

GRS 600

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FM ROME

TO IMMEDIATE FCO DESKBY 260800Z

TELNO 784

OF 231700Z NOVEMBER 1984

AND TO IMMEDIATE DTI (FOR PS MR CHANNON DESKBY 260800Z)  
DEPT OF TRANSPORT (FOR PS MR RIDLEY) DESKBY 260800Z

INFO PRIORITY UKREP BRUSSELS, DUBLIN

INFO SAVING OTHER EC POSTS

THE ITALIAN PRESIDENCY

SUMMARY

1. MR RIDLEY AND MR CHANNON WILL FIND THAT THE ITALIANS HAVE GIVEN SOME, BUT NOT MUCH, THOUGHT TO PRIORITIES DURING THEIR PRESIDENCY. CRAXI WILL BE LOOKING FOR SOME FORM OF POLITICAL COUP, POSSIBLY A VISIBLE STEP TOWARDS EUROPEAN UNION BY WHICH HE AND HIS PRESIDENCY WILL BE REMEMBERED. MINISTERS WILL BE THINKING OF ELECTIONS AND OFFICIALS EXPECT TO FLY BY THE SEAT OF THEIR PANTS. BUT RUGGIERO, WITH HIS DRIVE AND DETERMINATION, MAY YET IMPOSE A PATTERN UPON THE PRESIDENCY.

DETAIL

2. WE HAVE DISCUSSED THE OUTLOOK FOR THE ITALIAN PRESIDENCY WITH OFFICIALS OF MOST KEY MINISTRIES FOLLOWING A SERIES OF INTERDEPARTMENTAL MEETINGS DESIGNED TO SET PRIORITIES. I HAVE ALSO SPOKEN TO RUGGIERO (ECONOMIC DIRECTOR). A DETAILED ASSESSMENT WILL FOLLOW BY BAG, BUT MESSRS RIDLEY AND CHANNON (AND RENWICK) MAY FIND THE FOLLOWING PRELIMINARY COMMENTS OF USE.

3. OUR INTERLOCUTORS CONFIRMED THAT IN THEORY ITALY'S PRIORITIES WERE AS OUTLINED BY CRAXI AND HIS MINISTERS AT THE ANGLO/ ITALIAN SUMMIT, VIZ. PROGRESS TOWARDS EUROPEAN UNION (DOGE AND PEOPLE'S EUROPE COMMITTEES), DEVELOPMENT OF THE INTERNAL MARKET, IMPROVED CONDITIONS FOR RESEARCH AND HIGH TECHNOLOGY COLLABORATION, A FRESH LOOK AT THE CAP AGAINST THE BACKGROUND OF BUDGETARY RESTRAINT, AND ENHANCEMENT OF THE COMMUNITY'S RELATIONS WITH THIRD COUNTRIES. BUT THEY READILY ADMIT THAT THIS PROGRAMME LACKS SUBSTANCE AS YET. THEY BELIEVE THE REMAINING PROBLEMS OVER ENLARGEMENT ARE UNLIKELY TO BE OUT OF THE WAY BY THE BEGINNING OF THEIR PRESIDENCY, AND THAT THE PARLIAMENT IS QUITE LIKELY TO REJECT THE 1985 BUDGET. THEY THUS EXPECT THE EARLY MONTHS OF THEIR PRESIDENCY TO BE DOMINATED BY THESE TWO IMMEDIATE ISSUES. THEY THEREFORE SEE LITTLE SCOPE FOR USING THEIR PRESIDENCY TO MAKE A MAJOR LEAP FORWARD IN EUROPEAN INTEGRATION, THOUGH RUGGIERO TOLD ME THAT THEY WOULD NEVERTHELESS TRY TO SECURE AGREEMENT BY THE END OF JUNE TO AN INTERNATIONAL CONFERENCE ON EUROPEAN UNION, WITH PRELIMINARY DISCUSSION AT THE MARCH EUROPEAN COUNCIL. /THEY

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THEY READILY ADMIT THAT THERE IS A CONTRADICTION BETWEEN THE OBJECTIVE OF MAKING PROGRESS ON THE INTERNAL MARKET AND THEIR ATTITUDE TO MANY SPECIFIC ISSUES SUCH AS AIR SERVICES AND INSURANCE. THEIR IDEAS ON CAP ARE AT A FORMULATIVE STAGE, BUT INCLUDE THE POSSIBILITY OF A 'WISE MAN' APPROACH TO PRODUCE NEW IDEAS, ESPECIALLY INCENTIVES TO FARMERS TO GO FOR HIGHER VALUE AND NON-SURPLUS-CREATING CROPS. IN POCO THE CHIGI, AT LEAST, EXPECT CRAXI TO TAKE A KEEN INTEREST IN THE MIDDLE EAST.

4. RUGGIERO SPOKE TO ME OF REINFORCING THE ECU AND OF PRESUADING US TO JOIN THE EXCHANGE RATE MECHANISM OF THE EMS. BUT TREASURY OFFICIALS TELL US THAT THERE ARE NO PLANS FOR ANY INITIATIVE IN THE MONETARY FIELD. ON THE SOCIAL AFFAIRS SIDE, THE ITALIANS ARE SOME WAY FROM DEFINING PRACTICAL PROPOSALS TO GIVE EFFECT TO THE HIGH PRIORITY THEY ATTACH TO A COMMUNITY RESPONSE TO INTRANSIGENTLY HIGH UNEMPLOYMENT. MIGRATION WILL TAKE SECOND PLACE TO THIS.

5. WITH ADMINSTRATIVE (IE REGIONAL, PROVINCIAL AND COMMUNEL) ELECTIONS LOOMING IN MAY, PRESIDENTIAL ELECTIONS AT THE END OF JUNE, AND THE CRAXI GOVERNMENT FUTURE IN QUESTION FROM JULY ONWARDS, IT IS UNREALISTIC TO EXPECT RADICAL PROPOSALS, ESPECIALLY ON AGRICULTURE, FROM THE ITALIANS. INDEED THE 'WISE MAN' APPROACH IS A USEFUL WAY OF KICKING THE CAP TO TOUCH. CRAXI (AND ANDREOTTI IF HE SURVIVES THE CURRENT THREATS TO HIS POLITICAL LIFE) WILL BE LOOKING TO EXTRACT POLITICAL ADVANTAGE FROM THEIR TENURE. THIS WILL IN THE END DICTATE THE WAY THEY HANDLE COMMUNITY BUSINESS, THOUGH THEY WILL ALSO BE GUIDED BY THE NATURAL ITALIAN TENDENCY TO ADOPT THE ROLE OF CONILIATOR AND ARCHITECT OF COMPROMISE.

BRIDGES

FRAME GENERAL  
ECDU)

FOR THE PAYS SAVING ADDRESS

AMM

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