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C O N F I D E N T I A L SECTION 01 OF 03 ROME 000001

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SUBJECT: VISITING WITH A RECUPERATING BERLUSCONI

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Classified By: Ambassador David H. Thorne. Reasons 1.4 (b) and (d).

¶1. C) Summary: The Ambassador visited recuperating Prime Minister Silvio Berlusconi at his Lombardy estate for a private luncheon December 30. The Ambassador had suggested he visit Berlusconi after the Prime Minister was assaulted at a Milan rally in mid-December. Accompanied by Gianni Letta, the Undersecretary in the Prime Minister's office and effectively Berlusconi's second in command, Ambassador flew up for the meeting on the Prime Minister's plane. Bandaged and bruised from the December attack, Berlusconi was nonetheless upbeat and eager to show off his new project for training Italy's elite and share his thoughts on European leaders and domestic politics. Berlusconi was effusive about U.S.-Italian relations and Letta promised action on roping in ENI operations in Iran and pushing ahead on Megaports. End Summary

The Recuperating Prime Minister

¶2. C) Following the Ambassador's call to Gianni Letta suggesting the Ambassador visit the Prime Minister during his recuperation, Letta, the Undersecretary in the Prime Minister's Office, invited Ambassador Thorne to accompany him to Milan on December 30 for a private afternoon with the Prime Minister. The three hour session, held in Italian, involved only the Prime Minister, Letta and the Ambassador, and included a visit to Berlusconi's latest endeavor, a private training school for Italy's elite, and a wide-ranging lunch with the two top decision makers in the Italian government.

¶3. C) Berlusconi was still bandaged and scarred from the assault in early December where a mentally unstable man hurled a die cast model of Milan's cathedral at his head. Berlusconi noted that the missile had struck a glancing blow to his cheek, cutting him, breaking his nose and some of his teeth, but if it had hit him straight on "it would have killed" him. Letta recounted separately that Berlusconi had slumped into a depression following the attack - "he's an impresario, he wants everyone to love him " - but that had snapped out of it and was on the mend. Letta also noted that their tour of Berlusconi's new project site was the Prime Minister's first excursion outdoors since his release from the hospital.

U.S.-Italy: A Prized Relationship

¶4. C) In luncheon discussions, Berlusconi unabashedly stated that he prized Italy's relationship with the U.S. and that his government stood ready to help us, whatever the issue. He noted that Italy owed the United States a debt of gratitude for salvation during World War II, and for protection throughout the Cold War. On Afghanistan, basing issues, and other tough problems, Italy was committed to helping the U.S. get to the right solution. He noted that he hoped that the Italian increase in Afghanistan would help President Obama and address the situation on the ground.

Berlusconi on European Leaders

¶5. C) The Prime Minister and Letta also gave their run down of current European political leadership. Berlusconi assessed that Sarkozy's star was clearly waning in European circles and that the French President did not command the same influence he did a year ago. Letta was less convinced, noting to the Ambassador that both Berlusconi and Sarkozy were "big dogs angling for the same spotlight." Berlusconi recounted how he had played an instrumental role in the Spring in persuading a reluctant Erdogan to accept Danish PM Rasmussen as the new NATO Secretary General, overcoming the Turkish President's profound irritation at Rasmussen for not silencing Kurdish language radio stations despite numerous requests. On Russia, Berlusconi felt that Putin and Medvedev got along well, respected each other, and had an effective relationship. In fact, farewells after lunch were unexpectedly cut short by an incoming call from Putin.

Iran: Appalled by violence, Will try to rope in ENI

¶6. C) On Iran, Berlusconi noted that he was appalled by the Iranian crackdown. He offered the capabilities of the Italian intelligence services and assured full sharing of information gathered on the internal dynamics in Tehran. Letta, as the supervising authority over Italy's intelligence services, assured the Ambassador of a continuation of our

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already excellent bilateral cooperation on the issue. Letta also promised that he would talk to ENI CEO Scaroni about the energy giant's ongoing operations in Iran and, if he could, persuade them to halt activities.

Megaports - GOI to determine POC

¶7. C) In response to the U.S. request to move forward on Megaports, Letta told the Ambassador that the issue would be discussed at the Council of Ministers meeting on January 8 and that they would be in contact soon thereafter to convey which ministry would have lead in the GOI for implementing the project and as such be the primary interlocutor for our Embassy.

Italy's Courts - Problem Number One

¶8. C) Berlusconi forthrightly identified the magistratura - Italy's judiciary and courts -- as Italy's "biggest problem" and told the Ambassador that he was ready to forge an alliance with the center left opposition to implement judicial reform. He noted that a legal system where issues were never definitively resolved -- where you can be absolved of a crime and yet have the case resurrected later - sapped Italy's political and economic system. He argued that this is what has happened in his own case, where he has been cleared in the past but the same charges keep on returning repeatedly. He said that he had allies in the opposition on the need for reform, including PD Leader Bersani. Letta cautioned the government won't know if it has the clout to deliver on such an idea unless it secures a decent showing in regional elections in March 2010.

Smart Guys in the Opposition

¶9. C) Berlusconi and Letta displayed a great deal of respect for opposition leaders. Berlusconi praised the Democratic Party Leader, Pier Luigi Bersani as a "straight shooter" who was fair with a top rate intellect. Separately Letta was also complimentary about former Prime Minister (and archrival) Massimo D'Alema who he credited with showing courage and integrity during the Balkans crisis and taking some very tough decisions. Letta noted that D'Alema's prickliness and "smartest guy in the room" demeanor made dealing with him a chore, but acknowledged his judgment and political effectiveness, which was why Berlusconi backed him for the EU Foreign Minister position despite their differences. Letta told the Ambassador that he did not have a clear judgment on how DiPietro will play in domestic politics and looked forward to future conversations. On other domestic political issues, Letta thought that the current estrangement between the governing PDL party and Sicilian President Lombardo was a minor issue and they would patch it up quickly.

Worried about a flat 2010

¶10. C) Both Berlusconi and Letta expressed concern about the limited prospects for economic growth in 2010. Berlusconi thought that Italy had weathered the past year of the financial crisis fairly well but thought it would be a challenge to produce enough growth in 2010 to start replacing jobs lost. The Prime Minister was less concerned that a financial meltdown in Greece would have EU-wide impact. He said that he had a good relationship with Greek PM Papandreou and was confident that he could right the situation.

New Media - Important for Liberty

¶11. C) In response to the Ambassador's questions to the Prime Minister about the role of the internet, Berlusconi shot back "it's important for liberty." New media - particularly Facebook which has been instrumental in the past month in organizing a national "No Berlusconi Day" and more controversially in continuing to host "Kill Berlusconi" pages - has vexed the GOI, - but the Prime Minister stated that he felt the evolving media was both critical to the future and also to the preservation of liberty. But he felt there needed to be better tuned controls to prevent the most extreme use of the new outlets.

The Berlusconi Leadership Academy

¶12. C) The Prime Minister commenced the visit by personally

conducting a guided tour of his most recent project, a private academy to train Italy's brightest young minds. Berlusconi led Letta and the Ambassador on a personal tour of a newly rehabbed Lombardy estate that will serve as the home of the enterprise. The completely renovated 17th century country mansion, Villa Gernetto, will house a special school set to open in March for one hundred of Italy's most talented young leaders, completely funded from Berlusconi's personal fortune. The Prime Minister intends to choose the students himself and he envisions an environment where Italy's best and brightest live and study, taught by world leaders "like Blair and Clinton."

Comment

¶13. C) The Ambassador's intimate afternoon with Italy's two top decision makers was both a testament to the priority Berlusconi gives the U.S.-Italy relationship but also perhaps a sign that the GOI has achieved its long-sought level comfort and ease with the Obama administration. It is also a dividend of the Ambassador's cultivation of the relationship with Letta, which has opened up a personal channel to the Prime Minister. The Italian press coverage of the following day clearly took this message from what they viewed as an extraordinary private session. The Prime Minister was clear that he expects to be called upon to deliver for the U.S., which he will do out of principle, not self-interest. Despite being given numerous openings, neither the Prime Minister nor Letta asked for anything from the U.S. during the lengthy luncheon. A striking aspect of the session was Letta's clear position as co-regent, with Berlusconi deferring regularly to his colleague and with Letta airing opposing points of view to his boss during the luncheon. THORNE