

PRIME MINISTER

ROVER GROUP

The questions listed in Annex B of Mr. Channon's minute provide a suitable agenda.

I am concerned about your position vis-a-vis colleagues on this. The smaller group last met on 17 July and MISC 126 on 23 July. Tomorrow's meeting will be the first time even the Chancellor has been brought into the latest round of discussions.

Moreover, the Chancellor and Mr. Channon disagree about the timing of debt write-offs for RG. It is right to hear Graham Day's views on this tomorrow, but the PES implications etc. should surely not be argued out between the Chancellor and Mr. Channon in front of him.

It is also worth noting the risk that there could be pressure for statements in the House before too long, especially in view of the interest in your remarks to the FT.

In view of all this, I recommend that you should hold an early meeting of the smaller group on the basis of a paper by Mr. Channon.

*Any conclusions reached at the meeting with Graham Day should be subject to that further meeting.*

*DWS*

David Norgrove

19 November 1986