed by Cossiga's stand against Mafia and other organised crime. Can UK help? Need firmness internationally too, eg continue EC sanctions against Libya until Qadhafi changes his tune.

On the EC, the Prime Minister could note that the UK is committed to the development of the European Community. The priority remains the Single Market, by completing the 1992 programme on time and by implementing and enforcing what has been agreed (the Italian record on this is poor).

In the debate on institutional reform leading to the IGC, Italian views have been maximalist. We want the IGC to adopt a realistic, incremental approach. The Prime Minister might:

- reiterate the need to avoid rushing member states into premature conclusions. The IGC will set its own agenda, as was agreed at the Dublin European Council.
- make clear that some of the ideas floated by partners, including the Italians (eg for extension of Community competence, and a significant increase in the powers of the European Parliament) are unacceptable to the UK. We should instead concentrate on things that will work, in the next stage of Community development. That is why we see no need for a radical change to the institutional balance in the Community.

On Economic and Monetary Union, there is little common ground with the Italians who want an early, predetermined move to Stage II, followed by a rapid transition to Stage III. The Italian government will be seeking to get this fast-track approach adopted before the IGC in December. The Prime Minister may want to:

- repeat our commitment to the progressive realisation of EMU;
- make clear that sterling's entry into the ERM underlines our commitment to the effective implementation of Stage I. But our views on the latest stages of the process are unchanged:

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4

our proposals for a hard ecu and a new Community institution, the EMF, are increasingly relevant to the debate. Others, eg Spain and the Netherlands, also want to link progress to the speed of real economic convergence in the Community.

The Prime Minister might underline the importance of a successful outcome to the GATT Uruguay Round, now entering its critical final phase (final negotiations in Brussels from 3-9 December). She could draw parallels with Eastern Europe and the Gulf as other major challenges to which the Community has risen successfully.

The Prime Minister may like to discuss prospects for the Soviet Union. Italian views do not differ markedly from our own. The Italians have been taking a more forthcoming line on largescale financial assistance to the Soviet Union, and have offered help of some US \$2.6 billion for immediate balance of payments support and debt clearance, and further export credits for the medium term. Like us, the Italians have been approached by the Russians with a suggestion of a bilateral treaty or declaration, to be signed later in the year. The Prime Minister might draw on the following:

- Difficult to exaggerate scale of the Soviet Union's crisis. Things certain to get worse before they get better. Gorbachev has destroyed much of the old system, without replacing it.
- Nationalist movements continuing to flourish. Proposed new Union Treaty not a credible response. Many republics de facto going their own way.
- Key task for Gorbachev is to grip economic reform. Has apparently opted for some move to a market economy, although not yet clear to what extent this is agreed with the Republics.
- Meanwhile economic reality bleak: recession worsening, inflation increasing. Central planning in disarray. Difficult winter ahead. Cannot rule out need later on for food aid.
- Keen to help. Certain technical assistance is best approach. West has know-how which we should transfer. Need action soon. Look forward to outcome of commission and IMF studies of Soviet economy. Hope European Council will endorse approach based on technical assistance in key areas - eg energy;
- Continue to be impressed by Soviet approach to Gulf Crisis, and by consistency of new foreign policy. Further reason why we should continue to support process of reform.

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5

There may not be time to discuss Eastern Europe, eg the Pentagonale group of Italy, Austria, Hungary, Czechoslovakia and Yugoslavia. But Cossiga may volunteer views on the situation in Yugoslavia. Inter-ethnic clashes, and deteriorating relations between Yugoslavia's constituent republicans demonstrate increasing instability. We believe that any breakdown in civil order would at least initially be confined within Yugoslavia's borders. But, if Yugoslavia disintegrates, this could engender territorial claims by its neighbours.

Future of NATO. Andreotti and de Michelis last month proposed the fusion of the WEU and the EC, as a first step towards establishing a common European security policy. There was some discussion by EC Foreign Ministers at Asolo (6-7 October). The Prime Minister might like to:

- emphasise our commitment to maintaining a sound collective defence, with the Americans fully involved, and our view that NATO remains the right basis;
- add that we agree that the Europeans should be taking on a greater rôle in their own defence, but that this should not be at the expense of a strong NATO.

On the CSCE, President Cossiga's background should make him sympathetic to our European Magna Carta concept. The Prime Minister could say:

- preparations in Vienna for the CSCE Paris Summit are proceeding well. Italian Presidency have done a good job on guiding the Twelve, on co-ordination with the UK, and on liaison with the rest of the 34;
- want UK proposal (Aspen Speech) for a European Magna Carta to be agreed at the Summit. Would entrench the basic human rights of all European citizens. This Charter of human rights should emerge from the Paris Summit as a clear blueprint for a Europe in which democracy and the rule of law are extended far and wide.

President Cossiga may raise the Italian proposal for a Conference on Security and Co-operation in the Mediterranean (CSCM), on which we have firm reservations. It is over-ambitious and unrealistic on scope and membership; though we acknowledge that the Mediterranean requires attention. We would favour an initiative which promoted regional cooperation tailored to the countries concerned. The CSCE cannot serve as a precise model. In particular, too wide a membership risks crippling the idea from the beginning: the Gulf crisis alone makes the Middle East link impractical. We would oppose a security role that went beyond Confidence Building Measures. A Western Mediterranean grouping, on the other hand, would be a sensible experiment. Any UK involvement in financial aspects

CONFIDENTIAL



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6

would need to be in a Community framework.

On the Gulf crisis, the Prime Minister could express appreciation for the political and diplomatic efforts of the Italian Presidency during the crisis. The Twelve have shown excellent solidarity at the political level and in protecting each other's citizens. (There are believed to be a little over 300 Italian citizens remaining in Iraq and Kuwait.) After initial hesitation, Italy agreed to contribute 8 Tornado aircraft and 3 frigates to the multinational force in the Gulf. Italian public opinion is unenthusiastic, however, and in seeking Parliamentary approval the Italian Government had to concede to amendments restricting the use of Italian military forces to "missions compatible with UNSCR 665".

Yours ever,

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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PRESIDENT FRANCESCO COSSIGA

Born Sardinia 1928. Professor of Constitutional Law at the University of Sassari. Christian Democrat Deputy for Cagliari 1958-83. Under-Secretary at the Ministry of Defence 1966-1969. Minister responsible for Public Administration 1974-76.

Minister of the Interior in 1976 and 1978 (under Andreotti) but resigned over the failure of the security forces to prevent the assassination by the Red Brigades of the Prime Minister, a close personal friend. He was deeply affected by the tragedy.

He returned to office as Prime Minister in 1979 and again in April 1980, but Communist opposition and damaging scandals within his own party led to his defeat in September 1980.

In 1983 he entered the Senate and was elected its President. In June 1985 he was elected President of the Republic at the first ballot - the first time this had happened since 1946.

Cossiga approached his role as President with reserve and reluctance to court publicity. As a constitutional lawyer and former academic, he is deeply conscious of the duties of a Head of State. His decision to call off his State Visit to Britain at a few days' notice in 1987, because of an internal political crisis, caused dismay in Italy as well as in Britain and nourished doubts about his judgement and steadiness under pressure. During his first four years in office he acquired a reputation as something of a ditherer in a crisis, incapable of decisive action. But during the past year he has been more adventurous, involving himself directly in delicate issues, eg the structure of the Italian Magistrature, the maintenance of law and order, and the combatting of organised crime. He has referred to these as "stones in his shoe" which he could no longer tolerate. His

seven-year term is running out and he is unlikely to be re-elected President.

He attaches great importance to his family life and protects its privacy. Rather than sleep in the Quirinale Palace he returns each evening to his apartment across the Tiber. His wife never appears with him in public. In official life, though formal and reserved in manner, he is friendly, indeed discursive, giving the impression of straightforwardness which is unusual for an Italian politician. He is an expert on the history of the Church, including the Anglican Church, and has a particular interest in Sir Thomas More and Cardinal Newman. He knows Oxford University well and was made an Honorary Fellow of Oriel College, Oxford (Newman's College) in 1988. He is fascinated by military uniforms and has designed some for Italian regiments. His reputation as a "radio ham" is widely known. He has an enquiring mind and a lively imagination.

He visited the UK officially in 1976 and 1977. A sincere Anglophile: his role in solving the EC budget problem during the Italian Presidency in 1980 was important. He called on the Prime Minister during private visits to London in 1984 and 1988.

Cossiga has one son and one daughter, whom he sent to England to study. Speaks some English, German and French.

Awarded an Honorary GCMG during the 1980 State Visit.

