

NOTES FOR BILATERAL TALKS WITH FANFANI, LUBBERS AND  
SCHLUETER

TRADE

- 1 We see a serious risk of a trade war with the United States.
- 2 The Presidency conclusions on trade must be helpful to those in Washington, like Shultz, who are doing their best to prevent the Administration adopting destructive policies.
- 3 Hope we can all take a helpful line at our individual press briefings as well.

UK BUDGET PROBLEM

- 4 The budget problem is not ready for discussion at this Council but we must encourage our Foreign Ministers to settle it as quickly as possible next year.
- 5 The Commission's framework - in their paper for Foreign Ministers - is the only one that we can see which is likely to lead to successful negotiations. We all have problems with it - but a start must be made somewhere.
- 6 You will appreciate my desire to get this settled so that it does not become an election issue in the UK.

TO FANFANI:-

- 7 Would it be helpful to arrange talks between our close advisers? I will gladly send an official to Rome if you could suggest a contact who has your confidence.

/TO LUBBERS

TO LUBBERS:-

7 The Netherlands has been helpful to the UK in the past, despite a difference of interest, and this has been much appreciated. I hope we shall continue to cooperate - in the interest of the whole Community.

TO SCHLUETER:-

7 Mr. Ellerman-Jensen did a remarkably good job as Chairman of the meetings which solved the problems over the 1982 refunds. I do hope our two countries will cooperate in the next round of negotiations on this issue to prevent it damaging the Community.

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Soviet Report reduction  
exp. Dec 31<sup>st</sup> 1982