



## 10 DOWNING STREET

From the Private Secretary

19 October, 1984

PRIME MINISTER'S MEETING WITH SIGNOR CRAXI,  
18 OCTOBER AT 10 DOWNING STREET

The Prime Minister and Signor Craxi had a brief tete-a-tete discussion yesterday evening before dinner, on the eve of the Anglo/Italian Summit. Signor Badini and I were also present.

The Prime Minister welcomed Signor Craxi and thanked him for the messages which he and President Pertini had sent following the Brighton bomb attack. She referred also to the book which Signor Craxi had sent her on the London Economic Summit. Signor Craxi said that he brought regards to the Prime Minister from President Pertini, who wished in particular to express his solidarity with her in the face of terrorism.

Signor Craxi enquired whether the IRA had been responsible for the Brighton bomb. He confessed that his first thought, on hearing the news, had been that the Libyans might be responsible. The technique of attempted assassination of Heads of Government was characteristically an Arab one. The Prime Minister said that the Brighton bombing bore all the hallmarks of the IRA, who had claimed responsibility for it, though they might well have received assistance and training from Libya.

The Prime Minister continued that Signor Craxi knew what a difficult task the defeat of terrorism was. She understood that Italy had had considerable success in overcoming the Red Brigades. Signor Craxi said that the last serious incident had been a year ago but recent information suggested a recrudescence of activity, though he thought that only a small remnant of the original terrorist movement was involved.

The Prime Minister said that she was very grateful to

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Signor Craxi and to the Italian Government for protecting British interests and the British Community in Libya, and for their efforts to obtain the release of the detainees. The wives of those detained had been to see her the day before to press for further activity by the Government to obtain their release. She had explained that patience was needed, but had promised to speak to Signor Craxi. The timing of a further initiative would be very important. Signor Craxi said that Italy had continued to press hard for the release of the detainees. He had recently asked Signor Andreotti to study the scope for a possible swap of Libyans held in Italian jails for the British detainees. His idea was that this would be a secret operation. He recognised that Britain could not itself arrange such a swap. The Prime Minister said that this was indeed the case. Libyans held in Britain were charged with or convicted of very serious crimes. They could not possibly be exchanged. Signor Craxi said that he hoped Signor Andreotti would have more to report on the idea of an exchange involving Libyans held in Italy in the talks today.

The Prime Minister asked how Signor Craxi assessed the recent Libya/Morocco Treaty. Signor Craxi said that it was easy enough to identify Morocco's interest in weakening Libyan support for the Polisario and obtaining financial help. He thought that Colonel Qadhafi wanted to mend fences with those whom he had attacked in the past. There was, for instance, the agreement with France on withdrawal from Chad. He had also made overtures to Saudi Arabia. He had told Signor Andreotti in August that he wished to restore relations with Britain and the United States. But Qadhafi was duplicitous and insecure, and the internal threat to his rule should not be underestimated. The last serious revolt against him had involved large numbers of quite senior military and civilian personnel.

Signor Craxi continued that Italy had extensive commercial interests in Libya and was Libya's largest single trading partner. But it was not an easy relationship. If the Italians reduced their purchases of Libyan oil, the Libyans promptly stopped paying Italian firms. Qadhafi was anxious to be invited to pay a visit to Italy, but successive Italian governments had responded tepidly to his hints. The Prime Minister said that it would be a mistake to invite him. It would appear to confer respectability on him. International opinion had been shocked when Chancellor Kreisky had invited him to Austria. Signor Craxi said that, none-the-less, Italy had very important interests in Libya. There was a certain amount of hypocrisy in other countries dealings with Qadhafi. For instance, despite the American Administration's views on him, the Bechtel Corporation was heavily involved in Libya.

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The conversation ended at this point, with the arrival of other guests.

I am sending a copy of this letter to Hugh Taylor (Home Office), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

Charles Powell

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