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FILE No. **WRJ 014/1**

PART

ITALY

7 January, 1981

LAST PAPER

ITALY: ANNUAL REVIEW FOR 1980

*Her Majesty's Ambassador at Rome to the
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

During 1980 the Government Coalition was enlarged and the PSI gained ground. Cossiga's departure was a loss to us. President Pertini played a prominent rôle, notably after the earthquake. Italy rallied round with foreign help, including ours (paragraphs 1-5).

2. It was a bad year for terrorism, with Bologna the worst but not the most significant incident (paragraph 6).

3. During their Presidency Italy put the well-being of the Community first, and handled both Venice Summits well. An agreement guaranteeing Malta's neutrality reflected Italy's awareness of her key position in the Mediterranean (paragraphs 7 and 8).

4. The current account went into deficit, largely because of the cost of imported energy. The industrial scene was troubled (paragraph 9).

5. Bilateral relations were excellent, with the successful State Visit and few problems. Our trading position improved. Two subordinate posts were closed. In various ways Italy looks to Britain (paragraphs 10-14).

6. Conclusion: Italians are fed up with their politics, and have many problems. There is little sign of reform. But they have a capacity to survive, and remain important to us (paragraph 15).

(Confidential)

My Lord,

Rome,

7 January, 1981.

1980 was an eventful year in Italy—at least it felt like it. High points: Italian help during the EC Presidency to solve our Budget problem, the courageous decision on TNF won by Cossiga as Prime Minister, and the outstandingly successful State Visit by Her Majesty The Queen and His Royal Highness Prince Philip. Low: the fall of Cossiga, a bad run of public scandals, the earthquake in the south and three major acts of terrorism. At the turn of the year the new Prime Minister, Arnaldo Forlani, faced a nasty set of troubles from a not very firm position. In contrast to the generally unedifying political scene

two men stood out—the President of the Republic and the Pope—as popular although controversial figures rarely out of the limelight. The Italian people found 1980 a bad year and greeted 1981 with some apprehension.

Internal affairs

2. During the year the Government grew broader and, in appearance, stronger. At the beginning Cossiga (DC)* was dependent on PSI abstentions. In April the PSI joined his second Government. In October a deal with the PSI brought in the PSDI, and with the PRI this made up a quadripartite Government under Forlani. The problem is that the more parties there are in the Coalition, the more they outnumber the PCI, but the harder it is to agree on policy. This is added to the rivalries in the DC itself and the disruptive effect of scandals. During the year the PSI made electoral gains and improved their bargaining position with the DC. The Socialist leader, Craxi, outmanoeuvred his Left wing and was thus able to make the alliance with the DC; he also advanced his ambition to become Prime Minister one day. The DC lost ground over scandals and inadequacies in the first phase of earthquake relief. The PCI remained a substantial long-term threat; they contributed to the unseating of Cossiga, urged Fiat strikers to occupy the factories, and exploited the earthquake situation, but they lacked direction domestically and internationally looked in disarray.

3. President Pertini played a major role at times during the year. It was he rather than the DC who chose Cossiga. After Cossiga's fall, he moved swiftly to get Forlani's Government set up with a minimum of delay. His outspoken criticism of the early handling of the earthquake disaster caused indignation in the DC and a controversy about the propriety of the President criticising the Government. But, as on other occasions, his cry of pain expressed the public's own first reaction.

4. The earthquake, which occurred while the Prime Minister and you were in Rome with Forlani and Colombo, was indeed a major disaster and gave the Government a severe shock too. They got a very bad press and the DC bore the brunt of the criticism. This was only partly justified, for the vast and remote area, difficult terrain, the character of the people and the numbers involved, all made relief a huge task. No major disaster relief organisation existed, and improvisation was not enough. But by the end of the year the first stage of rescue and relief was fairly well complete and a debate was in progress on how to reconstruct. The very large EC loan was well received. Foreign help poured in, the Germans and French getting the limelight by deploying army engineers. British aid came from many sources and was welcome though unspectacular. The rest of Italy rallied round in an unprecedented way. The difficulty of dealing with southern peasants, the opportunism of Neapolitan criminals, and the social strains that appeared in Naples itself, sadly illustrated the eternal problems of the backward south. It is important to organise some British help for reconstruction, probably best in prefabricated units for a variety of uses in the centres which we have "adopted".

5. A number of Ministers fell. Some were losses to us, notably Cossiga and Marcora (Agriculture). The able and friendly Pandolfi left the Treasury but was reinstated later at Industry. Fortunately Colombo (Foreign Affairs) stayed. Cossiga was not only very helpful at the Venice European Council but his liking for Britain and admiration for the Prime Minister led him to be helpful whenever

* For references see Annex.

he could. His successor Forlani, so far preoccupied with domestic affairs, has less bonhomie but more skill and tenacity in political manoeuvres. He will need it.

6. Terrorism was in the headlines throughout the year. The large-scale slaughter by a bomb at Bologna station in August was a Right wing phenomenon with a larger death roll but less significance than the running series of Left wing attacks on the establishment; these culminated in the seizure of a magistrate in December—a serious blow to Forlani and unpleasantly similar to the Moro case—and the killing of a Carabinieri General on New Year's Eve. Many arrests were made during the year, which gave the impression that the Government might be getting the upper hand. But December showed that the battle is far from being won. Many parts of Italy are free of terrorism if not of minor crime. Two million British tourists come here annually, and thousands of them are robbed. Three of my female staff have recently been mugged in Rome. Kidnapping continues, mainly confined to Italians.

Italy in the EC

7. The EC continued to be very important to Italy. I described the strength and weaknesses of the Italian Presidency in my despatch of 7 July, 1980^(c). The problems of restructuring and enlargement, to which they have ambivalent attitudes, had scarcely been analysed in Rome by the end of the year, but in Emilio Colombo the Italians have a Minister of experience, quality and good European credentials to make the best of their hand. In their Presidency they put the general well-being of the Community before their parochial interests, and were scarcely criticised at home for so doing. Freed from this responsibility they will fight their corner like others, but will always seek to compromise rather than to risk any serious breakdown in Community affairs. They should continue to be more helpful to us than otherwise. The transfer of Renato Ruggiero, their best Community expert, from Rome to Brussels, has left a serious gap in the Ministry, but considerably lifts the level of their representation in Brussels.

Italy in the World

8. The Italians played a helpful and reasonably robust role on the international stage in 1980. Led resolutely by Cossiga himself, they were staunch on TNF. They, like the senior NATO commander in Naples, said they do not want to lose the deployment option of the UK Mobile Force in north-eastern Italy, and I very much hope that the idea of replacing it will be dropped. Italy took an initiative in reaching an agreement with Malta providing for "neutrality" in exchange for promises of aid. This was causing them trouble with Mintoff in December (asking for his money) and with the Libyans. The Italians were helpful over Zimbabwe and greatly relieved at your success there. They were much concerned about the situation in Yugoslavia immediately after the death of Tito. They were very conscious of their key position in the Mediterranean and I concur with the NATO judgment (in the multilateral examination of Italy in the autumn) which underlined her unique position in the southern region and the special role she had to play, especially when US ships were diverted to the Indian Ocean at the time of the Afghanistan crisis. The new Defence Minister, Lagorio, though a Socialist, impressed his military commanders with his determination to build up Italy's defence effort—there is plenty of scope for improvement. The Italians handled effectively both summit meetings at Venice, and Cossiga himself, though

^(c) Not printed.

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sapped by personal attacks on him, did well. As Oscar Wilde said, there is nothing so provoking as not receiving invitations, and the Italians have been very vocal recently in protesting about exclusion from four-power meetings, fearing another Guadeloupe convened by Reagan.

The economy

9. The recession hit Italy later than some other Western countries, because domestic demand held up, partly due to expansionary measures taken by the first Cossiga Government. Demand slackened after the summer holidays, but the recession has not yet bitten very deeply. The overseas accounts swung sharply into the red in 1980, when the deficit may be ten times as great as in 1979, turning a current account surplus of 4,000 billion lire in 1979 into a deficit of 6,000 billion lire in 1980. This is mainly due to the oil bill, but partly to decreased competitiveness in overseas markets because of the comparative strength of the lira combined with an inflation rate of over 20 per cent. The lira is now among the weaker currencies in the EMS, whereas in 1979 it was among the strongest. The strength of the dollar and the weakness of the DM have worked against Italy. Energy costs continued to be the weak point. Effective conservation measures have not been introduced. Oil supplies were secured despite the war between Iran and Iraq, the latter a major Italian supplier. Little progress was made on the development of the nuclear alternative. The industrial scene was troubled. There was a major confrontation at Fiat in the autumn when the management wanted to impose large-scale redundancies, and a strike resulted. Union leadership and the militants fell out, but the workers settled it by demonstrating in large numbers against the strike. The result was widely regarded as a victory for management.

Bilateral

10. Bilateral relations with Italy were excellent. It could hardly be otherwise in a year which included a successful State Visit, two exchanges at Prime Minister level (Cossiga in London and Forlani in Rome), and close contact at the two Venice Summits. You yourself formed a good relationship with Colombo, who is infinitely better than his two predecessors. The Lord Privy Seal, the Minister of Agriculture, the Attorney General and several other Ministers visited Rome. A number of Italian Ministers went to London on defence, agriculture and fisheries matters. The Duke of Kent spent a busy week here in the spring partly on War Graves and partly on BOTB business. There will be systematic exploitation of the excellent Sea Day on the Royal Yacht in the Bay of Naples when a seminar was held on the financial services of the City of London. I am studying other ways of usefully increasing collaboration after the State Visit.

11. Our trading position improved: the adverse trading balance in the first 11 months of 1980 was better than halved compared with 1979. Our exports went up by 30 per cent in value whereas our imports declined by 7 per cent. This is partly due to the oil market, where there was in 1979 a substantial imbalance, but only a small net deficit in 1980. The State Visit was turned to commercial account by a number of store promotions in various cities.

12. There were few bilateral problems. The Schild family kidnapping was resolved with the personal help of Cossiga himself. At year's end we had a missing person, Mrs. Stephen May, who may turn out to have been abducted. Some surviving British institutions in Italy gave trouble; the finances of the Testaccio Protestant Cemetery in Rome, for example, and the ailing and old-fashioned

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British (cultural) Institute in Florence. We have a number of such survivals in Italy which today make little impact. Conversely there is an absence of major British cultural events, and I find it hard to work to remedy this without funds.

13. We closed two posts in the economy drive—Trieste and Palermo. The first produced a political outcry and it was agreed to appoint an Honorary Consul, which appeased the Triestini. There was less of a reaction in Sicily. Various burdens fell on our remaining outposts—*e.g.* two Summits on Venice, a kidnapping on Cagliari, the State Visit on Genoa and Naples, the earthquake on Naples, the disappearance of Mrs. May on Florence. Milan was heavily occupied, mainly with commercial work.

14. Our relationship with Italy, though warm and close, is somewhat unbalanced. The Italians look to Britain in many ways. Our institutions and armed forces are respected, our businessmen and tourists welcomed. The Prime Minister and yourself have a host of admirers here for the firmness which Italian government lacks. The Italian people rose in their hundreds of thousands to salute The Queen. In London, by contrast, Italy rates—and logically so—a long way below France and Germany.

15. The new Russian Ambassador, Lunkov, said to me that he was going to find Rome uphill work after London. I said he was right. 1980 has been a bad year and the Italians are as fed up with their politics as are the poor foreign ambassadors who try to interpret this Byzantine scene to their governments. Italy is in many respects a sick society. With changes of Ministers and of Government, scandals, terrorism and crime, a deteriorating economic situation, social problems, and no real sign of the DC and its allies reforming the system in any substantially effective way, the outlook is apparently hopeless. President Pertini, expressing as he often does the mood of the public, has called repeatedly for clean government and firmness in dealing with terrorism. There is a widespread feeling that the present system must be changed, but little sign of what Pertini calls disparagingly the "political classes" being ready to do it. The prospects for 1981 are thus not bright. On the other hand the Italians have an extraordinary capacity for makeshift and survival. At all events, they remain of considerable importance to us in NATO and the EC. However patchy their performance in 1980—and it had some notable high points in foreign affairs—they still need them, for better or for worse, in 1981.

16. I am sending copies of this despatch to Her Majesty's Representatives at all other EC capitals, Washington, Moscow, UKDEL NATO, the UK Permanent Representative to the European Communities and to the Minister at the Holy See.

I am Sir

Yours faithfully

R. ARCULUS.

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ANNEX

passim

*

- DC Demo-Cristiani—Christian Democrats.
PSI Partito Socialista Italiano—Socialists.
PSDI Partito Socialista Democratico Italiano—Social Democrats.
PRI Partito Repubblicano Italiano—Republicans.
PCI Partito Comunista Italiano—Communists.



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	12/2
	Mr. Verheul
	Mr Osborne

5/2

Ps/Less *[Handwritten]*

Mr Fergusson

ITALY: ANNUAL REVIEW FOR 1980

2

1. I submit the Annual Review for Italy which I have acknowledged and sent for printing in the General Series. Advance copies were sent to interested departments and to you and Mr Bullard.

11/2

2. Like every other year, 1980 proved unusually eventful. A major earthquake was added to the normal diet of scandals and acts of terrorism. The best Italian Prime Minister for years was hounded from office. The Communists had a series of field-days punctuated by internal squabbles. There were the Italian Presidency (an effective performance), and the State Visit (highly successful). They managed to find and retain, in Signor Colombo, an effective and (to us) well-disposed Foreign Minister. I do not feel inclined to make any predictions, particularly in view of Sir R Arculus' gloomy last paragraph. But I shall be surprised if the DC as a whole, like the Italian people, fail to display their customary resilience and capacity for survival in apparently hopeless circumstances.

[Handwritten Signature]

D A S Gladstone
Western European Department

4 February 1981

[Handwritten Signature]
1/2



Foreign and Commonwealth Office

London SW1A 2AH

4 February 1981

Sir Ronald Arculus KCMG
ROME

Dear Ronald

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ITALY: ANNUAL REVIEW

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1. Thank you for your Annual Review, which admirably summed up an eventful year.
2. The Italian Presidency was of course very helpful to UK interests and I fully agree that we must try to build on the goodwill created by the State Visit. We also hope that our planned earthquake relief efforts (and the publicity for them which we have tried to stimulate) will stand us in good stead. We remain astonished at the way the Italians continue to bear up so remarkably in such hopeless circumstances.
3. As regards the United Kingdom Mobile Force (UKMF), SACEUR's Rapid Reinforcement Plan (RRP) has, of course, yet to be issued. But if the Plan were to envisage deletion of the southern flank option for the UKMF, and if SHAPE were unsuccessful in overcoming Italian objections to this, the possible adverse effect on Anglo-Italian relations would undoubtedly represent a serious political obstacle to the implementation of this part of the RRP.

Yours ever

David

D A S Gladstone
Western European Department

cc: Mr Gillmore, Defence Dept

P.S. and a happy 1981
Wau

Mr. Vester.

Italy = Annual Review for 1980.

Advance copies have gone to
Mr. Bullard & Mr. Ferguson and to:
ECD(I) & (E), MAED, RD, Def.D, PCD, ERD,
SED, OLA, TRED, CRD, Consular Dept, ESSD.

I have also arranged printing.

I submit a draft acknowledgment
which has been cleared with Def. Dept + ECD(I)
and a covering submission.

M. Aswell.

24/1.

Sent with LR 20 to CCD

Mr. Osborne

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to General.

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COUNTRY ASSESSMENT

W. J. O'K. H. I.

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I INTRODUCTION

1. Italy is a parliamentary democracy with a republican form of constitution. The Head of State is the President of the Republic. His role and functions are similar to those of a constitutional monarch in other Western European democracies. The Head of Government is the President (Prime Minister) of the Council of Ministers, which is equivalent to the British Cabinet. The Government is responsible to Parliament, which is a bicameral legislature consisting of a Chamber of Deputies and a Senate which is directly elected for five years.
2. Elections rarely produce dramatic changes in Italy. The Christian Democrat Party has been the dominant power in successive governments since the war. The Communist Party, the largest in Western Europe, is currently the main party in opposition. The Christian Democrat Party has usually required support from other parties and governments fall fairly frequently: the 'crisis' until the process of consultation produces a new majority may last months. Signor Arnaldo Forlani currently heads a Christian Democrat-led coalition, which includes the Socialists (PSI), Social Democrats (PDSI) and the Republicans (PRI).
3. The weakness of frequently changing governments and the consequent impossibility of making any long term plans has had an adverse effect on the control of the economy. Italy's spectacular recovery since the war has been based on high growth rates. But inflation has also been high and, as an importer of almost all her raw materials, Italy is particularly subject to international pressures, and has been hard hit by the world oil price crisis. Nevertheless the economy has at times shown remarkable vigour, based largely on the relatively dynamic medium to small size businesses.

4. Urban terrorism perpetrated by both the extreme right and the extreme left represents a serious problem. There is no sign, however, that terrorism is succeeding in destroying Italian institutions.

5. Italy has particular foreign affairs interests deriving from history and geography, such as the former Colonies (Libya, the Horn of Africa) and Malta, or from those international issues which can be seen as a touchstone of a particular party's attitude (for the Communist Party, Poland and Afghanistan). The Government also has a special interest in bilateral relations with countries bordering on Italy, ie Yugoslavia, Austria, Switzerland and France. As a result of her geographical position, Italy has always sought to play a prominent role in the Mediterranean.

II BRITISH INTERESTS

7. In order of priority, reassessed and reordered since 1977:

(a) Political and Economic

Common membership of the EC is the most important aspect of our relations. The Italians also share our views about an open economic system. In the transaction of Community business there are inevitably areas of disagreement between the UK and Italy and also areas where our interests coincide.

(b) Trade and Finance

In 1979 the UK ran a crude trade deficit with Italy of £1,030 million. Nonetheless UK export performance has improved over the 5 years since 1974. In 1979 exports to Italy were worth £1.5 billion making her our ninth largest export market (up from eleventh in 1974) and they represented 4% of total Italian imports (compared with 3% in 1974). Over the 5 years 1974-79 UK exports to Italy grew at an average rate of 6.5% per annum in real terms. The trend of increasing exports continued and the trade gap declined during the first 8 months of 1980.

(c) British Investment

UK direct investment in Italy was valued at £306 million in 1978 (latest year available) compared with £217 million in 1976 and £259 million in 1977.

(d) Defence

We attach importance to maintaining a close military relationship by such means as joint exercises and regular visits in both directions.

(e) Resident Community Visitors

There are approximately 35,000 UKPHSS in Italy. In 1979 there were 989,000 visits by British residents to Italy. 464 British Business Visitors called on posts for assistance in 1979. The figure for BBVs to Italy for 1979 was 136,000.

(f) Cultural

There are strong cultural ties. English is the principal foreign language studied. Links in these fields and in academic studies are continually being strengthened.

III ITALIAN INTERESTS IN THE UK

8. In order of priority, reassessed and reordered since 1977:

(a) Trade

The UK is Italy's third largest customer after France and Germany taking 6.5% of Italian exports in 1979 valued at £2.5 billion.

(b) Investment

The figure for Italian investment in the UK is £135.5 million (1978).

(c) Visits

There were 408,000 visits by Italian residents in 1979. The amount spent by Italians visiting the UK last year was £79 million.

(d) Political

The close and friendly postwar relations between Britain and Italy (growing out of the joint effort to liberate Italy after the fall of Fascism) go far beyond consideration of international politics. Italy regards the UK as a valuable ally in the European Community. She feels strongly that our traditional friendship should be positively demonstrated.

IV BRITISH OBJECTIVES

9. In order of priority, reassessed and reordered since 1977:

(a) Community

To secure the support and understanding of Italy for our interests in the European Community.

(b) Defence

To keep Italy an effective member of NATO.

(c) Political

To seek Italian support for our policies on major international topics especially through political cooperation.

(d) Trade

To improve or at least maintain our share of the Italian market.

(e) Internal

To these ends to contribute through international cooperation to the maintenance of Italy's democratic framework and economic stability.

V MEANS IN SUPPORT OF OBJECTIVES

10. (a) HM Missions

We maintain an Embassy in Rome with a UK based staff of 49 (including the Defence Attaché and 8 support staff, the resident PSA representative and the Minister, FAO) and a locally engaged staff of 69. There are Consulates-General in Milan, where the Director-General of Trade Promotion is based, (7 UK based and 37 locally engaged) and Naples (2 UK based and 13 locally engaged), and Consulates at Florence, Genoa and Venice. There is also a British Government Trade Office in Turin with a locally engaged Commercial Officer and 3 locally engaged support staff and a British Vice Consulate in Cagliari.

(b) Export Promotion

During 1979 there were 12 joint ventures at trade fairs in which 214 British firms participated, 4 unofficial trade missions and 464 BBVs called on posts for assistance in addition to the usual programme of visits to firms and servicing enquiries from the UK and from local firms.

(c) British Council

The British Council have three offices in Italy. Headquarters are in Rome with a staff of 7 London appointed and 26 locally engaged. Regional offices are in Milan with 3 LA and 16 LE plus 16 teaching staff and Naples with 16 LE and 25 teaching staff. There are libraries in all 3 centres. Activities include educational and scientific exchanges, English language teaching and teacher training, library and book promotion and the promotion of British arts.

(d) BBC Overseas Service

The BBC Italian Service is broadcast 7 hours per week. An audience survey (1976) indicated that there was an audience of 1,200,000 of whom 500,000 were regular listeners.

(e) Media

Italian press and television comment on Britain is generally fair and favourable.

(f) Visits

Close bilateral consultation is maintained by frequent ministerial contact through visits to Rome and London and at international meetings. At Prime Minister level there are bilateral talks twice a year. The Queen paid a State Visit to Italy in October 1980.

(g) Access to local decision-makers

Embassy staff have regular contact with officials at all levels. The Ambassador and his senior staff have access to ministers and other leading political figures

VI POLICIES OF OTHER COUNTRIES TOWARDS ITALY

11. None which significantly affect the conduct of British policy, other than those mentioned elsewhere in this paper. It will, however, be desirable to concert policies with Italy before the accession of Spain and Portugal.

12. Moscow continues to try to bring the PCI within the Soviet fold. But the PCI, the largest Western European Communist Party, with approximately a third of the vote, has so far maintained its independence.

VII THREATS TO AND OPPORTUNITIES FOR BRITISH INTERESTS

13. Threats

- (a) A serious economic decline or disintegration of law and order could lead to the collapse of democratic government. This threat is remote.
- (b) Continuing uncertainty surrounds the future role and influence of the PCI, although it has for the moment undertaken to work within the democratic framework and has taken an independent line from Moscow.
- (c) Further pressure from the Left for a reduction in Italy's links with the USA and in its support for NATO could lead to a serious weakening of the Alliance.

Annex AITALY1. Population and Land Area

(a) Land Area	301,225	km ²
(b) Population (1979)	56.9	mill
(c) Population growth rate (1973-1978)	0.6	% p.a.

2. Economic(i) Gross National Product

	<u>1978</u>	
(a) Total	218,320	US \$ m
(b) Growth Rate (1970-1977)	1.7	% p.a.
(c) Position in Total GNP League Table	8th	(of 176)
(d) Per Capita	3,840	US \$
(e) Position in Per Capita League Table	38th	(of 175)

(ii) Overseas Finance

(a) Exchange Rate	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	
£1 = Lira	1503.26	1540.21	1629.0	1726.75	
US\$ = Lira	832.28	882.39	848.66	830.86	
(b) <u>Balance of Payments</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	US \$ mill
Exports	36839	44799	55546	71419	
Imports	-41079	-44928	-52628	-72466	
Invisibles and Transfers (net)	1392	2606	3471	6152	
Current Account	-2848	2477	6389	5105	
Capital Account	6113	4073	-125	-1780	
Balancing Item	-1735	-626	307	-343	
Overall Balance	1330	5924	6571	2982	
(c) <u>International Reserves</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	US \$ mill
Total (less gold)	3300	8104	11109	18162	
Months of Imports covered	0.78	1.73	2.01	2.42	
(Gold - million fine troy ounces)	82.42	82.91	83.12	66.71	

(iii) Foreign Trade

(a) <u>Main Exports</u>	<u>1974</u>	<u>1978</u>	%
Commodities:			
Petroleum Products	7.5	5.7	
Fruit and vegetables	3.8	3.3	
Wine	1.3	1.2	
Less Sophisticated Manufactures	26.2	29.4	
Sophisticated Manufactures	43.3	50.2	
(b) <u>Main Export Markets</u>	<u>1974</u>	<u>1979</u>	%
FRG	18.5	18.9	
France	12.6	14.8	
United Kingdom	5.2	6.5	
USA	7.6	6.5	
Netherlands	4.5	4.6	
(c) <u>Major Imports</u>	<u>1974</u>	<u>1978</u>	%
Manufactures	43.5	46.5	
Foodstuffs	13.7	15.2	
Oil	26.6	24.2	
(d) <u>Major Sources of Imports</u>	<u>1974</u>	<u>1979</u>	%
FRG	17.7	17.2	
France	13.1	14.1	
USA	7.6	6.8	
Saudi Arabia	7.4	5.2	
Netherlands	4.3	4.2	
(United Kingdom)	(3.0)	(4.0)	
(e) <u>UK Trade with:</u>	<u>1974</u>	<u>1979</u>	
Total Value of Exports	510.0	1,469.0	im
Real Growth of Exports (five years ending)	n/a	6.4	% p.a.
Position in UK's Export League Table	11th	9th	
		(of 85)	(of 150)

(iv)	<u>Development Aid</u>	NOT APPLICABLE			
(a)	<u>Reported Aid Receipts</u>	<u>19</u>	<u>19</u>	US\$	
	From (i) DAC countries on a bilateral basis (of which UK)	()	()		
	(ii) Multilateral organisations				
(b)	<u>Aid per Head</u>	<u>19</u>	<u>19</u>	US\$	
	(i)				
	(ii)				
(v)	<u>Inflation</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	% p.a.
(a)	Consumer Price Index	17.0	12.1	17.9	
(vi)	<u>Overseas Debt</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	% p.a.
(a)	Debt Service Ratio				
(b)	Overseas Debt to Exports Ratio	Not Applicable			
(c)	Overseas Debt to GNP Ratio				
(vii)	<u>Overseas Direct Investment</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	£ m
(a)	UK Investment in Italy	216.8	259.3	306.5	
(b)	Position in UK league table	n/a	n/a	n/a	
(c)	Italian Investment in UK	126.3	139.2	135.5	

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UK MAJOR EXPORTS TO ITALY - 1973

Description	SITC	Value	% of	Cumulative
Parts of and accessories for automatic data processing machinery	759.90	59,456.8	4.0	
Parts and accessories for motor vehicles	784.90	51,632.0	3.5	
Whisky	112.41	42,719.3	2.9	
Passenger motor cars	781.00	32,450.1	2.2	
Peripheral units for automatic data processing machinery	752.50	30,529.5	2.0	
Parts of non-electric engines and motors	714.90	17,968.7	1.2	
Construction and mining machinery	723.40	17,421.3	1.2	
Motor vehicles for the transport of goods and materials	782.10	17,324.2	1.2	
Electrical measuring and controlling instruments	874.80	16,700.8	1.1	
Bovine and equine hides, whether or not split	211.10	16,389.0	1.1	
Other furskins, raw	212.09	15,688.9	1.1	
Non-ferrous base metal waste and scrap	288.26	15,597.7	1.1	
Photographic film, plates and paper, whether or not exposed	882.20	15,521.7	1.1	
Clay, andalusite, bysrite and sillimanite, whether or not calcined	278.21	15,484.3	1.1	

CONFIDENTIAL

COUNTRY ASSESSMENT PAPER

POST ^{ROME}

ANNEX B: FUNCTIONAL ANALYSIS OF THE POST'S WORK

- I. The post's estimate of the proportion of man-hours spent on each of its tasks (excluding representational activities, administration and support services) is:-

Function	DS Grades 1-4	DS Grades 5-8	DS Grades 9 & 10	LE Staff	TOTAL
Political (incl labour affairs)	14	11	1		13.3
Economic (incl Scientific & technical)	23	12		5	20.4
Export Promotion	10	7		6	11.7
Aid					
Consular	1	7	1	11	10.2
Immigration		2	5	5	6.1
Support of UK Domestic Policies	1			2	1.5
Defence		30	35	3	34.7
Culture	2	1	1		2.1

- II. The total gross estimated running costs borne on the DS Vote
£ 1,694,000 pa (1978 figure)

- III. Running costs of OGD's in the country:

MOD: £172,000 pa

ODA: £ - pa

British Council: £1,172,000 pa (exclusive of locally earned revenue)

GENERAL ASSESSMENT PAPER

POST .MILAN.....

ANNEX B: FUNCTIONAL ANALYSIS OF THE POST'S WORK

The Post's estimate of the proportion of man-hours spent on each of its tasks (excluding representational activities, administration and support services) is:-

Function	DS Grades 1-4	DS Grades 5-8	DS Grades 9 & 10	LE Staff	TOTAL
Political (incl Labour affairs)	10			1	5.7
Economic (incl Scientific & technical)	5	5		2	6.2
Export Promotion	5	45		48	50.8
Aid					
Consular	5	5	30	7	24.4
Immigration			13	4	8.8
Support of UK Domestic Policies				2	1
Defence					
Culture	5			1	3.1

II. The total gross estimated running costs borne on the DS Vote
£509,000 pa (1978 figure)

COUNTRY ASSESSMENT PAPER

POST VENICE

ANNEX B: FUNCTIONAL ANALYSIS OF THE POST'S WORK

- I. The post's estimate of the proportion of man-hours spent on each of its tasks (excluding representational activities, administration and support services) is:-

Function	DS Grades 1-4	DS Grades 5-8	DS Grades 9 & 10	LE Staff	TOTAL
Political (incl labour affairs)		2			1.8
Economic (incl Scientific & technical)					
Export Promotion		5		22	23.7
Aid				9	7.9
Consular		40		21	53.5
Immigration		15			13.1
Support of UK Domestic Policies					
Defence					
Culture					

- II. The total gross estimated running costs borne on the DS Vote
£162,000 pa (1978 figure)

COUNTRY ASSESSMENT PAPER

POST ... FLORENCE.....

ANNEX B: FUNCTIONAL ANALYSIS OF THE POST'S WORK

- I. The post's estimate of the proportion of man-hours spent on each of its tasks (excluding representational activities, administration and support services) is:-

Function	DS Grades 1-4	DS Grades 5-8	DS Grades 9 & 10	LE Staff	TOTAL
Political (incl labour affairs)		5			3.6
Economic (incl Scientific & technical)					
Export Promotion		20		26	32.8
Aid					
Consular		35		29	45.7
Immigration		10		10	14.3
Support of UK Domestic Policies					
Defence					
Culture		5			3.6

- II. The total gross estimated running costs borne on the DS Vote
£ 131,000 pa (1978 figure)

COUNTRY ASSESSMENT PAPER

POST GENOA.....

ANNEX B: FUNCTIONAL ANALYSIS OF THE POST'S WORK

The post's estimate of the proportion of man-hours spent on each of its tasks (excluding representational activities, administration and support services) is:-

Function	DS Grades 1-4	DS Grades 5-8	DS Grades 9 & 10	LE Staff	TOTAL
Political (incl labour affairs)		20			19.1
Economic (incl Scientific & technical)					
Export Promotion		10		17	25.7
Aid					
Consular		20		26	43.8
Immigration				6	5.7
Support of UK Domestic Policies					
Defence					
Culture		5		1	5.7

II. The total gross estimated running costs borne on the DS Vote
£ 123,000 pa (1978 figure)

COUNTRY ASSESSMENT PAPER

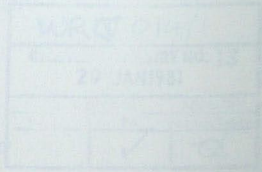
POST NAPLES

ANNEX B: FUNCTIONAL ANALYSIS OF THE POST'S WORK

- I. The post's estimate of the proportion of man-hours spent on each of its tasks (excluding representational activities, administration and support services) is:-

Function	DS Grades 1-4	DS Grades 5-8	DS Grades 9 & 10	LE Staff	TOTAL
Political (incl labour affairs)	31	2		4	20.5
Economic (incl Scientific & technical)	4	2		2	5.5
Export Promotion	8	6		14	15.5
Aid					
Consular	15	33		21	38.1
Immigration	2	15		4	11.6
Support of UK Domestic Policies	7	1		-	4.4
Defence					
Culture	6	1		1	4.4

- II. The total gross estimated running costs borne on the DS Vote
£ 201,000 pa (1978 figure)



ANNEX C

SPECIAL REPORTING REQUIREMENTS

(i) Political

In view of Ministerial interest, telegraphic reporting of important developments with coverage of other events, as appropriate, by letter. A monthly round-up letter on terrorism.

(ii) Economic

Given the political importance of Italy in an EC context and the fact that she takes part in economic summits, reporting should cover the economic background against which Italian policy is formed.

covering CONFIDENTIAL

Miss Saville
WED

WR 014/1		
RECEIVED		REGISTRY NO. 13
29 JAN 1981		
OFFICER	PA	REGISTRY
	✓	Action Taken
		SO

SIR R ARCULUS' ANNUAL REVIEW : THE UKMF

1. You asked for a short passage on this subject for inclusion in your acknowledgement of the Ambassador's Annual Review.
2. I attach a form of words which has been cleared with the Defence Planning Staff.

D. Logan

28 January 1981

D B C Logan
Defence Department

cc: Captain Eades, DPS(B Division), MOD

incorporated in. Lp 287,

covering CONFIDENTIAL



WRJ 014/1	
RECEIVED IN REGISTRY NO. 13	
15 JAN 1981	
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ITALY: ANNUAL REVIEW FOR 1980

SUMMARY

1. During 1980 the Government coalition was enlarged and the PSI gained ground. Cossiga's departure was a loss to us. President Pertini played a prominent role, notably after the earthquake. Italy rallied round with foreign help, including ours. (Paragraphs 1-5).
2. It was a bad year for terrorism, with Bologna the worst but not the most significant incident. (Paragraph 6).
3. During their Presidency Italy put the wellbeing of the Community first, and handled both Venice summits well. An agreement guaranteeing Malta's neutrality reflected Italy's awareness of her key position in the Mediterranean. (Paragraphs 7-8).
4. The current account went into deficit, largely because of the cost of imported energy. The industrial scene was troubled. (Paragraph 9).
5. Bilateral relations were excellent, with the successful State Visit and few problems. Our trading position improved. Two subordinate posts were closed. In various ways Italy looks to Britain. (Paragraphs 10-14).
6. Conclusion: Italians are fed up with their politics, and have many problems. There is little sign of reform. But they have a capacity to survive, and remain important to us. (Paragraph 15).

pa.
 2/1/81



BRITISH EMBASSY,
ROME.

7 January 1981

The Rt Hon The Lord Carrington KCMG MC
Foreign and Commonwealth Office
LONDON SW1

My Lord,

ITALY: ANNUAL REVIEW FOR 1980

1. 1980 was an eventful year in Italy - at least it felt like it. High points: Italian help during the EC Presidency to solve our budget problem, the courageous decision on TNF won by Cossiga as Prime Minister, and the outstandingly successful State Visit by HM The Queen and HRH Prince Philip. Low: the fall of Cossiga, a bad run of public scandals, the earthquake in the south and three major acts of terrorism. At the turn of the year the new Prime Minister, Arnaldo Forlani, faced a nasty set of troubles from a not very firm position. In contrast to the generally unedifying political scene two men stood out - the President of the Republic and the Pope - as popular although controversial figures rarely out of the lime-light. The Italian people found 1980 a bad year and greeted 1981 with some apprehension.

INTERNAL AFFAIRS

2. During the year the government grew broader and, in appearance, stronger. At the beginning Cossiga (DC)* was dependent on PSI abstentions. In April the PSI joined his second government. In October a deal with the PSI brought in the PSDI, and with the PRI this made up a quadripartite government under Forlani. The problem is that the more parties there are in the coalition, the more they outnumber the PCI, but the harder it is to agree on policy. This is added to the rivalries in the DC itself and the disruptive effect of scandals. During the year the PSI made electoral gains and improved their bargaining position with the DC. The Socialist leader, Craxi,

/outmanoeuvred



outmanoeuvred his left wing and was thus able to make the alliance with the DC; he also advanced his ambition to become Prime Minister one day. The DC lost ground over scandals and inadequacies in the first phase of earthquake relief. The PCI remained a substantial long-term threat; they contributed to the unseating of Cossiga, urged Fiat strikers to occupy the factories, and exploited the earthquake situation, but they lacked direction domestically and internationally looked in disarray.

3. President Pertini played a major role at times during the year. It was he rather than the DC who chose Cossiga. After Cossiga's fall, he moved swiftly to get Forlani's government set up with a minimum of delay. His outspoken criticism of the early handling of the earthquake disaster caused indignation in the DC and a controversy about the propriety of the President criticising the government. But, as on other occasions, his cry of pain expressed the public's own first reaction.

4. The earthquake, which occurred while the Prime Minister and you were in Rome with Forlani and Colombo, was indeed a major disaster and gave the government a severe shock too. They got a very bad press and the DC bore the brunt of the criticism. This was only partly justified, for the vast and remote area, difficult terrain, the character of the people and the numbers involved, all made relief a huge task. No major disaster relief organisation existed, and improvisation was not enough. But by the end of the year the first stage of rescue and relief was fairly well complete and a debate was in progress on how to reconstruct. The very large EC loan was well received. Foreign help poured in, the Germans and French getting the limelight by deploying army engineers. British aid came from many sources and was welcome though unspectacular. The rest of Italy rallied round in an unprecedented way. The difficulty of dealing with southern peasants, /the opportunism



the opportunism of Neapolitan criminals, and the social strains that appeared in Naples itself, sadly illustrated the eternal problems of the backward south. It is important to organise some British help for reconstruction, probably best in pre-fabricated units for a variety of uses in the centres which we have "adopted".

5. A number of Ministers fell. Some were losses to us, notably Cossiga and Marcora (Agriculture). The able and friendly Pandolfi left the Treasury but was reinstated later at Industry. Fortunately Colombo (Foreign Affairs) stayed. Cossiga was not only very helpful at the Venice European Council but his liking for Britain and admiration for the Prime Minister led him to be helpful whenever he could. His successor Forlani, so far preoccupied with domestic affairs, has less bonhomie but more skill and tenacity in political manoeuvres. He will need it.

6. Terrorism was in the headlines throughout the year. The large-scale slaughter by a bomb at Bologna station in August was a right-wing phenomenon with a larger death roll but less significance than the running series of left-wing attacks on the establishment; these culminated in the seizure of a magistrate in December - a serious blow to Forlani and unpleasantly similar to the Moro case - and the killing of a Carabinieri general on New Year's Eve. Many arrests were made during the year, which gave the impression that the government might be getting the upper hand. But December showed that the battle is far from being won. Many parts of Italy are free of terrorism if not of minor crime. Two million British tourists come here annually, and thousands of them are robbed. Three of my female staff have recently been mugged in Rome. Kidnapping continues, mainly confined to Italians.

ITALY IN THE EC

7. The EC continued to be very important to Italy. I described the strength and weaknesses of the Italian Presidency in my despatch of 7 July 1980. The problems of restructuring and enlargement, to which they have ambivalent attitudes, had scarcely been analysed in Rome by the end of the year, but in Emilio Colombo /the Italians



the Italians have a Minister of experience, quality and good European credentials to make the best of their hand. In their Presidency they put the general wellbeing of the Community before their parochial interests, and were scarcely criticised at home for so doing. Freed from this responsibility they will fight their corner like others, but will always seek to compromise rather than to risk any serious breakdown in Community affairs. They should continue to be more helpful to us than otherwise. The transfer of Renato Ruggiero, their best Community expert, from Rome to Brussels, has left a serious gap in the Ministry, but considerably lifts the level of their representation in Brussels.

ITALY IN THE WORLD

8. The Italians played a helpful and reasonably robust role on the international stage in 1980. Led resolutely by Cossiga himself, they were staunch on TNF. They, like the senior NATO commander in Naples, said they do not want to lose the deployment option of the UK Mobile Force in north-eastern Italy, and I very much hope that the idea of replacing it will be dropped. Italy took an initiative in reaching an agreement with Malta providing for "neutrality" in exchange for promises of aid. This was causing them trouble with Mintoff in December (asking for his money) and with the Libyans. The Italians were helpful over Zimbabwe and greatly relieved at your success there. They were much concerned about the situation in Yugoslavia immediately after the death of Tito. They were very conscious of their key position in the Mediterranean and I concur with the NATO judgment (in the multilateral examination of Italy in the autumn) which underlined her unique position in the southern region and the special role she had to play, especially when US ships were diverted to the Indian ocean at the time of the Afghanistan crisis. The new Defence Minister, Lagorio, though a Socialist, impressed his military commanders with his determination to build up Italy's defence effort - there is plenty of scope for improvement. The Italians handled effectively both summit meetings at Venice, and Cossiga himself, though sapped by personal attacks on him, did well.

/As Oscar Wilde



As Oscar Wilde said, there is nothing so provoking as not receiving ¹³⁰⁰ invitations, and the Italians have been very vocal recently in protesting about exclusion from four-power meetings, fearing another Guadeloupe convened by Reagan.

THE ECONOMY

9. The recession hit Italy later than some other Western countries, because domestic demand held up, partly due to expansionary measures taken by the first Cossiga government. Demand slackened after the summer holidays, but the recession has not yet bitten very deeply. The overseas accounts swung sharply into the red in 1980, when the deficit may be ten times as great as in 1979, turning a current account surplus of 4,000 billion lire in 1979 into a deficit of ¹⁴⁰⁰ 6,000 billion lire in 1980. This is mainly due to the oil bill, but partly to decreased competitiveness in overseas markets because of the comparative strength of the lira combined with an inflation rate of over 20%. The lira is now among the weaker currencies in the EMS, whereas in 1979 it was among the strongest. The strength of the dollar and the weakness of the DM have worked against Italy. Energy costs continued to be the weak point. Effective conservation measures have not been introduced. ¹⁵⁰⁰ Oil supplies were secured despite the war between Iran and Iraq, the latter a major Italian supplier. Little progress was made on the development of the nuclear alternative. The industrial scene was troubled. There was a major confrontation at Fiat in the autumn when the management wanted to impose large-scale redundancies, and a strike resulted. Union leadership and the militants fell out, but the workers settled it by demonstrating in large numbers against the strike. The result was widely regarded as a victory for management.

BILATERAL

10. Bilateral relations with Italy were excellent. It could hardly be otherwise in a year which included a successful State Visit, two exchanges at Prime Minister level (Cossiga in London and Forlani in Rome), and close contact at the two Venice summits. You yourself formed a good relationship with Colombo, who is infinitely better than his two predecessors. The Lord Privy Seal, the Minister of Agriculture, the Attorney General and



several other Ministers visited Rome. A number of Italian Ministers went to London on defence, agriculture and fisheries matters. The Duke of Kent spent a busy week here in the Spring partly on War Graves and partly on BOTB business. There will be systematic exploitation of the excellent Sea Day on the Royal Yacht in the Bay of Naples when a seminar was held on the financial services of the City of London. I am studying other ways of usefully increasing collaboration after the State Visit.

11. Our trading position improved: the adverse trading balance in the first 11 months of 1980 was better than halved compared with 1979. Our exports went up by 30% in value whereas our imports declined by 7%. This is partly due to the oil market, where there was in 1979 a substantial imbalance, but only a small net deficit in 1980. The State Visit was turned to commercial account by a number of store promotions in various cities.

12. There were few bilateral problems. The Schild family kidnapping was resolved with the personal help of Cossiga himself. At year's end we had a missing person, Mrs Stephen May, who may turn out to have been abducted. Some surviving British institutions in Italy gave trouble; the finances of the Testaccio Protestant Cemetery in Rome, for example, and the ailing and old-fashioned British (cultural) Institute in Florence. We have a number of such survivals in Italy which today make little impact. Conversely there is an absence of major British cultural events, and I find it hard work to remedy this without funds.

13. We closed two posts in the economy drive - Trieste and Palermo. The first produced a political outcry and it was agreed to appoint an honorary consul, which appeased the Triestini. There was less of a reaction in Sicily. Various burdens fell on our remaining outposts - eg two summits on Venice, a kidnapping on Cagliari, the State Visit on Genoa and Naples, the earthquake on Naples, the disappearance of Mrs May on Florence. Milan was heavily occupied, mainly with commercial work

14. Our relationship with Italy, though warm and close, is somewhat unbalanced. The Italians look to Britain in many ways.

/Our



Our institutions and armed forces are respected, our businessmen and tourists welcomed. The Prime Minister and yourself have a host of admirers here for the firmness which Italian government lacks. The Italian people rose in their hundreds of thousands to salute The Queen. In London, by contrast, Italy rates - and logically so - a long way below France and Germany.

CONCLUSION

15. The new Russian Ambassador, Lunkov, said to me that he was going to find Rome uphill work after London. I said he was right. 1980 has been a bad year and the Italians are as fed up with their politics as are the poor foreign Ambassadors who try to interpret this byzantine scene to their governments. Italy is in many respects a sick society. With changes of ministers and of government, scandals, terrorism and crime, a deteriorating economic situation, social problems, and no real sign of the DC and its allies reforming the system in any substantially effective way, the outlook is apparently hopeless. President Pertini, expressing as he often does the mood of the public, has called repeatedly for clean government and firmness in dealing with terrorism. There is a widespread feeling that the present system must be changed, but little sign of what Pertini calls disparagingly the "political classes" being ready to do it. The prospects for 1981 are thus not bright. On the other hand the Italians have an extraordinary capacity for makeshift and survival. At all events, they remain of considerable importance to us in NATO and the EC. However patchy their performance in 1980 - and it had some notable high points in foreign affairs - we shall need them, for better or for worse, in 1981.⁵⁷

16. I am sending copies of this despatch to Her Majesty's Representatives in all other EC capitals, Washington, Moscow, UKDEL NATO, the UK Permanent Representative to the European Communities and to the Minister at the Holy See.

I have the honour to be
Your Lordship's obedient Servant



passim

*

DC	Demo-Cristiani	- Christian Democrats
PSI	Partito Socialista Italiano	- Socialists
PSDI	Partito Socialista Democratico Italiano	- Social Democrats
PRI	Partito Repubblicano Italiano	- Republicans
PCI	Partito Comunista Italiano	- Communists

CALENDAR OF EVENTS

JANUARY 1980

- 2 Unions set up strike discipline
- 6 President of Sicilian Region, Pier Santi Mattarella (DC), shot dead in Palermo; probably a political crime carried out by Mafia
- 7 Lord Privy Seal visits Rome
- 9 Italy's condemnation of Soviet invasion of Afghanistan confirmed by Sarti in the Chamber
- 11 Anti-terrorism measures approved in the Senate with some amendments
- 11 Mr Roy Jenkins meets Cossiga and Pertini in Rome
- 12 Malfatti resigns as Foreign Minister, owing to poor health
- 14-18 Meeting of PSI Central Committee; trial of strength between Craxi and his opponents. Craxi remains Secretary. Lombardi elected Chairman.
- 15 Malfatti replaced by Ruffini as Foreign Minister; Sarti new Minister of Defence, Darida new Minister for Relations with Parliament. On. Marino Corder (DC) appointed Under-Secretary for Internal Affairs on January 18
- 16-20 XVIII Congress of PSDI in Rome. Longo confirmed Secretary by large majority, Saragat confirmed Chairman (January 26). Other appointments on January 31.
- 17 Unhappy start for Italy's EEC Presidency at European Parliament; Ruffini leaves in advance
- 17 Former Under-Secretary Ferrari (PSI) arrested over involvement in Parma building scandal
- 21 Visit by Polish Minister for Foreign Trade
- 24-27 Visit by Cossiga to US
- 24-27 Visit by Grand Duke Jean of Luxembourg and Princess Josephine Charlotte of Belgium
- 25-27 Conference on nuclear security in Venice
- 29-30 Talks between Cossiga and Mrs Thatcher in London

CALENDAR OF EVENTS

FEBRUARY 1980

- 1 Visit by Portuguese Foreign Minister: Ruffini confirms Italy's support for Portugal's entry into EEC
- 2 Visit by West German Foreign Minister Genscher; Afghan crisis discussed with Ruffini
- 6 Visit by Minister Scotti to London; talks with Mr Prior
- 7 Italian teachers in London occupy Italian Consulate
- 8 French Under Secretary for Foreign Affairs, Pierre Bernard Raymond, sees Cossiga in Rome
- 12 Brief visit by Ruffini to Paris
- 12 Prof Vittorio Bachelet, Vice President of Higher Council of Magistrates, killed at Rome University. Responsibility claimed by "Red Brigades".
- 13 Talks between Mr Walker and Marcora in Rome
- 14 Sen Formica resigns as PSI Administrative Secretary over the ENI case
- 14-15 Visit by Iranian Foreign Minister
- 19 EEC Foreign Ministers meet in Rome; Lord Carrington's proposal in favour of neutralisation of Afghanistan approved
- 20 US Secretary of State Vance in Rome (as a part of visits to European capitals)
- 22 Pandolfi in Madrid (in a series of visits as IMF officer, to last until March 2)
- 25 Ruffini begins mission to Bonn, Copenhagen, Brussels, Dublin, The Hague (British budget contribution one of the themes to be discussed)
- 27 Lord Carrington proposes Cossiga as mediator for the Afghan crisis; Cossiga states his availability (February 28)
- 27 PSI confirms detachment from the Government, but does not call for immediate Government crisis

CALENDAR OF EVENTS

MARCH 1980

- 4 Evangelisti resigns from the Government, following his involvement in the Caltagirone scandal. He is replaced by Sen Nicola Signorello (DC, Andreottiano) as Minister for Merchant Navy
- 4-5 Visit by President of Cyprus
- 5 Piccoli elected Secretary of DC, Forlani President. Micheli confirmed administrative secretary
- 7-10 Visit by President of Tanzania, Julius Nyerere
- 13 Lombardi resigns as President of PSI (in protest against the Craxi management)
- 19 Resignation of the Cossiga Government
- 22 Annabel Schild released
- 22 Emilio Colombo re-elected President of Political Committee of European Parliament
- 23 Cossiga given mandate to form new Cabinet
- 24 Italian consulate in London destroyed by explosion; Italian immigrant arrested
- 31 Closure of British Consulates in Trieste and Palermo

CALENDAR OF EVENTS

APRIL 1980

- 4 Cossiga forms new Cabinet (DC/PSI/PRI)
- 8 Emilio Colombo leaves European seat and is replaced by Cino Del Duca (DC)
- 15 Brief visit by Marcora to London (then to The Hague, Bonn, Paris)
- 24 Visit by PLO delegation to Rome
- 30 Romanian Foreign Minister received by Colombo in Rome
- 13-17 Visit by Portuguese President to Italy
- 15-16 Visit by Schmidt to Rome
- 20-21 Partial visits Spain
- 20 Foreign Affairs Council in Brussels: agreement reached on UK contribution to EC budget
- 21 Cossiga is shared of responsibility with an 11-9 vote; but PSI announces intention of collecting signatures of MEPs in favor about a debate in Parliament. Susel Gutierrez resigns as Vice Secretary of DC

CALENDAR OF EVENTS

MAY 1980

- 2 Venezuelan Foreign Minister received by Colombo
- 8 Pertini and Cossiga attend Tito's funeral in Belgrade
- 9-12 Visit by Pertini to Algeria
- 13 Silvano Russomanno (Vice Head of SISDE) arrested under charge of having supplied journalist Fabio Isman with the text of the Peci questioning
- 13-17 Visit by Portuguese President to Italy
- 15-16 Visit by Schmidt to Rome
- 26-31 Pertini visits Spain
- 30 Foreign Affairs Council in Brussels: agreement reached on UK contribution to EC budget
- 31 Cossiga is cleared of responsibility with an 11-9 vote; but PCI announces intention of collecting signatures of MPs to bring about a debate in Parliament. Donat Cattin resigns as Vice Secretary of DC

CALENDAR OF EVENTS

JUNE 1980

- 5-7 Visit by Japanese Foreign Minister and Foreign
8-9 Local elections in Regions and Communes; Progress
for PSI
9-11 Visit by Colombo to Washington La Malfa, Reviglio,
12-13 European Council in Venice
19-22 President Carter visits Rome Mr Walker in London
24 Visit by Canadian Prime Minister Trudeau to discuss
20-23 Western economic summit in Venice majority on

CALENDAR OF EVENTS

JULY 1980

- 7-8 Visit by Portuguese Prime Minister and Foreign Minister
- 10-13 Visit by Yugoslav Foreign Minister
- 15 Economic measures outlined by La Malfa, Reviglio, Pandolfi to Parliament
- 19 Italian Merchant Navy Minister Signorello sees British Agriculture Minister Mr Walker in London
- 23 Opening of joint session in Parliament to discuss Cossiga's conduct in the Donat Cattin case. Cossiga is "acquitted" by large majority on July 27

CALENDAR OF EVENTS

AUGUST 1980

2 Bomb outrage at Bologna station; more than 80 killed, about 200 injured. Responsibility attributed to NAR, a right wing group

25 Foreign Minister De Michelis approves Alfa/Nissen cooperation agreement

27 The government resigns after defeat in a secret ballot in the Chamber debate on economic decrees

29 Pertini (who cancelled visit to Jordan) returns from Bonn to Italy and opens consultations over government crisis

CALENDAR OF EVENTS

SEPTEMBER 1980

- 1 Colombo visits Tunis
- 3 Visit by Mintoff, Maltese Prime Minister, to Rome
- 20 Cossiga approves Alfa/Nissan cooperation agreement
- 27 The Government resigns after defeat in a secret ballot in the Chamber debate on economic decree
- 29 Pertini (who cancelled visit to Jordan) returns from China to Italy and opens consultations over Government crisis

CALENDAR OF EVENTS

OCTOBER 1980

- 2 Forlani given mandate to form new Government
- 14-20 Queen's State Visit to Italy
- 18 Forlani forms DC/PSI/PSDI/PRI Government
- 25 Government gets confidence in the Chamber
- 27-30 Defence Minister Lagorio visits Britain
- 31 Increase in price of petrol, fuel oil, alcohol tax, etc announced by Council of Ministers

CALENDAR OF EVENTS

DECEMBER 1980

- 4 Wave of arrests throughout country of people suspected of belonging to "Prima Linea" (26 altogether)
- 6-7 Meeting of DC National Council
- 8 Norwegian Prime Minister received by Forlani in Rome
- 9 Forlani and Colombo pay a brief visit to Bonn
- 11 Bisaglia resigns as Minister of Industry
- 12 D'Urso, a senior magistrate in the Ministry of Grace and Justice, kidnapped by the Red Brigades in Rome
- 15 Mr Roy Jenkins pays a final visit as EC President
- 16-19 State Visit by President Mijatovic of Yugoslavia
- 16-17 Visit by Shihati, the 'Foreign Minister' of Libya
- 19 Marco Donat Cattin arrested in Paris
- 24 Bomb attack on BTA office in Rome: no-one hurt
- 26 Left-wing regional junta elected in Sardinia
- 31 General Galvaligi of the Carabinieri shot dead in Rome by the Red Brigades

CALENDAR OF EVENTS

NOVEMBER 1980

- | | |
|-------|--|
| 3-4 | Colombo visits Greece |
| 10-12 | Colombo visits Moscow |
| 20-22 | Pertini visits Greece |
| 23-24 | Mrs Thatcher visits Rome |
| 23 | Catastrophic earthquake in Basilicata and Campania
kills 3000: 200,000 homeless |