

PRIME MINISTER

ANGLO-ITALIAN SUMMIT

You saw my general note about the Summit last night. I now attach the more detailed FCO brief which has come in. There are some particular points which you will wish to note.

Germany/EC

We shall have to brace ourselves for some extensive German demands on the EC to accommodate the GDR, and should be ready to resist those which would impose additional burdens on the existing members of the EC. We look to the Italians to join us in this. They are likely to be even more affected than we are if funds are diverted to the GDR.

Eastern Europe

Italy is engaged in something described as a 'quadrilateral initiative' embracing Hungary, Yugoslavia, Austria and Italy. It may be extended to include Czechoslovakia. The details are not clear: but you might take a benign interest and ask Andreotti about it.

European Bank for Reconstruction and Development

You will want to urge Andreotti to support siting the Bank in London. But the Italians nurture hopes for Milan.

EC Internal

You might ask about Italian intentions on abolishing exchange controls. They have to do this before July.

GATT

The Italians will have a heavy responsibility during their Presidency to ensure that the EC plays a constructive part in bringing the GATT round to a successful conclusion. Their own attitude is generally protectionist.

Japanese Cars

The Italians - with the French - argue that transitional arrangements to restrict the imports of Japanese cars after 1992 should include cars produced in the EC by Japanese-owned firms. We shall not accept that.

Argentina

You will want to inform him on the outcome of the recent negotiations. But Menem's problems increase.

South Africa

You will want to urge him to be more robust about relaxing EC measures.

Libya/Syria

He may argue for relaxing EC restrictions on these countries. We would take that very much amiss when Libya is still supplying weapons to the IRA, and the investigations into responsibility for the bombing of PA 103 continue. These two countries have not just taken the major steps which President de Klerk has.

Horn of Africa

The Italians take a big interest in Somalia and Ethiopia. You might ask Andreotti to speak about this.

Bilateral

You might thank him for Italian help in the preparation for the football World Cup: also for putting the Villa Lante at the disposal of the Prince of Wales' School of Civic Architecture.

He may raise the Venetian bid for EXPO 2000. It's too early to commit ourselves: Hanover and Toronto are also in the running. We are participating in the Columbus Exhibition in Genoa in 1992.

Incidental

When he leaves No. 10, Andreotti will visit the Tate Gallery with the Lord President.

I have found one point in De Michelis' favour: he trained as a chemist. !

C.P.P.
CHARLES POWELL
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