

ADVANCE COPIES: FALKLAND ISLANDS

(30) + 7 CAB.

PS
 PS/MR HURD
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 MR GIFFARD
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 PS/CHANCELLOR)
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 MR ILETT)
 MR McINTYRE)
 MISS DICKSON (EIP DIV) D/EN
 DIO CABINET OFFICE
 MR WADE-GERY CABINET OFFICE
 MR FULLER SAPU/DIO " "
 SIR M PALLISER CABINET OFFICE
 SIR R ARMSTRONG " "

(Copy passed to Emergency Staff)

GR 955

CONFIDENTIAL

FM ROME 301500Z APR 82

TO IMMEDIATE FCO

TELEGRAM NO. 221 OF 30 APR 82

INFO ROUTINE WASHINGTON, UKREP BRUSSELS
 SAVING FOR INFO OTHER EC POSTS, BIS BUENOS AIRES, UKDEL NATO

MY TELEGRAM NO. 197: ITALIAN POLITICAL REACTIONS

1. THE LONGER THE FALKLANDS DISPUTE GOES ON, THE MORE DIFFICULT

IT BECOMES FOR ITALY TO GIVE SOLID SUPPORT TO BRITAIN. WE
 ARE REMINDED BY ALL OUR CONTACTS OF THE TIES OF BLOOD AND THE
 TRADITIONAL LINKS BETWEEN ITALY AND ARGENTINA. THE MILLION OR SO
 ITALIAN NATIONALS IN ARGENTINA ARE AN EFFECTIVE LOBBY: ALTHOUGH
 THEY THEMSELVES CAN ONLY VOTE IN ITALIAN ELECTIONS BY COMING BACK
 TO DO SO, THE VOTES OF THEIR FAMILIES AND ASSOCIATES HERE COUNT.
 PRESSURE FROM BUSINESS INTERESTS ON ALL THE PARTIES MOUNTS AS EC
 SANCTIONS AND THE ARGENTINE COUNTER-MEASURES BEGIN TO BITE.

2. THE PROSPECT OF SERIOUS HOSTILITIES ALARMS THE ITALIANS: CRITI-
 CISM WAS MODERATE AFTER THE SOUTH GEORGIA OPERATION LARGELY BE-

IMMEDIATE
 ADVANCE COPY

CISM WAS MODERATE AFTER THE SOUTH GEORGIA OPERATION LARGELY BECAUSE IT WAS BLOODLESS. ITALY'S INSTINCT IN OUR SITUATION WOULD BE TO COMPROMISE, AND PEOPLE FIND IT HARD TO BELIEVE THAT BRITAIN WILL PAY SUCH A HIGH PRICE FOR PRINCIPLES. FEAR OF THE WIDER INTERNATIONAL CONSEQUENCES OF A MAJOR BATTLE, AND ESPECIALLY OF POSSIBLE SOVIET INVOLVEMENT AFTERWARDS, IS ANOTHER FACTOR. THERE IS SOME SYMPATHY FOR THE ARGENTINE CASE ON SOVEREIGNTY, ON WHICH THE ITALIAN GOVERNMENT HAS BEEN CAREFUL NOT TO STATE A VIEW. ON THE OTHER HAND, ARGENTINE AGGRESSION AND FAILURE TO HEED SCR 502, AND THE NATURE OF THE ARGENTINE REGIME, ARE ALL TELLING POINTS IN OUR FAVOUR HERE. BUT THE GENERAL FEELING IS THAT IT IS NOT WORTH A WAR.

3. THESE VARIOUS PRESSURES WITHIN ITALY ARE REFLECTED IN A FURTHER PALAZZO CHIGI COMMUNIQUE OF 26 APRIL (SEE MIFT) AND A MFA STATEMENT TODAY (SEE MY SECOND IFT). WHEN I TACKLED BERLINGUER, SPADOLINI'S DIPLOMATIC ADVISER, ABOUT ITS EVENHANDED APPROACH, HE SAID CATEGORICALLY THAT THERE WAS NO FUNDAMENTAL CHANGE IN ITALY'S POSITION AND THAT HER SOLIDARITY WITH THE EC LINE WAS CONFIRMED: SPADOLINI WAS APPEASING THOSE POLITICIANS WHO WERE UNDER PRESSURE FROM THE ITALIAN COMMUNITY IN ARGENTINA OR FOR OTHER REASONS OPPOSED THE GOVERNMENT'S SUPPORT OF BRITAIN. THE MFA HAVE ALSO ADVISED US NOT TO BE TOO CONCERNED ABOUT THE COMMUNIQUE. NEVERTHELESS THERE IS A DISQUEETING TENDENCY TO URGE MODERATION ON BOTH SIDES.

4. THE PSI REMAIN THE MAIN PROBLEM. IN UNHELPFUL PRESS ARTICLES (MY TELEGRAM NO. 207, NOT TO BUENOS AIRES) THEY HAVE OPPOSED SANCTIONS, CRITICISED BRITAIN AND ARGENTINA IN EQUAL TERMS, AND IMPLIED THAT FURTHER USE OF FORCE WOULD BE UNJUSTIFIABLE. I CALLED ON CRAXI (PSI LEADER) WHO CLAIMED DISINGENUOUSLY THAT HIS ATTITUDE DID NOT REFLECT PRESSURE FROM THE ARGENTINE GOVERNMENT, THE ITALIAN COMMUNITY IN ARGENTINA, OR ITALIAN INDUSTRIALISTS. HE INSISTED THAT A PEACEFUL SOLUTION MUST BE FOUND. I ARGUED THAT WE HAD TO USE EVERY MEANS OF PUTTING PRESSURE ON GALTIERI'S REGIME AND THAT EXPRESSIONS OF DOUBT FROM EUROPE, AND ESPECIALLY FROM ITALY BECAUSE OF HER CLOSE LINKS WITH ARGENTINA, COULD ONLY MAKE GALTIERI MORE DETERMINED. WE HAVE ALSO LOBBIED OTHER LEADING SOCIALISTS, INCLUDING BENVENUTO (SOCIALIST UNION LEADER) WHO HAS PUBLICLY CALLED FOR ITALIAN MEDIATION IN THE DISPUTE. CRAXI HIMSELF SEEMS TO BE CALLING THE TUNE.

5. THREE CHRISTIAN DEMOCRATS HAVE TABLED A PARLIAMENTARY QUESTION TO COLOMBO CALLING ON ITALY TO ADOPT A NEUTRAL STANCE, BUT WE ARE TOLD THIS DOES NOT REFLECT SERIOUS DISSENT IN THE DC FROM THE ITALIAN GOVERNMENT'S PRESENT LINE. THE PARLIAMENTARY TIMETABLE IS ANYWAY SO CROWDED THAT A DEBATE ON THE FALKLANDS IS VERY UNLIKELY IN THE NEXT TEN DAYS, AND ANY MEETING OF COALITION PARTY LEADERS MUST AWAIT THE END OF THE DC CONGRESS ON 07 MAY. I SPOKE TO BOTH FANFANI AND PICCOLI, AND WE REMAIN IN CLOSE TOUCH WITH THEM AS WELL

FANFANI AND PICCOLI, AND WE REMAIN IN CLOSE TOUCH WITH THEM AS WELL AS THE DC FOREIGN AFFAIRS EXPERTS, BUT ALL ARE IMMERSSED IN PREPARATIONS FOR THE DC CONGRESS. THE POINT THEY ALL MAKE IS THAT SERIOUS BLOODSHED WOULD PUT ITALY IN A VERY DIFFICULT POSITION, WORSE IF - AS IS LIKELY - ITALO-ARGENTINES WERE KILLED.

6. IN THE OTHER PARTIES, ZANONE (PLI) HAS EXPRESSED ANXIETY AND TOLD US THAT HUNDREDS OF LETTERS AND TELEGRAMS ARE REACHING HIM FROM ITALIANS IN ARGENTINA (WHO TEND TO BE RIGHTWING). THE PCI ACCEPT OUR ARGUEMENTS ABOUT AGGRESSION AND SELF-DETERMINATION, BUT ARE DOUBTFUL ABOUT SANTIIONS AND WANT A GREATER ROLE FOR THE UN: THE NATURE OF THE ARGENTINE REGIME IS A STRONG POINT IN OUR FAVOUR, AND SO FAR THE PCI HAS BEEN LESS TROUBLE THAN THE PSI. THE SMALL PSDI ACCEPT SANCTIONS AND ENDORSE BRITAIN'S PRESENT STRATEGY. AS FOR THE PRI, THEIR PARTY LEADER IN THE ASSEMBLY, BATTAGLIA, CONSIDERS THAT, WHILE IT MAY ACKNOWLEDGE THE JUSTICE OF OUR CASE, ITALIAN PUBLIC OPINION IS EMOTIONALLY ON THE SIDE OF ARGENTINA: HE ARGUES THERE MUST BE A NEGOTIATED SOLUTION AND BELIEVES THAT SPADOLINI THINKS SO TOO. (CF. THE CHIGI COMMUNIQUE).

7. I GAVE A WELL-ATTENDED PRESS CONFERENCE ON 28 APRIL TO CORRECT SOME INCREASINGLY WIDESPREAD MISUNDERSTANDINGS OF BRITAIN'S POLICY. PRESS AND TV COVERAGE OF IT WAS GOOD, DESPITE A PARTIAL NEWSPAPER STRIKE.

8. SO FAR WE HAVE MANAGED TO RETAIN ITALIAN SUPPORT, BUT WE SHOULD NOT TAKE IT FOR GRANTED. IF SERIOUS HOSTILITIES BEGIN, WE SHALL NEED TO DEMONSTRATE QUICKLY THAT BRITAIN HAD NO OTHER OPTION BUT TO USE FORCE. AT THAT STAGE, PERSONAL MESSAGES TO COLOMBO AND SPADOLINI, WOULD, BE, VERY HELPFUL: ::::::::::::::::::::::::::::::::::::::

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ELS, NOT TO ALL) WAS APPRECIATED HERE. PERTINI TOO SHOULD NOT BE FORGOTTEN: HE CAN ON OCCASION PROVE EFFECTIVE IN RESTRAINING THE PSI, AND THOUGH HE HAS PACIFIST LEANINGS IS SUSCEPTIBLE TO THE ARGUMENT THAT AGGRESSION AND DICTATORS MUST BE RESISTED.

9. FCO PLSE PASS SAVING ADDRESSEES

ARCULUS

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