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TO IMMEDIATE FCO

TELEGRAM NO. 274 OF 20 MAY 82

INFO IMMEDIATE PARIS, BONN, UKREP BRUSSELS, WASHINGTON AND ROUTINE BRUSSELS, DUBLIN, UKMIS NEW YORK

SAVING FOR INFO ATHENS, COPENHAGEN, THE HAGUE, LUXEMBOURG, UKDEL NATO

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MY TELEGRAM NO. 263 AND YOUR TELEGRAM NO. 143 TO ATHENS: FALKLANDS: EC IMPORT BAN

1. I SAW COLOMBO YESTERDAY TO CARRY OUT YOUR INSTRUCTIONS. HE WAS NOT AWARE THAT FURTHER PROLONGATION OF THE EC IMPORT BAN WOULD BE DISCUSSED ON 24 MAY, NOR IN WHAT TERMS. HE SAID HE SUPPOSED THAT THE ITALIAN POSITION MIGHT BE MODIFIED IF THE ARGENTINES DID SOMETHING REALLY DREADFUL. BUT OTHERWISE HE HOPED THAT THE ITALIANS COULD GO ALONG, I.E. BY RAISING NO OBJECTION IF THE MAJORITY WISHED TO CONTINUE THE BAN EITHER COLLECTIVELY OR INDIVIDUALLY.

2. I ASKED COLOMBO WHAT WERE THE MAIN REASONS WHY HE HAD BEEN GIVEN INSTRUCTIONS NOT TO ACCEPT THE ONE-WEEK RENEWAL OF THE IMPORT BAN. HE MADE IT CLEAR THAT HE VERY MUCH REGRETTED HAVING TO STAND OUT, AND THAT HE WAS CHEERED RATHER THAN OTHERWISE BY THE CRITICAL REACTIONS IN YESTERDAY'S ITALIAN PRESS (MY TELEGRAM NO. 272). HE SAID THE MAIN REASON WAS THE VOTING STRENGTH OF THE "ONE AND A HALF MILLION HOLDERS OF ITALIAN PASSPORTS IN THE ARGENTINE". THEY WERE MAINLY DC VOTERS, BUT THERE HAD BEEN A SORT OF DUTCH AUCTION BETWEEN THE PSI AND DC. WHEN THE PSI CAME OUT AGAINST THE IMPORT BAN, THE DC WERE BOUND TO FOLLOW SUIT. (THIS INCIDENTALLY HELPS TO EXPLAIN WHY PICCOLI AS DC PARTY SECRETARY AND NOW PARTY PRESIDENT, SHOULD HAVE BEEN SO PROMINENT IN OPPOSING ITALIAN RENEWAL OF SANCTIONS.) COLOMBO ADDED THAT A SECONDARY REASON WHICH AFFECTED PUBLIC OPINION WAS THE GENERAL FEELING OF ALARM WHEN THE FIRST CASUALTIES TOOK PLACE. PEOPLE WERE CONCERNED AT WHAT APPEARED TO BE ESCALATION ON OUR PART, WITH ALL THE ATTENDANT RISKS.

3. I ASKED COLOMBO HOW ITALY WOULD GIVE EFFECT TO HER UNDERTAKING NOT TO FRUSTRATE THE SANCTIONS CONTINUED BY OTHERS. HE IS PROBABLY NOT WELL VERSED IN THE DETAILS (SEE PARA 7 BELOW). HE SAID THE FIRST STEP WOULD BE A DECREE REPEALING THE BAN, BUT THIS WAS STILL IN PREPARATION; THEN THERE WOULD BE TECHNICAL DISCUSSIONS WITH THE COMMISSION ON HOW TO AVOID DISTORTION OF TRADE. HE ADDED, AS AN EXAMPLE OF HIS DIFFICULTIES, THAT CAPRIA (PSI MINISTER FOR EXTERNAL TRADE) HAD REFUSED TO SIGN THE ORIGINAL APRIL DECREE AND HAD HAD TO BE PREVAILED UPON TO DO SO.

4. COLOMBO THEN TOLD ME THAT WHEN HE HAD RECEIVED THE NEW ARGENTINE AMBASSADOR FOR THE FIRST TIME YESTERDAY MORNING, HE HAD EMPHASISED THAT THE ITALIAN ACTION IN LUXEMBOURG SHOULD NOT BE INTERPRETTED AS ANY WEAKENING OF ITALIAN CONDEMNATION FOR ARGENTINA'S AGGRESSION NOR OF ITALIAN SUPPORT FOR SCR 502. THE MFA TELL US THAT A SUBSEQUENT PRESS STATEMENT OF THEIRS, OF WHICH WE HAVE NOT YET RECEIVED

THE FULL TEXT, MADE IT CLEAR THAT FOR ITALY ARGENTINA'S INVASION REMAINED THE ROOT OF THE PROBLEM. IT ADDED THAT COLOMBO TOLD THE AMBASSADOR THAT ITALY WAS MORE AUTHORISED THAN EVER BEFORE TO INSIST THAT ARGENTINA MAKE "A DECISIVE EFFORT" TO REACH A PEACEFUL SOLUTION IN CONFORMITY WITH SCR 502.

5. COLOMBO QUESTIONED ME ABOUT THE LATEST POSITION, AND SAID THE PAPERS GAVE THE IMPRESSION THAT THE PRIME MINISTER HAD SET A 24 HOUR OR 48 HOUR ULTIMATUM. HE HOPED THAT SHE WOULD AVOID BEING BLAMED FOR A BREAKDOWN. I SAID I THOUGHT THAT PEREZ DE CUELLAR WAS THE ONE WHO WAS SETTING THE TIME LIMIT. COLOMBO ENDED WITH AN EARNEST ASSURANCE, WHICH HE ASKED ME TO PASS TO YOU, THAT LAST WEEK-END'S EVENTS IN NO WAY WEAKENED ITALY'S BASIC SOLIDARITY WITH THE UK, AND THAT DESPITE DOMESTIC ITALIAN POLITICAL CONSIDERATIONS WE HAD HIS CONTINUING SUPPORT. THE ITALIAN ARMS EMBARGO WOULD CONTINUE.

6. WE HAVE BEEN CHECKING ON TWO POINTS OF DETAIL. ON THE IMPORTANCE OF ITALIAN NATIONALS RESIDENT IN ARGENTINA, TO WHICH COLOMBO REFERRED, THE PRESENT POSITION (AS WE HAVE REPORTED BEFORE) IS THAT THEY CAN ONLY VOTE IN ITALIAN ELECTIONS IF THEY RETURN HERE AND CAST THEIR VOTE IN PERSON. FOR MANY YEARS THERE HAVE BEEN PROPOSALS TO PERMIT POSTAL VOTING BY OVERSEAS RESIDENTS. THERE IS NOW ONE CONSOLIDATED DRAFT BILL WHICH MIGHT CONCEIVABLY - THOUGH THIS IS NOT CERTAIN - BE PASSED INTO LAW BEFORE THE NEXT ELECTION, DUE IN 1984 UNLESS THE TWO HOUSES ARE DISSOLVED PREMATURELY. THE NEO-FASCISTS AND DC HAVE ALWAYS BEEN IN FAVOUR. THE COMMUNISTS DISLIKE THE BILL, AND SO FOR DIFFERENT REASONS DO THE FOREIGN MINISTRY. BUT THE LAY PARTIES OF THE CENTRE, HITHERTO HESITANT, NOW SEE SOME POSSIBLE ADVANTAGES IN IT FOR THEM, AND NO DOUBT CRAXI HAD HIS EYE ON EXTRA OVERSEAS VOTES FOR THE PCI. THERE ARE SOME 4 TO 5 MILLION OVERSEAS ITALIAN VOTERS SCATTERED THROUGHOUT THE WORLD, AND THIS LEGISLATION, IF PASSED, COULD POSE ACUTE PROBLEMS FOR MANY OVERSEAS GOVERNMENTS. WE SHALL BE REPORTING FURTHER.

7. ON SANCTIONS, COLOMBO'S OFFICIALS TELL US THAT, DESPITE WHAT COLOMBO SAID TO ME (PARA 3 ABOVE) THE ITALIAN DECREE IMPLEMENTING THE APRIL COUNCIL REGULATION HAD BEEN ALLOWED TO LAPSE AS FROM MIDNIGHT ON 17 MAY. SO FAR AS DISTORTION OF TRADE UNDER ARTICLE 225 IS CONCERNED, THE ITALIANS HAVE PROPOSED TO THE COMMISSION A DECISION UNDER ARTICLE 115, THE TERMS OF WHICH THEY

DECISION UNDER ARTICLE 115, THE TERMS OF WHICH THEY ARE READY TO DISCUSS WITH THE COMMISSION AT THE LATTER'S CONVENIENCE.

8. FCO PSE PASS SAVING ADDRESSEES.

ARCULUS

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