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INFO SAVING MILAN

ITALIAN - SOVIET RELATIONS : VISIT TO MOSCOW BY ANDREOTTI AND DE MICHELIS, 25-26 JULY

## SUMMARY

1. ITALIAN PRESS REPORTS OF ANDREOTTI'S VISIT TO MOSCOW SUGGEST THAT HE WILL TRY TO ACCELERATE CONSIDERATION OF AN EC AID PACKAGE FOR THE SOVIET UNION SO THAT A DECISION CAN BE TAKEN AT THE EXTRAORDINARY EUROPEAN COUNCIL ON 27 OCTOBER.

## DETAIL

2. THE ITALIAN MFA AS YET HAVE NO ACCOUNT OF THE ANDREOTTI-GORBACHEV OR DE MICHELIS-SHEVARDNADZE TALKS IN MOSCOW ON 26 JULY, BEYOND THE EXTENSIVE ITALIAN PRESS REPORTS. DE MICHELIS WENT ON FROM MOSCOW TO TURKEY AND WILL NOT RETURN TO ROME UNTIL NEXT WEEK. WE HAVE BEEN PROMISED AN EARLY BRIEFING. MEANWHILE, THE FOLLOWING ARE THE MAIN POINTS FROM THE PRESS:

(I) ANDREOTTI HAD THREE AND A HALF HOURS OF TALKS WITH GORBACHEV, WHILE DE MICHELIS AND SHEVARDNADZE HAD A PARALLEL MEETING OF SIMILAR LENGTH.

(II) GORBACHEV IS REPORTED TO HAVE SAID THAT FROM 1 JANUARY, FOLLOWING THE ENTRY INTO FORCE OF NEW LEGISLATION, THE SOVIET ECONOMY WOULD BE OPEN TO MARKET FORCES, THIS WOULD LEAD TO TWO DIFFICULT YEARS OF TRANSITION, DURING WHICH WESTERN ECONOMIC HELP WOULD BE IMPORTANT. HE TOLD ANDREOTTI THAT HIS REFORM PLANS INCLUDED MEASURES TO ENCOURAGE AND SAFEGUARD FOREIGN INVESTMENT, NEW BANKING LAWS AND AGRICULTURAL REFORM.

(III) ANDREOTTI IN RETURN IS REPORTED TO HAVE PROMISED TO TRY TO ACCELERATE THE CONSIDERATION OF AN EC PACKAGE OF ECONOMIC ASSISTANCE. HE APPARENTLY ENVISAGES THE COMPLETION OF THE EC STUDY OF THE SOVIET ECONOMY WITHIN SEPTEMBER AND A FINAL DECISION AT THE EXTRAORDINARY EUROPEAN COUNCIL IN ROME ON 27 OCTOBER. HE COMMENTED AT HIS MOSCOW PRESS CONFERENCE THAT 'THE SUCCESS OF PERESTROIKA IS

VITAL NOT ONLY FOR THE SOVIET PEOPLE BUT ALSO FOR EUROPE'.

(IV) MEANWHILE, OFFICIAL SOURCES ARE QUOTED AS SAYING THAT A NEW ITALIAN CREDIT LINE TO THE SOVIET UNION OF A BILLION DOLLARS IS UNDER CONSIDERATION.

(V) DE MICHELIS AND SHEVARDNADZE ARE REPORTED TO HAVE RESOLVED THE PROBLEM OF SOVIET DEBTS TO ITALIAN COMPANIES (CURRENTLY AMOUNTING TO ABOUT 220 MILLION DOLLARS, AND A CONSIDERABLE WORRY TO FOREIGN TRADE MINISTER RUGGIERO), AND TO HAVE LAID THE FOUNDATIONS FOR A NEW ECONOMIC COOPERATION AGREEMENT.

(VI) DE MICHELIS WILL APPARENTLY RETURN TO MOSCOW IN SEPTEMBER TO PREPARE THE WAY FOR AN OFFICIAL VISIT BY ANDREOTTI IN NOVEMBER, AND TO DISCUSS EC HELP FOR SOVIET ECONOMIC RECONSTRUCTION.

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