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Foreign and Commonwealth Office

London SWIA 2AH

Sir Alan Campbell KCMG ROME

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31 January 1979

ITALIAN EXCLUSION FROM QUADRIPARTITE AND OTHER SMALL GROUPS

- Many thanks for your letter of 18 January setting Italian resentment about their exclusion from Guadeloupe and other similar meetings in its historical context. Thank you too for your helpful suggestions as to what we might do to pre-empt such resentment in the future.
- You will meanwhile have seen FCO telegram number 18 reporting Ducci's call on Frank Judd on 23 January. I was encouraged to see that Ducci paid tribute to the quality of John Hunt's briefing on Guadeloupe and also that the last paragraph of the Note which he left with the Minister of State said in terms that the Italian Government did not wish to over-emphasise the issue. We are nevertheless well aware from your own and other reports and from remarks made by Ruggiero when he was here the other day that Andreotti is still considerably annoyed about the handling of the Guadeloupe meeting.
- The difficulty arises very largely from an awkward contradiction. Quadripartite consultations have proved their worth several times over as a way of getting business started with some assurance that the US and the European partners will be able to work together. This function of quadripartite meetings is at its most useful when the quadripartite meetings themselves are kept quiet and not publicised; but unpublicised quadripartite meetings are of relatively little interest to Heads of Government. The latter wish the world to know that they have been sitting together dealing with the world's affairs. It is precisely the publicity which riles the Italians and others.
- My conclusion from this is that Britain, France, Germany and the US will have to go on organising quadripartite work among themselves and we shall simply have to put up with the fact that every so often the quadripartite whale will break surface and blow, for all to see. When the Italians and others get their harpoons out, the only remedy for the whale will be to dive and disappear again for a while.
- You will not need me to review the useful work which has been done quadripartitely, recently, for example, on the problems in the north of Scandinavia around Svalbard, or on Yugoslavia, or even on Cyrpus (although the French and Germans prevented the Cyprus initiative from being brought through the quadripartite machinery into the Nine).



This sort of quadripartite work will continue discreetly and I do not think there can be any question of bringing the Italians into it. On the other hand I hope that there will be no question of the Italians obtaining hard evidence that such work goes on - or perhaps it is not so much a question of hard evidence as evidence to which they cannot turn a blind eye without political embarrassment. When slips do occur over quadripartite meetings at official level it is always possible to take refuge in the Berlin cover-story. The argument would be that officials were really talking about Berlin and happened to mention some other subject in passing. No-one believes this story but it inhibits non-quadripartite partners from making a fuss.

6. To an extent the Italians seem to recognise that they are fighting a lost cause, and I agree with you that it simply would not make sense to try to include Italy in another "Guadeloupe". Nor is there any need for me to go over the arguments which Tony Duff set out in his letter to you of 3 January about trilateralism. Reports from other sources which I have seen suggest that - with some exceptions - Italian appraisals of the reasons for the composition of the Guadeloupe Summit and of other similar groupings are realistic. But I quite agree with your point about making use of Italian expertise on the Horn of Africa, and we shall also bear in mind your suggestion for blurring any appearance of quadripartitism which emerges at Tokyo in the summer.

7. If and when another Guadeloupe occurs, we shall try to remember the importance of finding some means of showing special considerations to the Italians as suggested in paragraph 8 of your letter.

Michael Palliser

cc: P Jay Esq Washington

> Sir Nicholas Henderson GCMG Paris

Sir Oliver Wright GCVO KCMG DSC Bonn

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INDEX
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Sir R Hibbert

ITALIAN EXCLUSION FROM QUADRIPARTITE AND OTHER SMALL GROUPS As far as the particular instance of the Guadeloupe meeting is concerned, I do not believe that the Italians are as fussed with us as they were with the Americans and the French, because we were clearly not in the lead and, as Sir A Campbell says, the Prime Minister wrote "a nice letter". Since President Giscard was the host, it was only right that the French should make special arrangements over the briefing, and I do not think that we should have duplicated those efforts. As for the Americans, the trouble is that time and again they break the rules of confidentiality, and there seems to be no stopping them. Of course, the Germans are nearly as bad. (There was serious embarrassment at Puerto Rico in summer 1976 because American clumsiness made sure that the Italians knew that a Quadripartite meeting was taking place from which they were excluded - the PUS will remember the details - and Chancellor Schmidt then disclosed that the Italian internal situation had been under discussion!) Perhaps the conclusion is that we should not be "Honest John". On the other hand, in the longer run, I think that we gain to the extent that we preserve a reputation for discretion. As for more formal conclusions, I would only say that whenever briefing meetings for future restricted meetings of this kind take place, the issue of how to handle excluded partners, perhaps especially the Italians, should be faced squarely. The PUS is perhaps best placed to do this. The personality of the Foreign Secretary and Prime Minister is a major element, and different faces might bring different habits. (Nevertheless, I suspect that we do not always know of the occasions when the Prime Minister picks up the telephone!) 3. Finally, I should be against adding to the draft. So far as action is concerned, we can promise nothing.

E A J Fergusson

30 January 1979

I have added a pase . 7 to the

dut Whiblest 31. i.





ITALIAN EXCLUSION FROM QUADRIPARTITE AND OTHER SMALL GROUPS

1. I attach a re-draft, combining Mr Goodall's and Sir R Hibbert's texts. The pack seemed to shuffle without too much awkwardness.

Tearl

J Q Greenstock Planning Staff W10 233 3929

30 January 1979

cc: Mr Vereker, WED (W62A)

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To here woon

The PUS also had in mind the prestion

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of whether me have anything to learn from our three allies in the matter of placating the Italians (and others) - up para of Si Alan Campbell's draft. You re fer to this in your minte of 26 Jan. Pent if the phone calls are out what about special menages fumisanies etc. To you him to one might a) draw any more formal conclusions from this episode, b) Add any thing to the draftreply! 77 A Zum 30/31

Li Ruiner Mr Fergusson Psiles.

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ITALIAN EXCLUSION FROM QUADRIPARTITE AND OTHER SMALL GROUPS

1. I <u>submit</u> a draft letter from the PUS to Sir A Campbell in reply to his letter of 18 January about Italian exclusion from Guadeloupe and other similar meetings. The draft takes account of the call paid by the Italian Ambassador on the Minister of State on 23 January to report further disquiet on the part of the Italian Government over the Guadeloupe Summit (FCO telegram 18 to Rome); and also of reports from other sources. The "PUS has, I think, seen the latter and they are not attached. But they are available in the department if the PUS wishes to see them again.

AT Madell

A D S GOODALL Western European Department

26 January 1979

1 Lave to Comment on the happis

cc. PS/Sir A Duff
Mr Butler
Mr Fretwell
Mr Moberly
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Defence Department the bray 'unioneral' History
NENAD

Defence Department the bray 'unioneral' History
NENAD

The happeness of their informal telephonic Contact.

The point has been made to so, rather sarty, not very
long yo by, I think, the Dames. And I from that
is not a cong sime to prose.

Conformer. Chil bet you be for hit you show Mr frightson for su! Sir RH has goint of the afrombon. He asks y you could look at the paragraphs he has prut togetter. If you agree them, parhaps with can sourchow for them in to the draft. (He's not sure quite where they would fit) 29

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GUADELOUPE SUMMIT : ITALIAN REACTIONS.

- 1. THE ITALIAN AMBASSADOR CALLED ON MR JUDD ON INSTRUCTIONS AT SHORT NOTICE ON 23 JANUARY TO REPORT FURTHER DISQUIET ON THE PART OF THE ITALIAN GOVERNMENT OVER THE GUADELOUPE SUMMIT. PREFACING HIS REMARKS BY PAYING TRIBUTE TO THE BRIEFING WHICH HE HAD BEEN GIVEN BY SIR JOHN HUNT (WHICH HE DESCRIBED AS FULLER THAN THAT RECEIVED BY THE ITALIAN GOVERNMENT FROM ANY OF THE OTHER PARTICIPANTS AND 25% MORE THAN WHAT HAD APPEARED IN LE MONDE AS COMPARED WITH THE 25% LESS PROVIDED BY THE FRENCH GOVERNMENT), HE THEN SPOKE TO THE BOUT DE PAPIER (TEXT IN MIFT) WHICH HE SUBSEQUENTLY LEFT WITH MR JUDD. HE SAID THAT SIMILAR DEMARCHES WERE BEING MADE BY ITALIAN AMBASSADORS IN WASHINGTON, BONN AND PARIS.
 - 2. IN SUBSEQUENT DISCUSSION HE EMPHASISIED THAT THE ITALIAN'S PRINCIPAL CONCERN WAS THE DILUTION OF POLITICAL CO-OPERATION AMONG THE NINE AND OF POLITICAL CONSULTATION IN N A T O CAUSED BY PRIVELEGED DISCUSSION OF IMPORTANT TOPICS BY THREE MEMBERS OF THE NINE WITH THE UNITED STATES. THEY WERE ALSO CONCERNED THAT THERE APPEARED TO BE NO GUARANTEE THAT THE GUADELOUPE SUMMIT IDEA MIGHT NOT BE REPEATED. AND THE INFORMAL, NO-CONCLUSIONS, NATURE OF THE MEETING WAS BELIED BY THE FACT THAT FOLLOW-UP ACTION HAD ALREADY BEEN PUT IN HAND EG. ON TURKEY. HIS GOVERNMENT VIEWED THIS DE-VELOPMENT WITH GRAVE DISQUIET. THEY FURTHER BELIEVED THAT, IF IT WERE NECESSARY TO DISCUSS PROBLEMS IN A RESTRICTIVE SETTING, A FLEXIBLE USE OF THE QUOTE ECONOMIC SEVEN UNQUOTE FORMULA WITH ATTENDANCE DEPENDING ON SUBJECT WAS A BETTER WAY OF GOING ABOUT THINGS.

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3. MR JUDD TOOK NOTE AND UNDERTOOK TO CONVEY WHAT DUCCI HAD SAID TO HIS COLLEAGUES. HE STRESSED, HOWEVER, THAT IN HIS VIEW, FAR FROM WEAKENING POLITICAL CO-OPERATION AND N A T O POLITICAL CONSULTATION, THE U K, BY TAKING ADVANTAGE OF TRADITIONAL RELATIONSHIPS, COULD IN FACT ENHANCE BOTH PROCESSESS. THE RECORD OF THE U K CONTRIBUTION TO BOTH N A T O AND POLITICAL CO-OPERATION SPOKE FOR ITSELF.

OWEN

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EID (I)
PLANNING STAFF
DEF-D
NAMD
FRD
PS MR TVDD
PS 1PUS
SIR A DVFF
SIR R HUBBERT
MR BUTLER
MK FERGUSSON
MR MOBERLY
MR FRETWELL

COPIES TO
NO 10 DOWNING ST
SIR JOHN HUNT CABINET OFFICE



WRI 021/2 Sir Michael Palliser GCMG Foreign and Commonweakth Office

ROME 18 January 1979

BRITISH EMBASSY,

WED fordsaftsephypl.

CC. PS H+ Factivell MAMObesh E.DE

Dean Midad,

LONDON S W 1.

ITALIAN EXCLUSION FROM QUADRIPARTITE AND OTHER SMALL TA

- 1. I have been giving some further thought to the question of Italian exclusion from the Guadeloupe meeting and other similar meetings in order to try to formulate suggestions for propitiating the Italians or helping them to minimise any damage that could be done by their continued exclusion.
- 2. An important point to remember is that this is not simply a question of amour propre - although this naturally comes into it and it is after all a legitimate element in any country's attitude in international affairs. For the Italians it has been an object ever since Cavour to be regarded as one of the Great Powers. This is why Cavour sent troops to the Crimean war and why Italy was present in the Far East and in Africa in the period between Italian unification and the 1914 war. This traditional attitude, which since 1945 has acquired the more respectable overtones of ensuring that Italy plays a full part in the councils of the Western alliance, would be prominent in the minds of our real friends in this country i.e. liberal-minded democrats. To their right and to their left there are many people in this country who would advocate an Italian foreign policy which would be very different and much less respectable or comfortable from our point of view. Therefore we have to take Italian resentment seriously even if we may sometimes be a good deal irritated at the way
- Over the last year or two Italian sensitivity on this score has not been manifested except recently over certain tripartite meetings on defence procurement questions, and most recently of all over the quadripartite meeting at Guadeloupe. I think that the reason

CONFIDENTIAL



- 2 -

for this absence of sensitivity is that we and others concerned have been very careful and ingenious in the arrangements which were presumably made both in London and in Bonn for quadripartite Summit meetings to take place in the course of the 7-Power economic Summits. Unfortunately in the light of Guadeloupe the Italians will be once more exceptionally sensitive on the subject when the Tokyo economic Summit takes place. As regards restricted meetings on defence procurement questions, I have already had some correspondence with Tony Duff about the occasions when the Italians have resented their exclusion from certain meetings. Duff has replied to the effect that in future those concerned in London will try to take account of Italian sensitivities while at the same time not allowing them to inhibit us from doing what we think is practically necessary and sensible. There was one other restricted group which was active earlier last year when there was intensive four and five power consultation about the Horn of Africa. This was at one stage not very well handled from the point of view of the Italians since they were sometimes included and sometimes not, but in the upshot they seem to have been propitiated by the Americans, who kept them fully informed on the subject without actually roping them into all the quadripartite consultations.

- 4. The first question really is whether to give way to the Italians on any of these groups. That is to say would we be justified in allowing them to join or would that simply open the door to others such as the Canadians etc.? The second question is how best to avoid embarrassing the Italians if further quadripartite meetings do take place without them.
- 5. I do not think it would make sense to contemplate actually including Italy as the fifth participant in a Summit meeting such as Guadeloupe. Nor do I think that Andrectti would have expected to be included (you will notice that in the representations that they (you will notice that in the representations that they involved to us they at no time actually solicited an invitation to Guadeloupe). He himself has taken a invitation to Guadeloupe. He himself has taken a notably relaxed and understanding view. But of course he would greatly deplore it if another such meeting were to take place soon (unless under cover of some larger meeting).



- 3 -

- 6. As regards other occasions for restrictive groups, this is, it seems to me, simply a question of bearing in mind the Italian sensitivity and including them whenever their interest or expected contribution seems to warrant it. This I think would certainly apply to any future consultation on the Horn of Africa where I should have thought that the Italians were at least as well informed as we are.
- 7. As to the question of embarrassment, we seem to have successfully avoided embarrassing the Italians at London and Bonn so perhaps we shall succeed in doing the same at Tokyo. The only new point that occurs to me is that at Tokyo you might try to arrange for several other social encounters à quatre at which one or other of the Big Four could be absent and their place taken by Italy or Canada. It seems to me that some such device would at least serve to avoid pinpointing the hurtful quadripartitism for which Italian diplomats and diplomatic correspondents are always on the look out.
- 8. Finally, I suggest that we should bear in mind that our other three partners in quadripartitism are sometimes more successful than we are in propitiating the Italians. For example, the Americans informed the Italians 48 hours before the announcement of Guadeloupe even though, as I understand it, it was agreed between the four of us that nobody should be told anything in advance. And now I see that they are making a considerable fuss of Zaccagnini in Washington, no doubt partly in order to offset any damage to US/Italian relations which may have resulted from the Guadeloupe affair. The French too, although they have behaved with their habitual arrogance both over Guadeloupe and over the EMS etc., have also been quite active in telephone calls between Giscard and Andreotti and in sending Wahl on a special expedition to Rome to inform the Italians about the Guadeloupe conversations. The Germans have probably not done anything much except I think a telephone cal between Schmidt and Andreotti, but then the Germans are not regarded by the Italians as models of courtesy. For our part the Prime Minister has written a nice letter to Andreotti and that is perfectly all right

/so far



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CONFIDENTIAL - 4 -



so far as this occasion is concerned. However, I think we must be careful that on any future occasion we are not thought by the Italians to be less understanding of their interests and sensibilities

than the others are. If for example on some future occasion the Americans were to suggest inviting the Italians it would seem to me unnecessary and very undesirable for us to oppose this.

(A H Campbell)

cc. Peter Jay Esq. Washington Sir Nicholas Henderson GCMG, Paris Sir Oliver Wright GCVO KCMG DSC, Bonn. The Antassuder

Italian Embassy, 4. Grosvener Gquare. Lenden, 28.1.

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- 1. The Italian Government has already expressed its disappointment about the approach established with the Guadeloupe meeting, which tends to set up, at least in fact, a directorate for the management of the main problems of the Western world in the political, economic and military fields.
- 2. Were this approach to become established and developed, it would objectively deprive the existing consultations, both within the Atlantic Alliance and the European Community, of part of their substance and relevance.
- 3. Whereas in the NATO framework institutionalized consultations with the United States can continue to be held on a basis of theoretical equality, the external relations of the European Community would be affected by an unacceptable hierarchy according to which three Countries would deal directly with the Americans on a different and privileged level.

continued

The Ambassador

Italian Embassy. 4. Grosvenor Square. London, W.1.

sheet No.2

- 4. The Atlantic and the European spirit would thereby suffer through a resumption of the Gaullist practices which have benefited neither the Atlantic Alliance nor the European co-operation.
- 5. No assurance have been given that the Guadeloupe proceedings will not be followed by other similar initiatives, and there are reasons to believe that they could expand to other levels. The Bonn meeting of experts from the four Countries about economic aid to Turkey shows the possibility of such developments and implies that the Italian objections and considerations have not been taken into due account.
- 6. The Italian Government does not wish to over-emphasize the issue, which however imposes to it a realistic reappraisal of the whole consultation process within the Atlantic Alliance and the European Community.



Foreign and Commonwealth Office OPW 080/. London SW1A 2AH

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Your reference Our reference

3 January, 1979.

Sir Alan Campbell, KCMG, Rome.

My dear Alan,

THE IEPG: ITALY AND TRILATERALISM

Thank you for your letter of 4 December, which arrived while of sort, I was away in Africa. I am sorry to be replying only now.

- We agree with you that Italy presents a tricky problem in the context of trilateralism, and one which needs more sensitive handling than it sometimes receives, particularly from the Germans. But it will only be possible to make a success of future European equipment cooperation if the main potential producers and buyers of any cooperatively produced system are free to meet when necessary at the political level - so as to thrash out their problems without the complications which inevitably arise when other countries are present, in the wider forum of the EPG and its sub-groups.
- If one follows Bagehot's division of democratic institutions into the dignified and the effective, the EPG clearly falls into the former category. It makes a European approach to equipment cooperation a possibility in political terms; but a less cumbersome and less disparate group is needed to tackle the problems of getting actual projects off the ground - and these problems are formidable. We agree that we must certainly treat Italy as an equal partner when her potential contribution warrants it; her participation in the Tornado and FH70/SP'70 programmes. and in discussion on future military helicopters, bears witness to this. But it seems to be a fact of life that, where the development of high technology equipment is concerned, it will much more often be with the French and the Germans that we need to talk; and it is really only among the three countries that the volume of potential defence equipment business is great enough to warrant the engagement of Ministers.



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- 4. The presence of an "outsider" at the trilateral Ministerial table particularly an outsider claiming to represent the interests of the other EFG members as a whole would undermine the whole purpose of the exercise. We cannot, therefore, meet the Italians on this point. In explaining our position to them we have taken the line tit we see disadvantage in institutionalising the trilateral meetings, which have so far been held on a very informal basis, by establishing a formal link between them and the EFG. We do not see three-power cooperation in this field as an institution in its own right simply as an ad hoc response to the existence of a number of related issues involving primarily our three countries on which business can be done more expeditiously in this way than in any other.
- 5. At Ditchley in July, Ministers met to discuss a specific range of equipment projects, in most of which their three countries will have to play the decisive part. It was logical that a review of this kind should take in the question of helicopter cooperation, despite the absence of the Italians. But certainly, had we known that the Italians would react so strongly, we might have thought twice about asking Ministers to sign the Declaration of Principles on helicopter cooperation on that particular occasion; we had, perhaps, been misled by the apparently relaxed attitude of the Italians to the previous year's trilateral meeting. Much of the subsequent Italian unhappiness was the result of German tactlessness at a 4-Power meeting on helicopter cooperation which took place later at official level.
- 6. We shall all clearly have to be much more careful in future about the handling of trilateral meetings in relation to other EPG members, and particularly the Italians, who are as you point out in so many respects closer in the capabilities of their defence industry to the three major equipment producers than to the rest of the EPG. We do not underestimate the difficulties. It may be that the practice of trilateral contacts at Ministerial level will eventually prove too damaging to the cohesion of the EPG to be maintained. But if this happens, the EPG itself will be the loser. Meanwhile, as you suggest, we must show understanding of reasonable Italian concerns, and I hope this letter gives you and your staff enough of the background to enable you to pour on some conciliatory oil when necessary.

Yours ever