

PRIME MINISTER

Bilateral with the Chancellor

i) Financial markets

These are in much better shape than on Wednesday and Thursday of last week. The crucial events seemed to have been your statement yesterday that no rise in interest rates was justified and the CBI survey which shows that companies expectations about higher prices are lower than at any time since the autumn of last year.

ii) EC Commissioner

I do not know what the Chancellor intends to raise under this heading.

iii) Economic Summit

You could confer on the line you will be taking on the main issues of the Summit:

- US deficit (if you have not already done so you may wish to debrief the Chancellor on your meeting with President Reagan).

- international debt - protectionism.

(iv) Sleipner Gas:

Mark Lee
PP Andrew Turnbull.

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