

SECRET

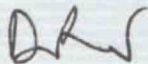
PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

The Chancellor will mention the position on the G5. There is now a 60 per cent probability of a meeting this weekend. But a communique may be issued anyway if there is to be no meeting.

The Chancellor may mention one or two of the minor Budget proposals.

I suggest you might mention to the Chancellor the upshot of your discussions with Mr. Channon on Airbus (preliminary meeting with the Chancellor of the Exchequer and Mr. Tebbit), competition policy (a small meeting to discuss the results of the first stage of the review), and Post Office and British Steel privatisation (to be discussed at that same meeting).



DAVID NORGROVE

17 February 1987

SLHAGY

SECRET