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PREM 19/1992

The Channel Tunnel

Eurotunnel

(IN ATTACHED FOLDER - UK/FRENCH TREATY ON CHANNEL FIXED ~~LINK~~)

TRANSPORT

Part 1: July 1979

Part 5: February 1986

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~3.2.86~~		~~14.5.86~~					
~~11.2.86~~		~~15.5.86~~					
~~12.2.86~~		~~16.5.86~~					
~~13.2.86~~		~~20.5.86~~					
~~17.2.86~~		~~29.5.86~~					
~~21.2.86~~		~~28.5.86~~					
~~25.2.86~~		~~6.6.86~~					
~~27.2.86~~		~~9.6.86~~					
~~28.2.86~~		~~17.6.86~~					
~~4.3.86~~		~~19.6.86~~					
~~13.3.86~~		~~27.6.86~~					
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~~7.5.86~~							
~~9.5.86~~							

PART 5 ends:-

DN to D/TRANSPORT 16.7.86

PART 6 begins:-

NLW to PM 21/10/86

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(86) 10th meeting, item 2	13/03/1986
CC(86) 12th meeting, item 2	20/03/1986
CC(86) 20th meeting, item 2	15/05/1986

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed _____ Date 22/10/2014

PREM Records Team

DG

cc BG

10 DOWNING STREET

From the Private Secretary

16 July 1986

Dear Richard,

CHANNEL TUNNEL: INTERGOVERNMENTAL COMMISSION

The Prime Minister has seen the correspondence about the Intergovernmental Commission culminating in the letter from the Secretary of State for Trade and Industry to Mr. Moore of 14 July.

The Prime Minister notes that Mr. Channon is prepared reluctantly to go along with the arrangements proposed to ensure that the interests of British industry are properly protected during the early discussions about the Channel Tunnel. In view of this, the Prime Minister would not herself wish to press the case for the DTI being granted a place on the Intergovernmental Commission. However, she believes it to be most important that everything possible is done to ensure that British industry wins its fair share at least of the contracts which will result from construction of the Tunnel.

I am copying this letter to the Private Secretaries to the members of E(A), John Howe (Ministry of Defence) and Michael Stark (Cabinet Office).

Yours,

David.

David Norgrove

Richard Allan, Esq.,
Department of Transport.

8RN

PRIME MINISTER

CHANNEL TUNNEL: INTERGOVERNMENTAL COMMISSION

Mr. Channon was earlier concerned that the DTI are not to have a formal place on the Intergovernmental Commission which will oversee the preparations for the Channel Tunnel. He argued that DTI needed a place in order to protect the interests of British industry. You wrote in support of Mr. Channon.

Mr. Moore believes that representation on the Commission is not necessary for Mr. Channon's purposes and that the regulations and safety standards which will affect who gets contracts will be the task of a different body, the Safety Authority. He has proposed arrangements to make sure that DTI's interests are taken into account in that.

Mr. Channon has agreed reluctantly to go along with this.

Agree that in view of Mr. Channon's acceptance you are also prepared to go along with this but that you attach the greatest importance to making sure that everything possible is done to ensure that British industry wins at least its fair share of the contracts?

Yes

DAVID NORGROVE
16 July 1986

SLH/99

PERSONAL AND CONFIDENTIAL

file

D85

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 7 July about the problem which has arisen over the financing of the Channel Tunnel. The Prime Minister was grateful to be warned of this. She hopes that the problem can quickly be sorted out.

CDP

Charles Powell

8 July 1986

PERSONAL AND CONFIDENTIAL

2PPS

cc BC

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON
SW1

7 July 1986

Dear David,

CHANNEL TUNNEL - INTERGOVERNMENTAL COMMISSION

Your letter of 19 June expressed the hope that my Secretary of State would reconsider sympathetically the position of the DTI, in order to offer that Department representation on the Intergovernmental Commission.

As you know, there were many more claims for representation on the Intergovernmental Commission than there were places available. Expanding the size of the IGC to 8 members would not have allowed them all to be satisfied, and unfortunately the terms of our agreement with the French Government make it difficult for one place to be shared among the three nominees. My Secretary of State is very conscious of the extent of potential business at stake in this project, and of the need to keep the interest of British industry very much in mind when agreeing codes, standards etc. He has asked the Safety Authority (which will have delegated responsibility for these technical matters) to keep in close touch with DTI officials on these matters, and he considers that the Government's objectives will be better achieved in this way than by overt representation on the IGC.

I attach a copy of the letter which he has sent to the Secretary of State for Trade and Industry explaining his reasons more fully, copies of which have also gone to members of E(A), the Secretary of State for Defence and Sir Robert Armstrong, to whose Private Secretaries I am copying this letter.

Yours ever

Sarah Straight

SARAH STRAIGHT
Private Secretary

TRANSPORT

Channel Tunnel

PTS

CCBG

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

The Rt Hon Paul Channon MP
Secretary of State for Trade & Industry
Department of Trade & Industry
1-19 Victoria Street
LONDON SW1

7 July 1986

Dear Paul,

CHANNEL FIXED LINK : INTERGOVERNMENTAL COMMISSION

Thank you for your letter of 17 June, repeating your Department's claim for representation on the Intergovernmental Commission. Michael Jopling has also written again on 27 June, underlining the importance of full representation for MAFF.

The Prime Minister has asked me to consider your claim sympathetically, and I have of course looked at whether it is possible to find a place for your Department. Expanding the size of the IGC to its maximum 8 places is an option in theory, but the French Government are very much opposed to it at present, and I am not convinced that we should try to persuade them otherwise. In any case, there might be other Departments who would have a stronger claim than DTI to such an extra place. There would equally be problems in a single seat being shared by MAFF, DOE and DTI, since both Governments have interpreted the provision that deputies may be appointed as meaning that there may be a single deputy for each full member.

More to the point, however, I cannot agree that DTI need a place on the IGC. I do of course take your point about the potential value to UK industry of work arising from the construction and operation of the Link, and I am sure we all agree that we must ensure that precautions are taken against French pressures in the opposite direction. But I do not think that a place on the IGC is the right way to go about this. The French have not nominated an equivalent representative and if we were to nominate a member or Deputy from DTI our motives would be all too transparent. I am convinced that the manoevuring for industrial advantage which will undoubtedly take place must be a behind-the-scenes activity, not one carried on in the IGC which has the task under the Treaty of fostering the common interests of the two Governments. You Department is of course already represented on the Plenary Group which advises the British delegation to the IGC.

It is undoubtedly true that codes, standards and regulations adopted for the Link will be critical. But the task of considering the codes and standards to be proposed by Eurotunnel will be a technical one, falling largely to the Safety Authority. This is a small and highly specialised body, which on our side comprises my Department's Chief Inspecting Officer of Railways and Chief Highway Engineer, a senior officer of the Health and Safety Executive and the Chief Fire Officer of Kent County Council. While I cannot offer DTI representation on this body, I will ensure that your officials are given every opportunity to comment on matters which could affect the placing of orders. I propose that we should set up an arrangement like the Plenary Group to ensure that you have a full input into the work of the Safety Authority. I am asking my officials who provide the Secretariat of the Safety Authority, to get in touch with yours to set up procedures for this.

I hope you will be able to agree that this would be a more appropriate way to go about the delicate and highly important task of protecting the interests of UK industry.

I am copying this letter to the Prime Minister, other members of E(A), the Secretary of State for Defence and Sir Robert Armstrong.

JOHN MOORE

TRANSPORT

CHANNEL

TUNNEL

PTS

Prime Minister

Thank you. I hope it is soon sorted out now

CDP 7/7.

Ref. A086/1989

MR POWELL

I learnt over the weekend that there is a hiccup - the promoters hope and believe only a temporary one - over the financing of the Channel Tunnel.

2. The hiccup relates to the form of the contract between the promoters - the Euro Tunnel Group, as they are now called - and the contractors. The promoters and the contractors are proposing a form of "target price" contract. The price for the onshore constructions will be fixed, but the price for the tunnel itself will be set as a target price, so that any excess is shared between the promoters and the contractor. The contractors are not willing to carry the whole risk of an excess on the tunnel part of the contract, and would pull out of the project rather than do so.

3. According to my informants, a target price contract is standard for tunnelling business. It appears, however, that the Deutsche Bank and the Union Bank of Switzerland, who together with the Midland Bank are the main partners in the banking consortium which will find the bank finance, are being advised by a firm of American consultants to insist on a fixed price contract for the tunnel as well as for the onshore facilities. The promoters are contesting the advice of the American consultants, who they say are inexperienced in this kind of business, and are seeking their own advice from another consultant who is more experienced. They think that they will be able to sort all this out, given a litle more time.

4. But they were planning to go public on the equity later this week, and they cannot go public on the equity until the bank finance is assured. They will therefore have to postpone an announcement about the equity until they have sorted out the problem of bank finance.

5. The market had been expecting an announcement about the equity, and the deferment of it may therefore give rise to some speculation about the future of the project. This would obviously be bad news, particularly after the postponement of water privatisation.

6. I urged those to whom I was talking to make sure that any announcement which they made later this week included as much good news as possible to "blanket" the deferment of the issue and takeup of equity. I was assured that there are a number of good news to announce at the same time. I also suggested that the promoters, who were clearly discontented with the performance of the Midland Bank in this matter, might have a word with the Governor of the Bank of England.

7. I think that Lord Pennock, the new Chairman of the Euro TunnelGroup, was proposing to tell the Secretary of State for Transport about this hiccup during the course of today.

RCA

ROBERT ARMSTRONG

7 July 1986

CC/BG

JU868
Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5422
GTN 215) .....
(Switchboard) 01-215 7877

14 July 1986

The Rt Hon John Moore MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London SW1P 3EB

Dear John.

CHANNEL FIXED LINK - INTERGOVERNMENTAL COMMISSION

Thank you for your letter of 7 July replying to mine of 17 June and for reconsidering my claim for a place on the IGC as requested by the Prime Minister.

I am sorry that you are still unable to find a place on the IGC for one of my officials, but recognise that this is your decision and that it is one which I must reluctantly accept.

I am, as you are aware, anxious to ensure that UK industry obtain the maximum benefit from the opportunities that the construction and operation of the link provide. I am particularly concerned that, although not outwardly representing French Government engineering interests, a number of French members of the IGC are claimed to have engineering backgrounds. Since you are unable to accommodate DTI on the IGC, I understand that our Permanent Secretaries have been in touch with the aim of getting together with senior officials from our Departments in a meeting to determine how best to safeguard the interests of UK industry.

I note that you are proposing to set up an arrangement like the Plenary Group to input to the work of the Safety Authority, and that your officials will shortly be in touch with mine to work out the arrangements.

I am copying this letter to the Prime Minister, other members of E(A), the Secretary of State for Defence and Sir Robert Armstrong.

Yours,
Paul

PAUL CHANNON

1786 1986 BOARD OF TRADE BICENTENARY

999-1

TRANSPORT Channel Tunnel PTS

CCBG

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

The Rt Hon John Moore MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London SW1

27 June 1986

NBPM.

Dear Secretary of State,

CHANNEL FIXED LINK: INTERGOVERNMENTAL COMMISSION

I have seen copies of Paul Channon's letter of 17 June about your decision on the composition of the UK representation on the Intergovernmental Commission during the 'shadow' phase and of the letter of 19 June to your Private Secretary from the Prime Minister's office.

There is clearly a need for flexibility in the membership of the Commission but I hope you will not lose sight of the fact that my Department's interests are by no means confined to the operational stage of the fixed link. As Peggy Fenner explained in her letter of 9 May, we are much concerned with a number of matters on which it will be important that we are able to contribute during the design and construction phase. It is now clear that the Commission will handle questions of vital interest to MAFF in terms of legal safeguards at frontiers and Sir Geoffrey Howe has indicated that it will have the task of overseeing the drafting of bilateral protocols. It has already been recognised that we have a leading part to play in the group concerned with the protocol on frontier controls; and it is even more important that we should be on the Commission particularly since the IGC Plenary will be responsible for final agreement of the work carried out by the Protocol Group.

The Commission will not be handling tendering but there are, of course, important matters for the UK in that field and it would seem to me that Paul Channon's second proposal, that any difficulty could best be resolved by pressing the French to agree that all eight places provided for in Article 10 of the Treaty should now be taken up might be the best way forward.

I am copying this letter to the Prime Minister, other members of EA, the Secretary of State for Defence and Sir Robert Armstrong.

Yours sincerely,

Elizabeth Mans

for MICHAEL JOPLING
(approved by the Minister and signed in his absence)

TRANSPORT

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TUNNEL

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k.e B.G

10 DOWNING STREET

From the Private Secretary

19 June 1986

CHANNEL TUNNEL - INTER-GOVERNMENTAL COMMISSION

The Prime Minister has seen Mr. Channon's letter of 17 June to your Secretary of State which proposed that membership of the Inter-Governmental Commission should be sufficiently flexible to accommodate the DTI in the early stages of the project and that it should be made clear at the outset that representation will be shared between MAFF, DOE and DTI according to the Agenda.

The Prime Minister agrees with Mr. Channon that the French Government will take every opportunity to influence the tendering process in favour of French suppliers. With nearly £1½ billion of supply business at stake the Prime Minister feels that it could well be useful for the DTI to have a more formal status on the IGC. She hopes your Secretary of State will reconsider sympathetically the position of the DTI.

I am copying this letter to the Private Secretaries to members of E(A), the Secretary of State for Defence and Sir Robert Armstrong.

DAVID NORGROVE

Richard Allan, Esq.,
Department of Transport.

Prime Minister!
Agree to ask Mr Moore to consider DTI's case sympathetically?

Yes please

PRIME MINISTER Yes mt DCJ 18/6. 18 June 1986

CHANNEL TUNNEL - INTER-GOVERNMENTAL COMMISSION

The DTI's pleading for formal membership of the Inter-Governmental Commission (IGC) might appear little more than a case of amour propre on the part of a major Government Department. However, we would support Paul Channon's attempt to re-open the question of IGC membership so as to ensure that the interests of potential British suppliers to the Channel Tunnel Project are properly defended by the DTI.

The DTI seem to be itching to intervene on behalf of depressed parts of our manufacturing sector in areas of high unemployment. The nature of the materials and services required is such that this is where the British capability tends to lie anyway - the more so with regional aid sharpening the competitive edge of companies located in depressed areas.

This being so, why allow the DTI more scope to give vent to their interventionist instincts? Because we are up against the French old boy network from the Grands Écoles. In this sort of thing the French - inside the Project, in Government, and in the French supply industries - play as a team, loyal above all to France. They are clever and know all the tricks.

In the case of supplies to the offshore oil industry, the OSO soon learnt that seemingly unimportant engineering codes and standards and related technical specifications can subtly favour some suppliers while handicapping or debarring others. As Paul Channon argues, we must assume that the French will seize every opportunity to influence the tendering process in favour of French suppliers.

With £1.4b of supply business at stake, we would feel happier with the DTI formally represented in the front row of the IGC, at least while the supply contracts are being let. To be effective the DTI needs status and continuity of representation.

We recommend that you should ask John Moore to re-consider Paul Channon's proposals carefully, having regard to the concerns outlined above.

JOHN WYBREW

CC BG

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5422
GTN 215) .....
(Switchboard) 01-215 7877

Secretary of State for Trade and Industry

17 June 1986

CONFIDENTIAL

The Rt Hon John Moore MP
Secretary Of State for Transport
Department of Transport
2 Marsham Street
LONDON
SW1P 3EB

N8824.

Dear John.

CHANNEL FIXED LINK - INTER-GOVERNMENTAL COMMISSION

Thank you for copying to me your letter of 28 May to Geoffrey Howe.

I am concerned and disappointed that you have decided to confirm Nicholas Ridley's original proposal. As you will know from my letter of 20 May, I fully endorse Geoffrey Howe's view that a flexible approach is needed on this matter. However, I believe that this can be best achieved through adjustment to membership status reflecting the changing weight of Departmental interests as the project progresses.

The potential value to UK industry of work arising from the construction and operation of the link cannot be emphasized too strongly. At stake is business worth in excess of £1,400 million, much of which could benefit companies located in areas of high unemployment. Nevertheless, within the Assisted Areas there is already concern that the Link will add to the attraction of the South-East as a location for manufacturing investment. This concern underlines the importance of ensuring, as far as possible, the maximum UK content of employment and materials during the construction phase. Should UK industry not obtain what is demonstrably a fair and substantial share of the work, thus bringing to all Regions some economic benefit, the Government will be subject to heavy criticism for that failure both in National terms and in Regional contexts.

JF5BGW

1786 BOARD OF TRADE BICENTENARY

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I recognize that the IGC's function will not be one of adjudicating between competing bids for commercial contracts. However, Clause 7 of the Concession Agreement when taken together with the relevant Annex, allows ample scope for discussion about the codes, standards and regulations applicable to the construction of the Link. Decisions on such matters can play a critical role in influencing UK industry's ability to win business. There is, moreover, already evidence to suggest that the French will use every opportunity to introduce standards designed to place their industry at an advantage.

In the light of the above, I would urge that you reconsider carefully my suggestion that membership should be sufficiently flexible to accommodate DTI interests in the critical initial stages of this project. You have indicated that the composition of the delegation to any particular meeting will reflect the subjects on the Agenda. Whilst this is helpful, will sufficient flexibility be achieved by formal allocation at this time of all full and deputy member places? Geoffrey Howe has noted that the IGC will not be responsible for detailed negotiations on food, animal or health controls and consequently I believe it would be better to make clear at the outset that representation will be shared between MAFF, DOE and DTI according to the Agenda. Alternatively, the French should be pressed to agree to the full eight places being taken up in order to remove many of the present difficulties.

I am copying this letter to the Prime Minister, other members of EA, the Secretary of State for Defence and Sir Robert Armstrong.

PAUL CHANNON

1786 1986 BOARD OF TRADE BICENTENARY

JF5BGW

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TRANSPORT

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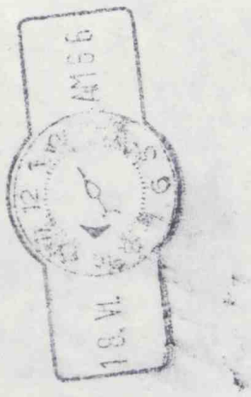


CCBG

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Prime Minister 2

For amusement. This is Mr Ridley replying ~~to~~ in effect to himself.

DRN 10/6.

The Rt Hon John Moore MP
Department of Transport
2 Marsham Street
LONDON
SW1P 3EB

9 June 1986

Dear John

CHANNEL TUNNEL INTERGOVERNMENTAL COMMISSION

Thank you for sending me a copy of your letter of 28 May to Geoffrey Howe about your decision on the composition of the UK Representation on the Shadow Intergovernmental Commission.

at flap

Having now looked at this from both "points of view", I fully understand the line you have taken when faced with the problem of getting a quart into a pint pot. However, I am grateful to you (me) for your (my) offer to vary the composition of the UK Membership of the Commission as circumstances dictate. On the understanding that when the Commission gets underway there will be an Environment presence when matters of concern to this Department are discussed, I am satisfied with the arrangements you have proposed in respect of my Department. My nominee for the seat as Deputy to MAFF is Mr J A Colley, Channel Fixed Link Unit.

I am copying this letter to the Prime Minister, the Secretary of State for Foreign and Commonwealth Affairs, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

Yours ever
Nicholas

NICHOLAS RIDLEY

TRANSPORT Channel Tunnel PTS



cc BC

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

The Rt Hon John Moore MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

NBPM.

6 June 1986

Dear John.

WILL REQUEST IF REQUIRED

I have seen a copy of Douglas Hurd's letter of 20 May about on-train checks for trains using the Channel Tunnel once it is completed and I want to endorse his view that we need to consider practical measures to maintain the effectiveness of our frontier controls.

My officials have been involved in discussions held by your Department with a number of other Departments and with British Rail and it is important that this should continue. In this context my particular interest is the controls on which our status in respect of plant, animal and fish diseases depend. On-train controls carry the risk of passengers being separated from their luggage and it may not be easy even to link hand luggage with its owners. By making the detection of illegal importation of plants more difficult there is an increased incentive to smuggling.

An essential feature of our present animal health checks, whether or not these are undertaken on live animals or on meat etc, is that the controls are exercised before an agent which might carry animal disease is "loose" in the country. Our approach is that controls rely heavily on veterinary certification in a country of destination (which are checked by our Customs authorities on the arrival of animals or goods in this country) and upon quarantine arrangements. Similar considerations apply to fish disease controls on imports which rely on Customs checks and the interception of unlicensed or prohibited material.

It is by no means obvious that on-train checks could provide an appropriate or practical alternative to these arrangements. As my officials made clear at a recent meeting with British Rail, we are concerned, in concert with Customs and Excise, to find a solution to the difficulties arising. We have asked British Rail to consult further on these matters.

/ Copies of this ...

Copies of this letter go to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

Yours ever

Michael

MICHAEL JOPLING



VCBG

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON SW1

NBPM

May 28. 86.

Dear Geoffrey,

CHANNEL TUNNEL : INTER-GOVERNMENTAL COMMISSION

As was to have been expected, Nicholas Ridley's letter of 28 April setting out his proposals for the composition of the UK delegation to the Inter-governmental Commission (IGC) drew a lot of comment from colleagues, in particular from those in charge of Departments not proposed for full members status in the initial composition of the UK delegation.

I have seen your minute of 20 May to Paul Channon in which you commented on his plea for representation on the IGC and on the letters from Kenneth Baker, John MacGregor and Peggy Fenner. As you say, there is clearly a great deal of disagreement among Ministers on how this matter should be resolved, and I am very grateful for your helpful comments.

I have given careful consideration to all the points made in this correspondence but, in the light of your comments, I believe that my best course would be to confirm Nicholas Ridley's original proposals. Accordingly, I intend that the initial composition of the UK delegation for the 'shadow' period should be as follows:

Member	Deputy
DTp: Mr J D Noulton Head of Delegation	DTp
DTp: Major C F Rose, Chief Inspecting Officer of Railways, Joint Head of Safety Authority	HSE: Mr D J Hodgkins, Director of Safety Policy and Information Services: representative on Safety Authority
FCO: Mr R C Beetham Head of MAED Department	MoD: Mr R Facer AUS (PL)
FCO: Mr P Fifoot Deputy Legal Adviser	FCO: Mr C Whomersley Assistant Legal Adviser

Customs and Excise:
Mr R I Bolt

Treasury:
Mr D W Revolta

Home Office: Mr P R A Fulton (DHSS?)

MAFF: Mrs E A J Attridge DOE

As Nicholas Ridley said, other Departments will be kept in touch by way of the IGC Plenary Group which we have established. We shall also ensure that the composition of the delegation to any particular meeting of the IGC properly reflects the weight of Departmental interest in the subjects for discussions by appropriate flexibility in the use of deputy members and experts. On this basis, I should now be grateful for a nomination for the Deputy seat allocated to DOE. It seems to me that, in view of their common interest in frontier controls, a DHSS representative might usefully act as Deputy to the Home Office member. If he agrees, perhaps Norman Fowler could let me have a nomination.

The delegation proposed above need not, of course, be the 'permanent' delegation throughout the construction and operation phases of the project. We can always vary the composition as circumstances dictate. You have helpfully mentioned, for example, that the FCO would not necessarily make a continuing claim for legal representation. It may be advisable at a later stage to press the French Government to agree to the appointment of a eighthmember of each delegation, which would give us an opportunity to review the composition of our delegation. But it is too soon to decide which Department would have the first claim to any additional place.

I do not propose to make any public announcement about all this; that can await the formal establishment of the IGC after the ratification of the Treaty.

I am copying this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong. I am also sending it, together with my previous letter, to the Secretary of State for Social Services.

JOHN MOORE

TRANSPORT: Channel Tunnel: PT 5



18/16

CHANNEL TUNNEL BILL

Mr Secretary ~~Ridley~~ Moore

After Second Reading of the Channel Tunnel Bill, to move,

That the Bill be committed to a Select Committee of ~~Eight~~ Nine Members, ~~Four~~ Five to be nominated ~~by the House and Four~~ by the Committee of Selection:

That there shall stand referred to the Select Committee -

(a) any Petition against the Bill presented by being deposited in the Private Bill Office at any time not later than the 17th June ~~day after this day~~ or thereafter] and

(b) any Petition which has been presented by being deposited in the Private Bill Office and in which the Petitioners complain of any amendment as proposed in the filled-up Bill or of any matter which has arisen during the progress of the Bill before the said Committee,

being a Petition in which the Petitioners pray to be heard by themselves, their Counsel or Agents:

That if no such Petition as is mentioned in sub-paragraph (a) above is presented, or if all such Petitions are withdrawn before the meeting of the Committee, the order for the committal of the Bill to a Select Committee shall be discharged and the Bill shall be committed to a Standing Committee:

That any Petitioner whose Petition stands referred to the Select Committee shall, subject to the Rules and Orders of the House and to the Prayer of his Petition, be entitled to be heard by himself, his Counsel or Agents upon his Petition provided that it is prepared and signed in conformity with the Rules and Orders of the House, and the Member in charge of the Bill shall be entitled to be heard by his Counsel or Agents in favour of the Bill against that Petition:

That the Committee have power to report from day to day the Minutes of the Evidence taken before them:

That Three be the Quorum of the Committee.

Draft procedure resolution

CHANNEL TUNNEL BILL (PROCEDURE)

Mr. -

That in the case of the Channel Tunnel Bill the Standing Orders relating to Private Business, so far as not complied with in the respect mentioned in the Report of the Examiners of Petitions for Private Bills relating to that Bill received on 28th April, shall be dispensed with, and the Bill shall be permitted to proceed.

CC/6

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5422
GTN 215) .....
(Switchboard) 01-215 7877

JU293
Secretary of State for Trade and Industry

20 May 1986

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign & Commonwealth Office
Downing Street
London SW1

NBPM

CHANNEL FIXED LINK - INTERGOVERNMENTAL COMMISSION

I have seen a copy of Peggy Fenner's letter to you of 9 May, commenting on my letter of 7 May about membership of the IGC.

Whilst MAFF's responsibilities are indeed wide ranging they are nevertheless related essentially to matters of controls and safeguards. Thus MAFF will have an important role in decisions about the operation of the Fixed Link.

However, DTI's concerns are more immediate and very much centred on the detailed design and development phase which will precede construction and influence procurement. At stake are major orders worth more than £700 million. The potential business extends beyond steel, tunnelling and construction equipment to include, for example, telecommunications, electrical engineering, traffic control and power generation equipment, and ticketing and security systems. To this must be added a further £200 million worth of orders for the trains themselves.

There should be no doubt that UK industry's ability to win business will be critically influenced by technical specifications and standards on which decisions will be made over the next 2 - 3 years. The project also offers significant potential for innovation and advances in technology which in turn will determine future prospects for UK industry to win export business.

1786 1986 BOARD OF TRADE BICENTENARY

The Intergovernmental Commission will supervise all matters concerning the construction of the Fixed Link. This function cannot be separated from industrial interests and consequently from employment and regional considerations, and I cannot accept that these are not of sufficient weight to more than justify Deputy status for DTI.

Nicholas Ridley's letter of 28 April noted that it would be possible to adjust membership as matters progress. With that in mind the weight of DTI interest in the immediate construction phase and MAFF's growing interest as the operational phase comes more into focus, can be accommodated by proceeding initially along the lines proposed in my letter of 7 May. The appropriate membership adjustments could be made as DTI's interests diminish and MAFF's grow.

I am copying this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

PAUL CHANNON

1786 1986 BOARD OF TRADE BICENTENARY

TRANSPORT : CHANNEL TUNNEL PTS



cc DG

FCS/86/139

SECRETARY OF STATE FOR TRADE AND INDUSTRY

Channel Fixed Link: Intergovernmental Commission

1. You wrote to me on 7 May about the DTI claim to a place on the Channel Fixed Link Intergovernmental Commission. Peggy Fenner has since written to me to set out the MAFF case.

2. In my view, as we agreed during the drafting of the Channel Tunnel Bill, it is for Nicholas Ridley to decide which UK Government Departments have seats on the IGC. The Department of Transport have primary responsibility for the Channel Fixed Link project and I am not in a position to adjudicate between competing bids. That said, I should like to offer a few personal comments, since it is clear to me from your letter and those of Kenneth Baker, John Macgregor and Peggy Fenner that there is a good deal of disagreement within the Government on how this matter should be resolved.

3. First, I think the bids for permanent places on the Commission may at this stage be a little premature. The IGC will for the next year or so be meeting only in shadow form pending ratification of the Treaty; and as Nicholas Ridley said in his letter of 18 April what we are discussing is the initial composition of the UK delegation.

4. Second, I see a clear need for flexibility in our approach to membership of the IGC. The French have agreed to the nomination of deputies as well as representatives; and the Treaty provides for additional officials to attend meetings as expert advisers where necessary. There is no reason, therefore, why the composition of the UK team cannot be adjusted according to the issues that are live at the time. For example, because the IGC have been given the task of overseeing the drafting of various bilateral protocols, the FCO has a second place for one

/of

of our senior Legal Advisers. Once these bilateral legal arrangements have been completed, I would not expect us to have a continuing claim to that seat, though there would probably be a continuing need for a lawyer.

5. Third, I think there may be some misunderstanding among colleagues about the proper functions of the IGC. These are set out in Article 10 of the Treaty; they are essentially supervisory. The IGC will not be responsible for detailed negotiations on customs, immigration, food, animal or health controls; nor can I see how it could monitor or adjudicate between competing bids for commercial contracts. Such issues are likely to feature on the IGC's agenda only when there are irreconcilable problems with the Concessionaires or between the two Governments at working level.

6. Finally, I suspect that the arguments about public presentation are misplaced. Neither the French Government nor we expect to give the IGC meetings publicity, and we expect press interest to be slight. The British public will be more concerned about, for example, the practical arrangements that are elaborated to prevent the spread of rabies to this country through the link than about which Government departments have seats on the IGC.

7. In short, while it is for Nicholas Ridley to decide who has a place on the IGC, I think we must help him by collectively agreeing to a flexible approach. Some of us will have permanent places and some will be designated deputies, others may need to send experts for particular subjects; but attendance at individual meetings should be determined by the circumstances at the time and the items that figure on the agenda. It follows from this that I agree that your department should have the opportunity to be represented at meetings of the IGC - as should MAFF, the DOE and Treasury; but which of you has "permament", which "deputy" and which "expert" status should in reality prove unimportant. The IGC's meetings over the next year under

/interim

interim arrangements will in any case provide a practical demonstration of the degree of each department's involvement and need for representation in the light of which Nicholas can reach a conclusion about permanent membership.

8. I am copying this minute to the Prime Minister, other members of EA, the Secretary of State for Defence and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

20 May 1986

TRANSPORT
CHANNEL
TUNNEL
PTS



CONFIDENTIAL

bc. BG

TD 50

10 DOWNING STREET

From the Private Secretary

16 May, 1986.

THE CHANNEL TUNNEL

The Prime Minister has seen the Secretary of State for Transport's letter of 15 May to the Chancellor of the Exchequer about the timing of CTG/Franche Manche's second tranche of equity.

The Prime Minister hopes most strongly that a way will be found through the timing difficulty discussed by the Secretary of State for Transport.

I am sending copies of this letter to Colin Budd (Foreign and Commonwealth Office), John Howe (Ministry of Defence), and Richard Allan (Department of Transport).

(David Norgrove)

Tony Kuczys, Esq.,
HM Treasury.

CONFIDENTIAL

10 DOWNING STREET

4

Prime Minister

To be aware that there is a wrangle in progress over which departments should sit on the inter-Governmental Commission which will supervise the Channel Tunnel. Endless correspondence, but no need for you to intervene at this stage.

DLV
15/5

GCBG

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

15 May 1986

Prime Minister

Agree to express the strong hope that a way will be found through this timing difficulty?

DKR
15/5.

Dear Nigel

THE CHANNEL TUNNEL

The Channel Tunnel Group, with their French partners, Franche Manche, are getting ready to raise their second tranche of equity. This will be the first time that funds are raised outside the Group itself and the issue is therefore of critical importance in demonstrating the willingness of the markets to finance the project. I would therefore be grateful for your help in lifting Treasury and Bank of England objections to the timing of the issue.

The Group, which is now known as Eurotunnel, is raising £28m (Equity 1) on 16 June from founder members of CTG and FM. Equity 2, totalling about £175m, will be 'placed' privately with institutions in Britain and France and elsewhere. About 35% of this sum will be raised in London and the shares will probably be partly-paid, with 50% payable initially and the balance in early 1987. The initial amount which will need to be raised in London is, therefore, £30m.

Eurotunnel have a preferred impact day of 17 July, which is almost certainly the earliest time by which the necessary preliminaries - settlement of main contract and loan agreements - can be completed. The issue has to be arranged simultaneously in London and Paris and FM say that a date later than mid-July is impossible because the French money markets are inactive from late July to early September. A 'pathfinder' prospectus would be issued in early July with the final prospectus released on 14 July.

The Group's UK financial advisers have told us that the Bank of England will not consent to their chosen impact date because of the need to make room for a major privatisation issue. I understand that this is a reference to the proposed offer for sale of the Royal Ordnance Factories.

I fully accept that the Government's privatisation programme must take priority over private fund-raising activities and that there is need for the Bank to maintain an orderly 'queue' in the money markets, but I think you will agree that an exception can and should be made in this instance. The CTG/FM cash call is very small indeed. It is also a placing with institutional investors some of whom have already shown interest. It can hardly be argued therefore that this small placement will automatically and substantially reduce the amount of cash available for ROF shares.

Another consideration is the Government's obligations under the Treaty and the concession Agreement though I acknowledge that these are only moral commitments until the Channel Tunnel Bill is enacted. The Treaty requires us to "take such steps as are necessary for the construction .... of the Fixed Link". Our French partners will not understand why we are now, apparently, obstructing the free operation of the money markets upon which the UK Government has laid such emphasis. The concession Agreement is even more tightly worded and requires us to take steps necessary to enable the financing of the link. We will be heavily criticised by the concessionaires if we obstruct them at the first, most difficult, hurdle.

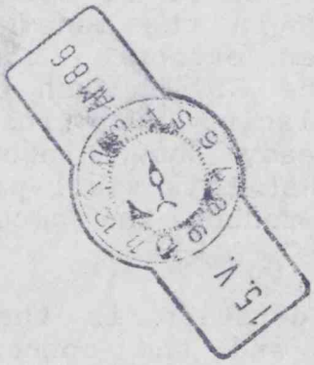
I would be grateful if you would look into the facts of this case carefully. The Group's financial advisers are holding back their final preparations until we are through Standing Orders Committee but, in the light of the additional information in this letter, I do hope that you can relax the normal ban on private fund-raising either side of a privatisation. If it would be helpful I would be happy to discuss this with yourself and George Younger.

I am copying this letter to the Prime Minister, the Foreign Secretary and the Secretary of State for Defence.

Yours ever

Nicholas

NICHOLAS RIDLEY



SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

14 May 1986

Dear Nick,

CHANNEL TUNNEL INTERGOVERNMENTAL COMMISSION

Your letter of 28 April to Geoffrey Howe sets out your proposals for UK Representation on the shadow Intergovernmental Commission which is being set up to supervise all matters concerning the construction and operation of the Fixed Link. I am concerned that you are not proposing a full place for my Department.

I appreciate that at this early stage it is difficult to identify with any precision the exact demands that will be made upon the Commission. However, I am very much aware of the groundswell of opposition to the Tunnel because of the affect it will have or is alleged will have upon the environment. There is a distinct danger that Regional and local environmental issues may well prove to be the most dangerous of all to the Bill's progress. If we are not seen to be taking clear steps to ensure that the applications of the two countries' laws on environmental protection, or the harmonisation of the laws by the Commission, is not carried out in a way which is entirely acceptable to British concerns, we will add to this danger.

I understand that discussions with the French on the role of Deputies is not sufficiently advanced for me to have any confidence that my Department's interests will be adequately represented in that way.

I therefore feel strongly that Environment, with its responsibilities for Local Government functions, environmental quality and planning matters, must have permanent representation even if it involves difficult negotiations with our French partners to secure an additional seat on the Commission.

I am copying this letter to the Prime Minister, the Secretary of State for Foreign and Commonwealth Affairs, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

Yours ever,

Kenneth

KENNETH BAKER

The Rt Hon Nicholas Ridley MP

TRANSPORT : Channel Tunnel PTS



SK/C24

CC BC

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460

Switchboard 01-213 3000

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
2 Marsham Street
LONDON
SW1P 3EB

14 May 1986

NBPN

Dear Nick,

CHANNEL TUNNEL : INTERGOVERNMENTAL COMMISSION

Thank you for sending me a copy of your letter to Geoffrey Howe about the composition of our delegation to Intergovernmental Commission.

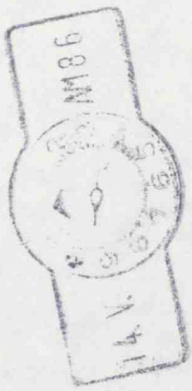
I understand that the Health and Safety Executive have put forward for membership of the Safety Authority their Director of Safety Policy and Information Services - Mr D J Hodgkins, an Under Secretary. The Head of Safety Authority will be a member of the Intergovernmental Commission, but I understand he will be drawn from your Department. In view of the importance of safety in the construction of the tunnel, it seems to me important that the Health and Safety Executive should provide the deputy to the Chairman of the Safety Authority on the IGC.

I am sending copies of this letter to the Prime Minister, the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

Yours,

Tom

TRANSPORT: Channel Tunnel: PE 5.



013/2770

CCB/a

NBPM

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

9 May 1986

Dear Nicholas,

CHANNEL TUNNEL: INTERGOVERNMENTAL COMMISSION

You copied to me your letter of 28 April to Geoffrey Howe.

The decision taken by the French without consultation to limit their membership to 7 rather than 8 has left the UK Government in an unsatisfactory position. This is not an encouraging start to this phase of our dealings with the French on this project. But having examined your proposed list of members in relation to the work that the Intergovernmental Commission will have to do, I would not want to contest your main proposals: in particular, I can see that it is necessary to have 2 representatives of the FCO if the Commission is to supervise the Treaty protocols, and to have a representative of MAFF for presentational reasons if Michael Jopling thinks this essential.

But since the Treaty binds us to appointing exactly half the members of the Commission, this leaves an awkward decision for me between the Treasury and Customs representation. It is not possible to predict at this stage how the business of the Commission will flow, or how the French will want to use it, although it is clear that they regard it as important. There will certainly be substantial matters for Customs to deal with, and it is quite likely that there will be issues for the Treasury too: and from the presentational point of view it would look very odd to leave either department out when the French have chosen to include both departments in their own team. This could hamper the flow of business, and give quite the wrong signals both to the French and to the concessionaires.

TRANSPORT: Channel Tunnel: Part 5.

I must ask therefore that you press the French to appoint an eighth member as soon as practicable, or to agree some compromise which will allow us to do so. I would like both Treasury and Customs representatives to be able to attend freely as necessary, and I would like it to be made clear to the French that this is our aim. In the meantime, the use of deputies should be as flexible as possible. And I hope that it will be possible to arrange the agendas in the meantime so that both departments are not needed simultaneously.

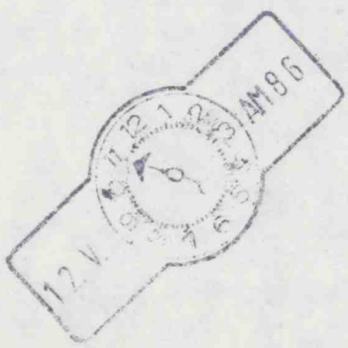
On this basis, I go along with your proposal that Treasury should deputise for Customs, but I regard this as an interim measure. I suggest that our officials return to this issue after the first couple of meetings of the Commission, which should give us a better view of its likely role and business. The representative of Customs and Excise will be Mr R I Bolt, Assistant Secretary in charge of the division concerned with Channel Tunnel work; and the Treasury representative will be Mr D C W Revolta, Assistant Secretary in charge of the relevant expenditure division here.

I am copying this letter to the Prime Minister, Geoffrey Howe, Douglas Hurd, George Younger, other members of E(A) and to Sir Robert Armstrong.

Yours ever,

JK

JOHN MacGREGOR



cc VBG -

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the
Parliamentary
Secretary

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

NBPM

9 May 1986

Dear Secretary of State,

will request if required.

CHANNEL FIXED LINK - INTER-GOVERNMENTAL COMMISSION

In Michael Jopling's absence abroad I am commenting on Paul Channon's letter of 7 May about membership of this Commission.

I really cannot accept that the MAFF claim can be dismissed as resting solely on public concerns over the rabies threat. In Michael Jopling's letter of 1 May to Nicholas Ridley he touched on the wide-ranging nature of our interests concerning controls on imported foods and the prevention of non-indigenous animal and plant diseases. It is very important that our existing controls and safeguards are not compromised and, at the same time, that those controls do not come in conflict with the advantages of quick and efficient travel which the link is designed to provide. I would like to underline that if our overseas markets for animals and animal products were perceived to be compromised in animal health terms the resulting loss would run into many millions of pounds, as experience with a small outbreak of foot and mouth disease in 1981 illustrated very clearly. This means that we must be able to influence both the construction and the operation of the link and the way the legal powers on goods passing through it will operate; and during the construction phase we also have important interests with regard to agricultural land and fisheries that must be kept in mind - in which connection I would hope that we could do much to smooth the way for the work to proceed.

Whilst some of our interests are common to those of the Home Office I hope you will agree that they diverge sufficiently to confirm Nicholas Ridley's original proposal that we should be a full member with DOE as deputy.

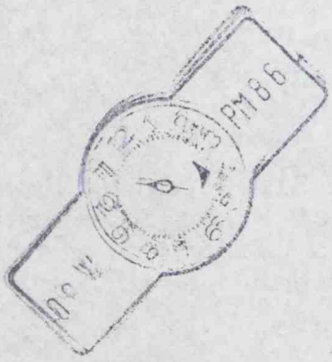
I am copying this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

Yours sincerely,
Gill Tishler

for PEGGY FENNER

(Approved by the Parliamentary Secretary and signed in her absence.)

Transport, Channel Tunnel Pt 5.



CCBG

Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5422
GTN 215)
(Switchboard) 01-215 7877

7 May 1986

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1

NBPM.

Dear Geoffrey,

CHANNEL FIXED LINK - INTERGOVERNMENTAL COMMISSION

with DRN

I have seen Nicholas Ridley's letter to you of 28 April and Michael Jopling's comments of 1 May.

I very much doubt whether Nicholas Ridley's view that DTI concerns will usually be confined to a national level will be borne out in practice. The truth, I believe, will be quite the opposite.

Without a doubt there will be a strong attempt on the part of the French to get the lion's share of the business and employment arising out of the construction and operation of the Tunnel. Strong concern is already being expressed from many sides that the UK is being left behind in this respect by the French. Our need is to ensure that we get not only a fair share of the business and orders going, such as the rolling stock, rails, signalling equipment, tunnelling equipment etc, but also that we get a fair share of the high-technology businesss and of business likely to provide further orders and employment, for example through location of repair depots in the UK. It is extremely important that the standards and practices set by IGC are phrased in a way which permits maximum UK participation. For example, we know that the French have already attempted to write in a specification for articulated rolling stock after the style of their TGV trains. It is also understood that they are seeking location of repair facilities on their side of the Channel.

DW1BEE

1786 1986 BOARD OF TRADE BICENTENARY

I do not feel that such interests can be adequately served solely at the plenary sessions. It would require at least Deputy status and the ability to attend full meetings of the Commission.

Whilst I accept that there will be considerable public concern over the rabies threat, I am not convinced that this merits full IGC membership for MAFF. I would suggest that this and other MAFF interests could be adequately served through Deputy status to the Home Office, leaving full member and deputy member places to be shared by DoE and DTI.

I am quite sure that failure to obtain a plausible share of the work and employment arising from the construction and operation of the Link will give rise to heavy public criticism of the Government.

I am copying my letter to the recipients of yours.

PAUL CHANNON

1786 1986 BOARD OF TRADE BICENTENARY

999-49 DW1BEE

TRANSPORT: Channel Tunnel: PES.

HOME SECRETARY

QUEEN ANNE'S GATE LONDON SWIH 9AT

7 May 1986

Dear Nicholas, NRBPM.

CHANNEL TUNNEL: INTER-GOVERNMENTAL COMMISSION

Thank you for sending me a copy of your letter of 28 April to Geoffrey Howe.

As you say, there is a need for the Home Office to be represented on the Commission, and I would like to nominate Mr P R A Fulton, a Principal in the Police Department. He has been co-ordinating the Home Office interest in the Channel Tunnel, and is already a member of a number of Departmental groups dealing with various aspects of the project.

I hope that the rules of procedure of the IGC will be flexible enough to permit a substitute from the same Government Department to attend in place of the nominated member if he is unavoidably absent for any reason. This would be in addition to the arrangements set out in your letter for nominated deputies from Departments other than those of the nominated members. I expect you will want to have as much continuity as possible in the attendance at IGC meetings, and I would support that aim in the interests of making the IGC an effective and cohesive body. But by the same token I am sure that it is also important, if a nominated member is unable to attend, for there to be provision for someone from the same Department to take his place at particular meetings. I suggest that we ask officials to bear this point in mind when planning the IGC's detailed working methods. If Mr Fulton were for some reason unable to attend our intention would be that the Assistant Under-Secretary of State would take his place.

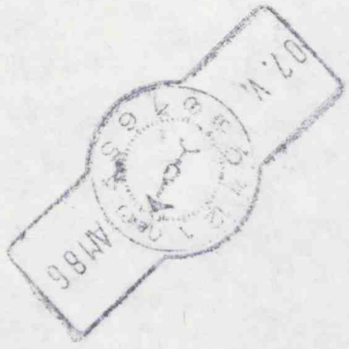
I am sending copies of this letter to the recipients of yours.

Yours,

Douglas

The Rt Hon Nicholas Ridley, M.P.

TRANSPORT : Channel Tunnel : Part 5



FCS/86/118

SECRETARY OF STATE FOR TRANSPORT

Channel Tunnel: Intergovernmental Commission

1. Thank you for your letter of 28 April about the composition of the British Delegation to the Commission.

2. There is a lot to be said for trying to match the French appointments, but the principal need is to ensure that we have a delegation which is suited to the tasks given to the Intergovernmental Commission under the Treaty. From that point of view I am grateful to you for agreeing to an FCO seat, as requested in my minute of 5 December. As suggested in that minute and Michael Heseltine's letter of 13 December, the FCO representative will be specifically charged with representing the interests of the MOD.

3. In view of the French intention to use the Commission to oversee the negotiation of the protocols to the Treaty, I agree that it will be necessary for the FCO Legal Advisers also to be represented.

4. My nominations for our members and deputies therefore are:

R C Beetham	Head of Maritime, Aviation and Environment Department, FCO
Deputy:	Ministry of Defence Representative
Paul Fifoot	Deputy Legal Adviser, FCO
Deputy: Christopher Whomersley	Assistant Legal Adviser, FCO

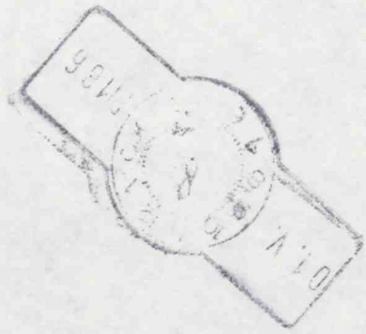
/5.

5. I am copying this minute to the recipients of yours.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

1 May 1986



MINISTRY OF AGRICULTURE

FISHERIES AND FOOD

Attached letter copied to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

WITH THE COMPLIMENTS

OF

THE PRIVATE SECRETARY

WHITEHALL PLACE
LONDON, S.W.1

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

1 May 1986

CHANNEL TUNNEL: INTERGOVERNMENTAL COMMISSION

Thank you for sending me a copy of your letter of 28 April to Geoffrey Howe containing your proposals for the membership of this Commission.

I am pleased that the solution you propose involves my Department providing a full time member. I am sure that this is right as it should help to allay public anxiety on the risk of wildlife rabies which you rightly mention. In addition we have interests in maintaining general health safeguards through regulations affecting controls on imported foods, and the prevention of non-indigenous animal and plant diseases. Since arrangements for swift transit through the Channel Link can affect our current safeguards it is sensible for us to be closely concerned.

I would like our representative to be Mrs E A J Attridge, who is the Under Secretary in charge of the Group which is co-ordinating our various interests in the construction and operation of the Tunnel. Because our interests are quite wide ranging your proposal that additional officials should attend as expert advisers where necessary will be most helpful.

MICHAEL JOPLING

Transport: Channel Tunnel pt5



Covering CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

28 April 1986

PRIME MINISTER'S MEETING WITH MONSIEUR CHIRAC

I enclose a copy of an excerpt from the record of the Prime Minister's meeting with M. Chirac dealing with the Fixed Channel Link.

C D POWELL

Miss Sarah Straight,
Department of Transport

Covering CONFIDENTIAL

JB

CHANNEL FIXED LINK

The Prime Minister said that she assumed that the new French Government would proceed with the Channel Fixed Link project on the basis which had been agreed.

M. Chirac said that the project had his unqualified support.

0.10

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON SW1

28 April 1986

Dear Geoffrey

CHANNEL TUNNEL: INTERGOVERNMENTAL COMMISSION

The Channel Fixed Link Treaty provides for the establishment of an Intergovernmental Commission (IGC) "to supervise, in the name and on behalf of the two Governments, all matters concerning the construction and operation of the Fixed Link". We have agreed with the French Government that this body should be set up in shadow form pending ratification of the Treaty, and we now need to determine the composition of our delegation.

The Treaty provides that each Government shall appoint half the members of the IGC. The French Government has already appointed seven, drawn as follows:

Ministry of Transport	2	)head of delegation)joint head of Safety Authority
Treasury/Customs	2	
Foreign Office	2	)administrator)lawyer
Ministry of Interior	1	

There would be attractions in our appointing a British counterpart for each French member, but we do not necessarily have to do so. And there are other Departments which have a strong claim to membership. Michael Jopling has already asked that MAFF should have a permanent representative, and DOE and DTI officials also have made bids. We have agreed with the French that members may have deputies, which gives us some flexibility, and the Treaty provides for additional officials to attend meetings as expert advisers where necessary. It will of course be possible to adjust our membership later

if we wish, but for the present there is a difficult choice to be made.

After careful consideration, I think that the most appropriate initial composition for our delegation would be:

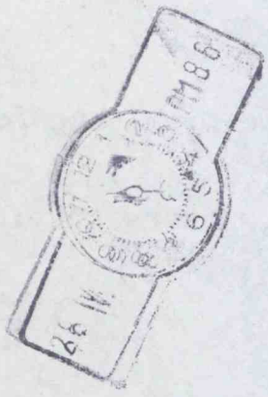
Member		Deputy
DTp:	head of delegation	DTp
DTp:	head of Safety Authority	Member of Safety Authority
FCO:	administrator	
FCO:	lawyer	
Customs and Excise		Treasury
Home Office		
MAFF		DOE

I do not think there is room for more than one representative of the Chancellor's Departments, and it seems to me that in the intergovernmental (as opposed to national) arena the main interest lies with Customs and Excise. The Home Office will be needed to cover questions of jurisdiction and policing as well as immigration, and public concern about rabies makes MAFF representation desirable, whereas DTI and DOE concerns will again, I think, arise more often at a national level. We have established an IGC Plenary Group through which all interested Departments will be kept informed of the proceedings of the IGC, and we shall of course ensure the appropriate Departments are represented at meetings (whether as members, as deputies or as expert advisers).

I hope you can agree to the solution which I propose. If so I should be grateful if you and others could let me have your nominations for members and deputies (we are thinking of officials at Under Secretary or Assistant Secretary level). I am afraid I have to ask for replies quickly since the French delegation is anxious to hold the first meeting on 12 May.

I am copying this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

NICHOLAS RIDLEY



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

OUR REF: R/PSO/5060/86

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

24 April 1986

Dear Kenneth

Thank you for your letter of 11 April about the Channel Tunnel Bill commenting on my 27 March letter to the Prime Minister.

As you say we have attempted to take into account your officials points when drafting the Bill; and I appreciate that there remain some outstanding points to which further consideration needs to be given. I agree we are liable to encounter determined opposition to the Bill from some environmental groups and that we shall need to capitalise both on what is in the Bill to safeguard environmental interests and on the results of work being carried out in groups such as David Mitchell's Kent Consultative Committee of which Angela Rumbold is, of course, a member. I appreciate too, as you do, that concessions may be needed though I do not think we are in a position yet to predict what they may be – let alone having to give them yet!

I am copying this letter to the recipients of your letter – the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and to Sir Robert Armstrong.

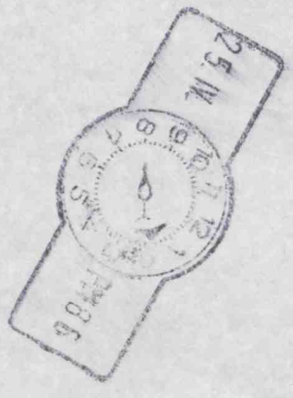
Yours ever

Nicholas

NICHOLAS RIDLEY

Transport: Channel Tunnel

PG 5



023/2770

CCBG

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

NBPM.

15th April 1986

Dear Nicholas,

CHANNEL TUNNEL BILL

I write to confirm that I am content with the change recorded in your letter of 9 April as a way of dealing with the tricky issue of the clauses to be included in the Channel Tunnel Bill dealing with termination of the concession.

I am copying this letter to the Prime Minister, Geoffrey Howe, Douglas Hurd, George Younger, other members of E(A) and to Sir Robert Armstrong.

Yours ever,

JM

JOHN MacGREGOR



15 IV. 1965

CC BG

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

11 April 1986

NBPM

Dear Nicholas

CHANNEL TUNNEL BILL

Thank you for copying to me your letter of 27 March to the Prime Minister together with the Department of Transport's note setting out details of the Channel Tunnel Bill. My officials and Legal Advisers have been making comments on the detailed drafting of the Bill and I welcome the fact that these have been taken into account.

I am of course aware that Kent County Council would like to see greater powers reserved to the district planning authorities and I would wish to support any reasonable amendment that can be agreed between the local planning authorities and CTG. Separately we would like to see a Government amendment to impose a duty on CTG and the Planning Authorities to consult with Statutory Agencies such as the NCC, the Countryside Commission and other relevant bodies normally consulted by the Planning Authorities under the Planning Acts and I gather that your officials are not opposed to this. Our officials will be in continual consultation on these and other matters which may arise during the passage of the Bill.

Lastly I think I would wish to send a warning note that there is likely to be some fairly sustained opposition from environmental groups to the Bill and that the fairly ambitious timetable you have set could be in danger if the Select Committee gets bogged down in the detail of the many important and controversial environmental issues likely to be raised. It will therefore be important for the Government to capitalise on the environmental safeguards that are written into the Bill and if necessary be prepared to make further concessions in that direction if the timetable set out is to be adhered to.

I am copying this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and to Sir Robert Armstrong.

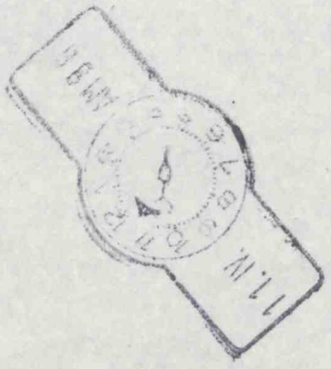
Yours ever

Kenneth

KENNETH BAKER

The Rt Hon Nicholas Ridley MP

TRANSPORT Channel Tunnel PTS



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

10 APR 1986

The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries
and Food
Whitehall Place
LONDON SW1A 2HH

Dear Michael

CHANNEL TUNNEL BILL

Thank you for your letter of 8 April about the Channel Tunnel Bill.

I am grateful for the helpful advice your officials have given us in the preparation of the Bill. I hope that when you see the next print being circulated for Legislation Committee next week, you will agree that all the MAFF points have been dealt with satisfactorily. I am not aware of any outstanding issues between us.

I have also noted your bid for a place on the Inter-governmental Commission. As you say, our officials are already in touch about this.

I am copying this letter to the Prime Minister, the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, other members of E(A) and to Sir Robert Armstong.

NICHOLAS RIDLEY



Transport - Channel

PL-5

cc BG

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

9 April 1986

NRBM

Dear John

CHANNEL TUNNEL BILL

John Moore wrote to me on ~~4~~ at flap April about the clauses in the proposed Channel Tunnel Bill dealing with termination of the concession.

I understand that our officials have now suggested that the power for the Government to operate the tunnel following termination of the Concession should be limited to a period of not more than three months. At the end of that period, a future Government would have to introduce fresh primary legislation if it wished to continue to operate the tunnel. This seems to me to be an ideal way of meeting your concern, and I understand that you are also content. The draft Bill which will be circulated to Legislation Committee in the next few days will be amended accordingly.

I am copying this letter to the Prime Minister, the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, other members of E(A) and to Sir Robert Armstong.

Yours ever

Nicholas

NICHOLAS RIDLEY

TRANSPORT Channel Tunnel PTS



FCS/86/095

SECRETARY OF STATE FOR TRANSPORT

Channel Tunnel Bill

1. I confirm that we have no comments on the Department of Transport's Note which you copied to me under cover of your minute of 27 March to the Prime Minister. I have been grateful for the continuing consultation there has been with Legal Advisers and officials in the FCO, and welcome the fact that such points as they have made have been taken into account in the draft Bill.

2. I am assured that such consultation will continue not least in the arrangements to be made on the British side for the Inter-Governmental Commission and in drafting the various protocols to the Treaty.

3. I am copying this minute to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A), and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

8 April 1986

TRANSPORT Channel Tunnel PTS



C(86)

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London SW1

8th April 1986

Dear Nicholas

CHANNEL TUNNEL BILL

Thank you for sending me a copy of your minute of 27 March to the Prime Minister. This arrived in my office on 4 April and I am sorry that I have therefore missed your deadline.

I have no comments on the general proposals you make in your note. My officials have, however, been making comments on the detailed drafting of the Bill and I hope that these will have been taken into account in the draft that goes to the printer's on 9 April. We will need to check on these points when we see the print.

My only other point concerns the inter-governmental commission which you mentioned in para 14. I did indicate some time ago that I wished to consider whether we should be represented and my officials are now in touch with yours about this. I hope it will be possible for us to have a permanent representative on this body.

I am copying this letter to the Prime Minister, Foreign Secretary, Home Secretary, Secretary of State for Defence, other members of E(A) and to Sir Robert Armstrong.

Yours ever
Michael

MICHAEL JOPLING

Transport: Channel

PG5



2816/41

cc CC



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON
SW1P 3EB

4 April 1986

NBPM

Dear Nicholas.

CHANNEL TUNNEL BILL

with TF?

You copied to colleagues your minute of 27 March to the Prime Minister; and I am replying in the Chief Secretary's absence from the office.

I am concerned about the implications of Clauses 23-25 of the Bill, which provide for the Government to intervene in association with the French if for any reason the concessionaires have to withdraw from the construction or operation of the Tunnel. These powers are carefully limited, and I accept that they are tightly drafted to ensure that the Government could not be drawn into permanent operation of the Tunnel without the authority of Parliament. But the most likely use of temporary control would be if the concessionaire was sacked for misconduct while the concession itself was still a commercial proposition: and presumably you could deal with that situation by giving notice of your intention and seeking a new concessionaire before the alternative date. It could however be almost impossible for the Government to disengage from a temporary operation as described in the Bill if no new concessionaire could be found, and if there were no satisfactory alternative means of cross channel transport at the time.

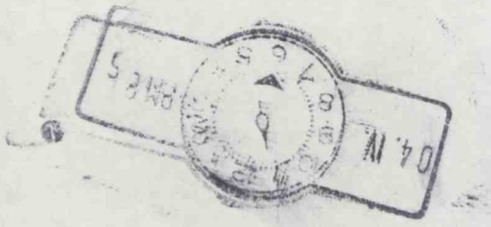
These questions would have to be tackled properly if they arose, but in my view we will leave the Government in a better tactical position and might avoid substantial contingent liabilities if we removed these clauses from the Bill. I believe that a clean-cut position with Parliament is better in this case than trying to deal with some of the wide range of future possibilities which might arise; and this should place any successor Government which

had to deal with such an eventuality in a stronger position both with the French and with public opinion to get matters right at the time. This would also be completely in line with our stance that this venture is entirely a matter for private sector finance.

I am copying this letter to the Prime Minister, Foreign Secretary, Home Secretary, Secretary of State for Defence, to other members of EA, and to Sir Robert Armstrong.

JOHN MOORE

TRANSPORT; Channel Tunnel; A-5



10 DOWNING STREET

From the Private Secretary

4 April 1986

This is just to record that, subject to the views of colleagues, the Prime Minister has no comments on your Secretary of State's minute of 27 March about the Channel Tunnel Bill, which she found both interesting and informative.

(Timothy Flesher)

Miss Sarah Straight,
Department of Transport

20

010

Prime Minister:

This seems reasonable: the business managers have no comments

3/4

PRIME MINISTER

CHANNEL TUNNEL BILL

Since the publication of the White Paper on the Channel Fixed Link (Cmnd 9735) on 4 February officials have been working intensively on the Hybrid Bill that will give effect to our decision in favour of the CTG scheme. The Channel Tunnel Bill, which I hope will be ready for introduction in mid-April (tentatively, on 17 April), will provide us with the necessary powers to ratify the treaty signed in Canterbury on 12 February and to put into effect the Concession Agreement signed with the promoters on 14 March (about which I wrote on 24 March to the Foreign Secretary). Whilst the bill is not a long one, it contains a number of important features of which colleagues should be aware. These are set out in the attached paper.

I hope that we shall be able to send this Bill to the printers in final form on 9 April, in preparation for L Committee on 15 or 16 April. Parliamentary Counsel will need to be instructed on any final changes some days before this, and I would be grateful therefore for any comments colleagues may have by 4 April at the latest.

I am copying this minute to the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, other members of E(A), and to Sir Robert Armstrong.

NR

NICHOLAS RIDLEY

27th March 1986

CHANNEL TUNNEL BILL

Note by the Department of Transport

1. This note describes the timing, procedure and content of the hybrid Channel Tunnel Bill.

Timing and Procedure for Passage of the Bill: Consultation

2. An approximate timetable for passage of the bill is at Annex A. Passage will take about 12 months, and it will be necessary to revive the bill in the Commons at the beginning of the next session. It seems very desirable that the bill should receive Royal Assent by April 1987 if possible, so that there is no danger of it being lost in a General Election in May or June of 1987. (If this were seen to be in doubt, it would jeopardise the raising of finance now.) If this objective is to be achieved, it will be necessary to complete the Select Committee (private bill) proceedings in the Commons this session, and if possible the Standing Committee too. This leaves very little slack, and is why the intention is to introduce the bill as soon as possible.

3. The Government's decision to proceed without a Public Inquiry has on the whole been accepted, in Parliament and in the national press, as inevitable if there is to be a fixed link at all. But the consequence is that, as explained in the White Paper, care is needed to ensure that informal public consultation is effective and that the hybrid bill procedure is well understood by those who may wish to petition against it. As planned, a Consultative Committee has been set up in Kent under the chairmanship of the Minister of State, Department of Transport, to bring together the promoters and the County and District Councils. The Committee has now met twice and is doing valuable work in allaying local

fears about the project and channelling concern into productive directions, whilst avoiding giving hostages for the future in terms of Government spending on infrastructure or jobs. A Guidance Note on hybrid bill procedure has been made available locally, and a simple leaflet, which will be advertised in the local and national press once the bill is introduced, is being prepared.

Scope of the Bill

4. Annex B gives the planned arrangement of clauses in the bill. (Prints of the bill have been widely circulated to officials in departments with an identified interest.) Although the Treaty on the Channel Fixed Link is broad enough to provide cover for the construction of a drive-through link in the next century, as envisaged in the Concession Agreement, the bill will deal only with CTG-FM's tunnel project: Parliament would find it quite unacceptable to provide in this bill the very wide enabling powers, in respect of compulsory purchase and planning for example, that would be needed to allow a future government to implement a drive-through link without further primary legislation.

5. The bill as currently drafted provides for works by the promoters (CTG-FM), British Rail, the Secretary of State for Transport, and Kent County Council.

6. CTG will be empowered to build the railway tunnels and tracks, the Folkestone (Cheriton) terminal site, an Inland Clearance Depot at Ashford, and related works including the extension of the working platform below Shakespeare Cliff West of Dover and minor diversions of existing roads. The land required will be acquired by the Secretary of State for Transport at CTG's expense, and leased back to the concessionaires for the duration

of the concession (55 years). Land required only during construction will be transferred to CTG (or to the original owners if they wish to repurchase) after 10 years. The procedures for acquisition will involve similar compensation and be generally those for normal road projects except that the public inquiry will be replaced by the hybrid bill proceedings. The bill will give deemed planning consent but matters such as building design and layout will be reserved for the Local Planning Authorities: officials are encouraging an accommodation CTG and the local authorities to reach agreement in advance on these details.

7. BR will also need compulsory acquisition powers and deemed planning consent, mainly in respect of the Waterloo terminal but also for the development of Ashford Station. Consultation in London is only now getting under way. The direct effect of the Waterloo development on the district is very limited, but the substantial volume of international traffic that the station will carry could affect the character of the neighbourhood and of the local community. Lambeth Council is likely to be opposed, and the local MP, Mr Stuart Holland, is campaigning against the choice of Waterloo.

8. The Secretary of State for Transport will be empowered to construct a 4-mile section of the A20 from the end of the M20 just East of the Folkestone terminal, to Court Wood just East of the village of Capel-le-Ferne, where villagers have been campaigning for a bypass for some years. This was dealt with in correspondence with the Secretary of State for the Environment in February. Parliamentary Counsel considers that, since the primary purpose of this road is not concerned with access to the terminal, it should go in a separate part of the bill. This fits in well with the view of the Secretary of State for the Environment that the Government should be prepared to drop the road if it is necessary to secure passage of the bill, though there is no reason to believe that this will be necessary:

whilst there are environmental difficulties at Holywell Coombe, the County Council and the districts all favour the road scheme.

9. The bill will also include the necessary powers of compulsory acquisition and deemed planning consent for the construction by Kent County Council of the South Orbital Road at Ashford, giving improved access from the M20 to BR's international extension of Ashford Station. This road will cost a total of £17 million and it has been made clear that inclusion in the bill does not mean that Transport Supplementary Grant will be available. Thus it will be built if and when Kent, and possibly Ashford, can find the money. If this road were not in the bill, Kent CC and Ashford DC would petition against the bill as a whole.

International Aspects: Order-making Powers

10. The novel features of the bill, compared to other hybrid legislation, all have to do with the international aspects. Because it will take some time to negotiate detailed cooperation arrangements in the various fields contemplated by the Treaty, and because these arrangements are in any case likely to develop over time, broad enabling powers will be needed.

11. Last year, in considering frontier controls, E(A) decided in favour of the juxtaposition of controls before entering the link, the UK's entry controls being on the French side and vice versa. This means we must give British customs, immigration and other officials who traditionally carry out checks at points of entry into the UK, full powers of inspection and, as appropriate, detention and seizure at the frontier post in France. This must also include security checking and general police powers. Thus the order-making power must cover a wide variety of checks; it must cover checks both at the terminal areas and on through trains (if we eventually decide to go along that path); it must provide that evasion of these checks constitutes an offence against English law, even though committed on French soil; it must provide for persons committing such offences to be brought

to Britain for trial without conventional extradition proceedings; and it must make similar arrangements for French checks in Britain. Apart from the consequences of juxtaposition, there must be power to make the detailed arrangements for policing the tunnel system, so far as it falls within the responsibility of the British authorities. Such a wide-ranging order-making power should be subject to affirmative resolution procedure in appropriate cases, and must be available to whichever Minister is the most appropriate to act in any particular case.

12. The presence of British controls on the French side may tend to lead travellers into thinking that they pass into British, and out of French, jurisdicition at that point. There may therefore be some merit in applying British law more generally once the frontier control in France has been passed, and vice versa; or it may be that concurrent jurisdiction will be the preferred option. It would take some time to determine whether either of these options was workable and the preferred solution would have to be agreed with the French, but meanwhile sufficiently broad order-making powers are needed to cover it.

13. An order-making power is also needed to provide for cooperation with the French on matters primarily affecting those working in the tunnel system - social security, employment, health and safety at work etc.

14. Finally, a number of matters will be regulated by the two international bodies, the Intergovernmental Commission and the Safety Authority, set up under the Treaty. These bodies will be very much the creatures of the two Governments, and their actions will be subject, through the respective heads of delegation, to the veto of either government. But it will be for these bodies to administer the Concession on behalf of the two Governments, to adopt common rules applying to the tunnel system as a whole where necessary, and to make regulations and issue directions to the concessionaires and others. The Secretary of State for Transport

will need power to implement these regulations in Britain (including any amendment that might be needed to existing legislation) and the directions must be given force in English law. These are likely to concern less weighty matters than those above, and annulment procedure will be appropriate.

Implementation of the Concession

15. The legislation must ensure that the Concession can work as intended. The Concession contains its own arbitration procedure, intended to take the place of proceedings in English or French law. It is therefore necessary in the bill to provide that no action under the Concession may be pursued in a British court, save for action to enforce rulings of the Arbitration Tribunal set up under the Concession.

16. As drafted, the Bill would do nothing to prevent the terms of the Concession being overridden by English law. Breach of the Concession by either Government will, in any case, entitle the concessionaires to damages under the arbitration procedure, and this should discourage breaches. The concessionaires would like the Government to be restrained by statute from acting in breach of the Concession in the first place, but any proposal to fetter Government in this way is likely to be unacceptable, both in principle and in practice.

Abandonment

17. The bill must make provision for the possibility that the project is abandoned, either before or after it comes into operation. If the concessionaires fail financially, other than at an early stage, the most likely result is that the creditors will assemble a new financial package to allow the project to be completed, in basically its original form. If this does not happen, however, the Secretary of State for Transport or his successor will need powers, tightly constrained, to maintain the tunnel workings while looking for a new concessionaire; and if

failure occurs when construction is complete, to operate the tunnel, on a similar temporary basis, but only so long as each year's expenditure is fully covered by revenues. Care is needed to prevent a future government taking the project over at the national expense without the authority of Parliament.

18. In carefully defined circumstances, however, it will be necessary for the Secretary of State to take over certain of the rights and duties of the Concessionaires. It would overburden the bill to include full details of the transfer of powers needed, and a further order-making power is therefore required.

Financial Provisions

19. The financial provisions in the bill are simple, reflecting the Concession. The British share in the expenses of the Intergovernmental Commission will be covered partly or fully by contributions by the concessionaires, but the expense will fall in the first place on the Department of Transport. Similarly the costs of compulsory purchase fall on the Department until they are recovered from the concessionaires. The bill needs to cover all payments that are duties under the Treaty and the Concession: and it will thereby cover the payment of compensation in the event of a political cancellation which, together with other cases of cancellation which do not result from the default of the concessionaires, are the only circumstances in which substantial net sums of Government money can become involved in the project.

Transport User Consultative Committees

20. Without special legislative provision, through train services by BR and its subsidiaries through the tunnel would be subject to the supervision of the Transport Users Consultative Committees and the London Regional Passenger Committee. It is doubtful whether this is right. The services will probably be jointly operated with SNCF and the Belgian railway company, who will not be subject to scrutiny by these bodies; they will be in direct

competition with other modes, particularly the airlines, who have no equivalent body; and BR will not be in receipt of any subsidy for these services. It is probably right to exempt them from the TUCCs' terms of reference, although if needed this point could be conceded during the passage of the bill.

Department of Transport
26 March 1986


27. III


27.

IN PARLIAMENT

FOR SESSIONS 1985-86-87

ANNEX A
cc PE

3.3.86

CHANNEL TUNNEL

Timetable

Action	Date
	1986
Legislation Committee	Wednesday 16th April
Bill introduced into House of Commons, read first time and referred to Examiners	Thursday 17th April
Plans, sections and Book of Reference and Estimate of Expense deposited	Thursday 17th April
Services of landowners, etc. notices	Friday 18th April
Publication of newspaper notices	Friday 18th and 25th April
Publication of Gazette notices	Tuesday 22nd April
Examiners' Inquiry and Report- Standing Orders not complied with and reference to S.O. Committee	Monday 28th April
House of Commons Standing Orders Committee (If 2 clear days notice requirement waived)	Thursday 1st May
Bill read Second time Order for committal of Bill to Select Committee	Say, 6th to 22nd May
House of Lords Standing Orders Committee	6th to 22nd May
[Whitsun recess	Rise Friday 23rd May Return Monday 2nd June]
Last date for Petitions (6 weeks from introduction)	Monday 2nd June
Select Committee proceedings (say, 6 weeks)	Tuesday 17th June to 24th July

Action	Date
	1986
Bill reported from Select Committee with amendments	Thursday 24th July
[Summer recess	Rise Thursday 31st July Return Monday 20th October]
Standing Committee proceedings commence (say, 4 sittings) ?	Tuesday 21st October
Bill reported from Standing Committee with amendments	Thursday 30th October
[Session ends	Friday 31st October
New Session begins	Wednesday 5th November]
Motion to "revive" Bill -	
in House of Commons	Thursday 13th November
in House of Lords	Tuesday 18th November
Bill presented, read first time, reported from Standing Comittee and ordered to be considered	By Thursday 20th November
Consideration and Third Reading	By Thursday 11th December
IN THE HOUSE OF LORDS	
Bill read first time and referred to Examiners, Order for Petitions to be deposited after Christmas recess	Friday 12th December
Examiners' Report	Wednesday 17th December
[Christmas recess	Rise Friday 19th December Return Monday 12th January 1987]
	1987
Last date for deposit of Petitions	Monday 12th January
Bill read second time and committed to Select Committee	Thursday 15th January
Select Committee proceedings commence (say, 3 weeks)	Tuesday 3rd February
Bill reported from Select Committee with amendments	By Friday 20th February

Action	Date
	1987
Committee of the Whole House and report from Committee with amendments	By Tuesday 10th March
Report and Third Reading	Tuesday 24th March
Consideration of Lords amendments in the Commons	Tuesday 31st March
Royal Assent	By Thursday 16th April
[Easter recess	Rise Thursday 16th April]

ANNEX B

RESTRICTED

Channel Tunnel

ARRANGEMENT OF CLAUSES

PART I

WORKS AND LAND FOR THE TUNNEL SYSTEM AND CONNECTED RAILWAY WORKS

Preliminary

Clause

1. Construction of the tunnel system and connected railway works.
2. Vesting of seaward section of tunnel system in Secretary of State, subject to rights of Concessionaires.
3. Acquisition of land for works under Part I or Part II.
4. Supplementary provisions as to works under Part I or Part II.
5. Planning permission.

PART II

STATUS, OPERATION AND REGULATION OF THE TUNNEL SYSTEM

Status of the tunnel system

6. Incorporation of part of the tunnel system into the United Kingdom and general application of law.

Operation of the system

7. Operation of the tunnel system by the Concessionaires.

International supervision and control of construction and operation

8. The Intergovernmental Commission.
9. The Safety Authority.
10. Supervision and control by Intergovernmental Commission and Safety Authority.
11. Provisions supplementary to section 10.

Police and frontier controls, security and application and enforcement of law

Clause
12. Police and frontier controls.
13. Defence and security of the tunnel system.
14. Application and enforcement of law.
15. Provisions supplementary to sections 12 to 14.

Regulation of operation

16. Byelaws by the Concessionaires.
17. Confirmation, variation and revocation of byelaws by Secretary of State.
18. Control of traffic within the system.

Safety controls and works powers

19. Railway safety controls.
20. Telecommunications.
21. Works in connection with generation and supply of electricity.

Miscellaneous

22. Rating.
23. Building regulations.

PART III

CONSTRUCTION AND IMPROVEMENT OF ROADS NEAR FOLKESTONE

30. The A20 improvement works.
31. Acquisition of land for the A20 improvement works.

PART IV

MISCELLANEOUS AND GENERAL

32. Supplementary provisions with respect to acquisition of land.
33. Protection of interests.
34. Arbitration.
35. Financial provisions.
36. Interpretation.
37. Short title.

SCHEDULES:

Schedule 1—The Scheduled works.
Part I —The Concessionaires' works.
Part II —The Railways Board's works.
Part III —Supplementary.

Schedule 2—Purposes for which certain land may be acquired or used.
Part I —Purposes of the Concessionaires.
Part II —Purposes of the Railways Board.

Schedule 3—Supplementary provisions as to works under Part I or Part II.
Part I —Application of enactments.
Part II —Regulation of scheduled works and subsidiary provisions.
Part III —Interference with highways.
Part IV —Construction and status of certain road works.

Schedule 4—The A20 improvement works.
Part I —The authorised works.
Part II —Interference with highways.
Part III —Regulation and status of the works.

Schedule 5—Purposes for which certain land may be acquired or used under Part III.

Schedule 6—Supplementary provisions as to acquisition of land under Part I or Part III.

Schedule 7—Protective provisions.
Part I —Highways and traffic.
Part II —Protection of the Railways Board.
Part III —Protection of Dover Harbour Board.
Part IV —Protection of certain statutory undertakers.
Part V —Further protection of the Folkestone and District Water Company.
Part VI —Protection of telecommunications operators.

TRANSPORT, Channel Tunnel Pt 5

013/2769

cc BG

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

ABPm
N.

26 March 1986

Dear Nicholas,

CHANNEL TUNNEL CONCESSION AGREEMENT

I have seen a copy of your letter of 24 March to Geoffrey Howe about the conclusion of the Channel Tunnel Concession Agreement. It is indeed a satisfactory outcome, on which - if I may say so - you and your officials are to be congratulated.

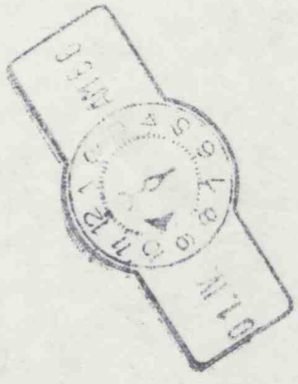
I am copying this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and to Sir Robert Armstrong.

Yours ever,

JM

JOHN MacGREGOR

TRANSPORT: Channel Tunnel: PE 5



DEPARTMENT OF TRANSPORT
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The Rt Hon Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON SW1

24 March 1986

Dear Geoffrey

CHANNEL TUNNEL CONCESSION AGREEMENT

On 3 March I sent you a copy of the draft text of the Concession Agreement which was to form the basis for the final round of negotiations. I am glad to say that those negotiations are now concluded, and that since a satisfactory outline agreement betwen the concessionaires and the railway companies had also been reached I was able to sign the Concession Agreement as of 14 March. I attach a copy of the English text as it was signed.

You will wish to know the final position on the major points on which I have sought views in previous correspondence:

1. Length of Concession (clause 3)

   We were able to hold a compromise solution of a concession length of 55 years, rather than the 60 years which CTG/FM were seeking.

2. Financial Structure (clause 5)

   Minimum ratios of equity to debt and contractors' equity to total equity are no longer specified. We have always felt that it was for the group's bankers to satisfy themselves on these points, and on the same grounds we successfully resisted a last minute attempt by the French Government to insert a requirement that major contracts entered into with members of the groups should not be confirmed until the Concession Agreement came into operation.

3. Assignment and Lenders security (clauses 31 and 32)

   The 'security package' has been considerably expanded along the lines set out in my letter of 28 February to John MacGregor.

4. Exclusivity and Second Link (clause 34)

The contents of this clause were being negotiated right up to the very last moment, and I am satisfied that we obtained the best possible terms. I recognise that they do not go as far as Paul Channon would have wished towards enabling the Government to invite competing proposals for a second link before 2010, but I am afraid that even as part of a package CTG/FM could not accept this suggestion.

I am glad to say that we have been able to remain firm on the other points to which you and colleagues attached special importance. In particular, there is no question of any indemnity for supplementary works carried out at the request of Governments, and no undertaking about discriminatory taxation.

I hope to publish the Concession Agreement shortly before the Bill is introduced next month.

I am copying this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and to Sir Robert Armstrong.

NICHOLAS RIDLEY

CONFORMED COPY

DATED 14th March, 1986

THE SECRETARY OF STATE FOR TRANSPORT

- and -

LE MINISTRE DE L'URBANISME,
DU LOGEMENT ET DES TRANSPORTS

- and -

THE CHANNEL TUNNEL GROUP LIMITED

- and -

FRANCE-MANCHE S.A.

CONCESSION AGREEMENT

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THIS AGREEMENT is made as of 14th March, 1986 between:

The Secretary of State for Transport in the Government of the United Kingdom of Great Britain and Northern Ireland and Le Ministre de l'Urbanisme, du Logement et des Transports representing the French State of the one part, and

The Channel Tunnel Group Limited and France-Manche S.A. of the other part

WHEREAS

On 2nd April 1985 the British and French Governments issued an Invitation to Promoters to submit proposals for the development, financing, construction and operation of a fixed link across the English Channel between the United Kingdom and France. Notice of the Invitation was published in the Official Journal of the European Communities (No.C172/5 of 7th September, 1985). In response to this invitation France-Manche S.A. and The Channel Tunnel Group Limited submitted a proposal based upon a railway tunnel with shuttles for road vehicles and undertook to submit to the two Governments by the year 2000 a proposal for a drive through link. It is envisaged that this would be undertaken as soon as the technical feasibility is assured and economic circumstances and the growth of traffic are such as to permit it to be financed without undermining the expected return on the first link.

A Treaty between the French Republic and the United Kingdom of Great Britain and Northern Ireland concerning the construction and operation by private concessionaires of a Channel fixed link was signed, subject to ratification, at Canterbury in the County of Kent on 12th February 1986. Under the aforesaid Treaty the High Contracting Parties undertake to permit the construction and operation by private Concessionaires of a Channel fixed link in accordance with the provisions of the Treaty, its supplementary Protocols and arrangements and of a concession between the two Governments and the Concessionaires. It is the intention of the Concessionaires to raise the funds necessary for realisation of the Fixed Link by way of project financing on the international capital markets.

NOW IT IS AGREED as follows:-

CHAPTER I

PURPOSE OF THE CONCESSION

Clause 1: Interpretation

1.1 In this Agreement

(i) "Associated Company" of either the British Undertaking or the French Undertaking means:

(a) a company which owns directly or indirectly more than 50 per cent either of the voting power or of the ordinary share capital in the Undertaking in question; or

(b) a company of which the Undertaking in question owns directly or indirectly more than 50 per cent either of the voting power or of the ordinary share capital in such company; or

(c) a third company of which a company within paragraph (a) above owns directly or indirectly more than 50 per cent either of the voting power or of the ordinary share capital in such third company;

and for this purpose in the United Kingdom "ordinary share capital" means all the issued share capital in the relevant Undertaking or company other than share capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the relevant Undertaking or company and in France "ordinary share capital" means all the issued share capital in the relevant Undertaking or company the holders of which have no special right to a dividend nor a special voting right;

(ii) "British Minister" means the Secretary of State for Transport in the Government of the United Kingdom of Great Britain and Northern Ireland or such other person as may from time to time be designated by such Government to assume his functions under or pursuant to this Agreement;

(iii) "British Principal" means the British Minister;

(iv) "British Undertaking" means The Channel Tunnel Group Limited or any transferee or successor permitted in accordance with Clauses 31 or 32;

(v) "Concession Period" means the period from the date upon which this Agreement comes into operation up

to and including the date upon which the construction and operation of the Fixed Link by the Concessionaires terminates, for whatever reason;

(vi) "Concessionaires" means the British Undertaking and the French Undertaking or any transferee or successor of the British Undertaking or the French Undertaking permitted in accordance with Clauses 31 or 32;

(vii) "Documents" means all drawings, reports, studies and similar documents (including records thereof in software form) and includes any copyright therein;

(viii) "Exceptional Circumstances" has the same meaning as exceptional circumstances has for the purposes of Article 6 of the Treaty;

(ix) "Fixed Link" means the Channel fixed link as defined in Article 1(2) of the Treaty and as described in Clause 2 together with Annex I;

(x) "French Principal" means the French State represented by the Minister responsible for Transport or any other authority designated for that purpose;

(xi) "French Undertaking" means France-Manche S.A. or any transferee or successor permitted in accordance with Clauses 31 or 32;

(xii) "Intergovernmental Commission" means the Commission established pursuant to Article 10 of the Treaty;

(xiii) "Maitre d'Oeuvre" means the project managers appointed pursuant to Clause 6;

(xiv) "National Defence" has the same meaning as national defence has for the purposes of Article 15(3) of the Treaty;

(xv) "Principals" means the British Principal and the French Principal;

(xvi) "Project" means the project for the construction and operation of the Fixed Link;

(xvii) "Safety Authority" means the Authority established pursuant to Article 11 of the Treaty;

(xviii) "States" means the United Kingdom of Great Britain and Northern Ireland, and the French Republic;

(xix) "Subsidiary" of either the British Undertaking or the French Undertaking means a company which falls within the provisions of paragraph (b) of the definition of "Associated Company";

(xx) "Treaty" means the Treaty between the French Republic and the United Kingdom of Great Britain and Northern Ireland concerning the construction and operation by private concessionaires of a Channel fixed link signed at Canterbury on 12th February 1986;

(xxi) "Users" means travellers (whether individuals or groups and whether or not they are with a vehicle), road transport operators and each of the British Railways Board and la Societe Nationale des Chemins de Fer Francais;

(xxii) "Works" means the works relating to the Project contemplated by this Agreement.

1.2 In this Agreement expressions which are also used in the Treaty shall have the same meaning herein as therein.

1.3 Where anything in this Agreement requires approval or consent, such approval or consent may be given subject to conditions, and a failure to comply with any such condition shall be treated as a failure to comply with an obligation under this Agreement.

Clause 2: The Project and the Characteristics of the Fixed Link

2.1 Subject to and in accordance with the provisions of this Agreement, the Concessionaires shall jointly and severally have the right and the obligation to carry out the development, financing, construction and operation during the Concession Period of a Fixed Link under the English Channel between the Department of the Pas-de-Calais in France and the County of Kent in England. Subject as aforesaid, they shall do this at their own risk, without recourse to government funds or to government guarantees of a financial or commercial nature and regardless of whatever hazards may be encountered. The Principals shall, in a manner which they will endeavour to co-ordinate between them, adopt such legislative and regulatory measures, and take such steps, including approaches to international organisations, as are necessary for the development, financing, construction and operation of the Fixed Link in accordance with this Agreement and ensure that the Concessionaires are free, within the framework of national and Community laws, to determine and carry out their commercial policy.

Except as expressly permitted by this Agreement, by national and Community laws and by their international engagements including the Treaty, the Principals will not intervene in the conduct or operation of the Fixed Link. They will use reasonable endeavours to carry out the infrastructure necessary for a satisfactory flow of traffic, subject to statutory procedures.

2.2 The Fixed Link will comprise a twin bored tunnel rail link with associated service tunnel under the English Channel between the Pas-de-Calais and Cheriton in Kent, together with the terminal areas and dedicated facilities for control of, access to, and egress from, the tunnels, including, in particular, the frontier control facilities, and shall include any freight and other facility and any extension which may hereafter be agreed between the Principals and the Concessionaires to form a part thereof. The term "Fixed Link" shall include the ancillary installations, connections to the existing transport network and all plant, machinery, movable and immovable equipment and railway shuttle rolling stock, necessary for safe and efficient operation between the two terminals.

2.3 The Concessionaires shall be entitled to levy charges for the use of the Fixed Link and its ancillary

facilities during the Concession Period. The Concessionaires undertake duly to discharge all liabilities and obligations incurred by them under this Agreement.

2.4 The general characteristics of the Fixed Link and the standards applicable to its construction and operation are set out in Annex I.

Clause 3: Coming into Operation and Duration

3.1 This Agreement shall come into operation when the three following events shall have occurred:

(a) Royal Assent has been given in the United Kingdom to a Bill conferring certain powers upon the British Minister and making other provisions in relation to the Fixed Link;

(b) indication by the Concessionaires of their acceptance of the form of the Bill enacted as mentioned in (a) above, which shall be deemed to have occurred unless they notify the British Minister to the contrary within 15 days after the giving of Royal Assent;

(c) the entry into force of the Treaty.

3.2 The Concession Period shall come to an end on the 55th anniversary of the date on which this Agreement comes into operation.

3.3 The provisions of Clause 3.2 are without prejudice to the provisions of Clauses 5.3, 29 and Chapter V.

Clause 4: Acquisition of Land and Ownership of the Fixed Link

4.1 Where France is concerned:

4.1.1 Land and buildings belonging to the French State will be made available to the Concessionaires as necessary. If it is necessary to acquire land, this will be done by the procedure of a declaration d'utilite publique by the French State. The cost will be met by the Concessionaires.

4.1.2 The relevant land and outbuildings will be delimited by the French State and the Concessionaire concerned; they shall achieve this by a demarcation of property during the year following the joint bringing into service of the Fixed Link. A report of this operation will be drawn up following consultation. The demarcation shall be revised in the event of modification of the subject matter of the concession.

4.1.3 The Fixed Link, as it is delimited, shall be part of the domaine public de l'Etat.

4.2 Where the United Kingdom is concerned, it is agreed that the British Minister will have vested in him the unencumbered freehold interest in all land and all rights in relation to land required for the construction or operation of the Fixed Link and that the Concessionaires will be granted interests therein in accordance with the provisions of Annex II. The arrangements between the British Minister and the Concessionaires concerning the acquisition and subsequent disposal of such land and rights shall also be governed by Annex II.

Clause 5: Financial Requirements

5.1 Each of the Concessionaires shall guarantee to the Principals the performance by the other Concessionaire and by their respective Associated Companies of all the obligations of such Concessionaire and of such Associated Companies relating to the implementation of this Agreement.

5.2 Before commencing the construction of the permanent works for the undersea tunnels, the Concessionaires must provide evidence to the Intergovernmental Commission that they have raised funds or secured binding commitments from reliable sources for the provision of finance sufficient for the carrying out of the Works and that safeguards exist under the financial arrangements to prevent work continuing once it is clear that the level of such commitments is insufficient for the completion of the Works.

5.3 In the event that the obligations to lend of those lenders who are to provide the binding commitments referred to in Clause 5.2 do not become fully effective in accordance with their terms, the Concessionaires will unless the Principals otherwise agree terminate the Concession Period by notice to the Principals. In these circumstances no compensation shall be payable to the Concessionaires. The provisions of Clause 39 shall apply in the case of any such termination.

5.4 Each Concessionaire shall provide a bank guarantee to each Principal in the amount of 2 million ecus on the coming into operation of this Agreement if the Concessionaires cannot prove that they have at that time already completed Works to the value of 100 million ecus. If bank guarantees are so provided, they will be released as soon as the Concessionaires have proved that they have completed Works to the value of 100 million ecus.

5.5 Until the date ascertained pursuant to Clause 34.5, neither of the Concessionaires nor any of their respective Subsidiaries shall without the prior written consent of the Intergovernmental Commission engage in any activity other than the development, financing, construction or operation of the Fixed Link or ancillary facilities permitted pursuant to Clause 17.

5.6 The Concessionaires shall ensure that any invitation of whatever kind made by or on behalf of either or both of

them or of any of their respective Associated Companies with a view to raising finance of any kind for the purposes of the Fixed Link (whether by way of debt financing or equity participation) shall contain a prominent and clear statement that neither Principal makes or has made any representation, whether express or implied, as to the viability of the arrangements contemplated by this Agreement or as to the accuracy of any estimates, predictions or projections of whatever kind by the relevant company.

CHAPTER II

CONSTRUCTION OF THE FIXED LINK

Clause 6: Independent Project Managers (Maitre d'Oeuvre)

6.1 The Concessionaires shall at their own expense appoint one or more independent project managers (together the "Maitre d'Oeuvre") who shall be considered to have been approved by the Intergovernmental Commission unless the Concessionaires receive an objection from the Intergovernmental Commission, with the reasons therefor, within 15 days from the date of notification of the identity of the Maitre d'Oeuvre. The Maitre d'Oeuvre will be required to review whether the Works carried out conform to the relevant specifications, to the relevant construction and other codes, regulations and standards, to the relevant construction contracts and to the timetable and the relevant cost projections.

Any documents delivered pursuant to Clause 7 must be accompanied by a report thereon by the Maitre d'Oeuvre. The Intergovernmental Commission shall be entitled to consult the Maitre d'Oeuvre on any matter referred to in Clause 9. It will simultaneously inform the Concessionaires in writing of each such consultation. The Concessionaires shall be entitled to comment on all reports and information to be supplied by the Maitre d'Oeuvre before they are sent to the Intergovernmental Commission.

6.2 The provisions of this Clause shall cease following the inspection pursuant to Clause 11.

Clause 7: Monitoring of the Design Phase

7.1 The Concessionaires will submit to the Intergovernmental Commission any proposed modification to the general characteristics of the Fixed Link or to the codes, standards and regulations applicable to its construction set out in Annex I. Unless the Intergovernmental Commission raises an objection thereto within 1 month following such submission, specifying its reasons therefor, which may only be on grounds of safety, defence, security or the environment, the proposal shall be considered as accepted. The same procedure shall apply to the agreement by the Intergovernmental Commission of the principal codes, standards and regulations in accordance with Annex I.

7.2 The Concessionaires will submit to the Intergovernmental Commission the project outline drawings and documentation listed in Annex I (the "Avant Projets") prepared to reflect the general characteristics of the Fixed Link and the codes, standards and regulations applicable to its construction as set out in Annex I. The Concessionaires may proceed with the works relating to such Avant Projets unless the Intergovernmental Commission raises an objection to such Avant Projets within 15 days following such submission, specifying its reasons therefor, which may only be on grounds of safety, defence, security, the environment or non-conformity with Annex I.

7.3 The Concessionaires may request the Maitre d'Oeuvre to consider each objection submitted pursuant to Clause 7.1 or 7.2. If the Maitre d'Oeuvre agrees with the decision of the Intergovernmental Commission, the Concessionaires will give effect to such decision. If the Maitre d'Oeuvre does not agree with the decision, he will endeavour to find, jointly with the Concessionaires and the Intergovernmental Commission, a mutually acceptable solution within 15 days. If no such solution is found, the objection will remain in force.

7.4 The Intergovernmental Commission shall, as soon as it has been established, take in a timely manner all necessary steps and measures for the implementation of Clauses 7.1 and 7.2.

Clause 8: Contract Procedures

8.1 In accordance with the provisions of the Declaration of 26th July 1971 by the Representatives of the Governments of the Member States of the European Communities meeting within the Council concerning procedures to be followed in the field of public works concessions (OJ No.C.82, 16.8.1971, p.13), the Concessionaires or their contractors shall apply throughout the Concession Period in respect of the contracts which they award to third parties within the meaning of Title II of the aforesaid Declaration the rules set out in Title II and in the Directive of the Council of 26th July 1972 No. 72/277/EEC (OJ No.L176, 3.8.72, p.823).

8.2 The Concessionaires shall furnish to the Principals forthwith, and from time to time update, the list of companies which are not third parties within the meaning of the said Title II in relation to the Concessionaires.

8.3 The Concessionaires shall not discriminate in the award to third parties of sub-contracts or procurement contracts against nationals of other Member States of the European Economic Community on grounds of nationality.

Clause 9: Monitoring of Construction Works

9.1 The Concessionaires shall furnish to the Intergovernmental Commission such information and reports as the Intergovernmental Commission may reasonably require for the purpose of establishing the extent to which:

(a) the construction of the Fixed Link by the Concessionaires is in compliance with the Avant Projets referred to in Clause 7 and with the timetable in Clause 10; and

(b) the cost of the construction of the Fixed Link is compatible with the funds available.

Clause 10: Timetable

10.1 The preliminary studies and preparatory works shall be carried out within 3 years from the date of coming into operation of this Agreement.

10.2 Breakthrough of the service tunnel shall be achieved within 7 years from the date of coming into operation of this Agreement.

10.3 The construction of the Works shall be completed within 10 years from the date of coming into operation of this Agreement.

10.4 The Intergovernmental Commission shall be advised of the projected programme for the carrying out of the Works.

Clause 11: Inspection and Bringing into Operation

11.1 Immediately after completion of the Works which are essential for the opening of the Fixed Link, the Intergovernmental Commission, with the assistance of the relevant Government Departments, shall inspect the Works. On receipt of a report on such inspection the Intergovernmental Commission will authorise the Fixed Link to be brought into operation immediately, provided the aforesaid Works comply with the relevant binding requirements relating to the Works, including, without limitation, those set out in Annex I, as modified if applicable.

CHAPTER III

OPERATIONAL PHASE

Clause 12: Commercial Policy and Tariffs

12.1 The Concessionaires will be free to determine their tariffs and commercial policy and the type of service to be offered. In particular, laws relating to control of prices and tariffs shall not apply to the prices and tariffs of the Fixed Link.

12.2 The Concessionaires shall treat the different Users of the Fixed Link without discrimination, particularly with regard to their nationality or the direction of travel, where this cannot be justified on a commercial basis. Nevertheless, they may adjust their tariffs in accordance with normal commercial practice.

12.3 Subject to Community laws on value added tax including, if approved by the Council of the European Communities, the draft Directive which the Commission of the European Communities has recently proposed, the charges to Users, in accordance with the principle of equal fiscal treatment between the users of the various means of crossing the Channel, will be subject to value added tax at the rate applicable to international transport (at the date of this Agreement, zero rated or exempted with refund of input tax). In the event of the value added tax liability being altered in the future, the Users of the Fixed Link will, subject as aforesaid, continue to benefit from the principle of equal fiscal treatment.

12.4 The Concessionaires shall give public notice of their tariffs in a manner approved by the Intergovernmental Commission. They shall notify the Intergovernmental Commission of the tariffs and of any increase in them at least 15 days before they come into force.

12.5 The Concessionaires may conclude special arrangements with important Users of the Fixed Link. The Intergovernmental Commission shall have the right to request details of all such special arrangements.

12.6 Subject to the provisions of Clause 28, use of the Fixed Link without payment is prohibited.

12.7 The provisions of this Clause shall not, however, exclude the application of national or Community laws concerning competition or the abuse of a dominant position.

Clause 13: Public Order and Operating Rules

13.1 Regulations relating to public order will be prescribed by the competent public bodies and authorities in accordance with national law.

13.2 The Concessionaires shall submit to the Intergovernmental Commission for approval the operating rules for the Fixed Link which they propose be introduced. The Intergovernmental Commission shall be deemed to have approved such arrangements unless it has within 30 days after receipt of the submission notified the Concessionaires either that such approval is withheld, giving reasons, or that it requires further time to consider, but so that the total time for approval shall not exceed 2 months.

13.3 The Concessionaires may submit to the Intergovernmental Commission any observations and suggestions which they consider would be appropriate.

Clause 14: Maintenance of the Fixed Link and Continuity of Traffic

14.1 The Fixed Link shall at all times be maintained and operated by the Concessionaires at their own cost in such a condition as is necessary for it to be used for the purpose for which it is designed.

14.2 The Concessionaires shall ensure that all necessary steps are taken to permit the steady flow and continuity of traffic through the Fixed Link and that traffic may pass through with reasonable safety and convenience.

14.3 If maintenance, repair or alteration works necessitate interruption or significant restriction of the flow of traffic through the Fixed Link, the Concessionaires shall, except in case of emergency, give to the Intergovernmental Commission at least 30 days' notice thereof (or such lesser period of notice as the Intergovernmental Commission agrees). The Concessionaires shall comply with such conditions concerning such works as the Intergovernmental Commission shall determine, after consulting the Concessionaires, before the end of such period of notice with a view in particular to minimising the adverse consequences to Users.

14.4 The public shall, except in case of emergency or where the Intergovernmental Commission otherwise agrees, be informed by the Concessionaires of the proposed interruption or restriction at least 15 days (or such lesser period as the Intergovernmental Commission agrees) in advance, by means of appropriate publicity required by the Intergovernmental Commission.

Clause 15: Safety, Security and Frontier Controls

15.1 The Concessionaires shall comply with any requirements which are made by either Principal or by the Intergovernmental Commission and which are binding on them under applicable laws and regulations concerning customs, immigration, security, police, public health, veterinary, phyto-sanitary, transport or road traffic controls, fire, ambulance or other emergency services, as far as they directly relate to the construction and operation of the Fixed Link.

15.2 The two Principals will arrange frontier controls in a way which reconciles so far as possible the rapid flow of traffic with the efficiency of the controls. In accordance with the relevant Directives of the Council of the European Communities, the Principals will take measures to extend bilateral co-operation on the facilitation of controls and administrative formalities. To this end, the frontier controls which are carried out within the boundaries of the Fixed Link will be juxtaposed near to the portals to the tunnels. This does not preclude the possibility of controls on through trains.

15.3 The cost of complying with the requirements of each Principal as specified in Clauses 15.1 and 15.2 shall be borne by the Concessionaires or the relevant public authorities according to the respective national practices of the Principal concerned and respecting the principle of non-discrimination where relevant comparisons can be made with other means of transport. As far as French frontier controls are concerned, the relevant installations will be placed at the disposal of the relevant public authorities free of charge.

Clause 16: Relations with Users

16.1 The Concessionaires will establish a permanent public information point. A register will be made publicly available for Users' complaints and suggestions. The Concessionaires' response to each complaint or suggestion will be recorded in this register, and a copy will be sent by post to the relevant User. The register will be examined and initialled from time to time by persons designated by the Intergovernmental Commission, who will have access to the register at any time.

16.2 The Concessionaires shall install a remote information system for Users, for use in particular in the case of prolonged interruption of the flow of traffic through the Fixed Link.

Clause 17: Sub-contracts relating to Ancillary Facilities, and other uses

17.1 The Concessionaires may freely enter into contracts for the operation of ancillary facilities open to the public or of benefit to Users of the Fixed Link. However, the initial provision of and any significant increase in these facilities will require the prior approval of the Intergovernmental Commission as to the nature and importance of the facilities and their principal characteristics. The Intergovernmental Commission shall be deemed to have given its approval unless it has within 3 months after receipt of the request for approval notified the Concessionaires that such approval is withheld. Approval will not affect the application of national and Community laws.

17.2 Any use of the Fixed Link other than as permitted by or pursuant to this Agreement, and in particular, but without limitation, the transmission of energy or telecommunications, shall require the prior consent of the Intergovernmental Commission, except to the extent that the relevant use is connected with the construction or operation of the Fixed Link.

17.3 For the avoidance of doubt, the Concessionaires shall be liable to the Principals in respect of the actions of and defaults by such sub-concessionaires, so far as their obligations under this Agreement are concerned.

CHAPTER IV

COMMON PROVISIONS

Clause 18: Organisation of the Concessionaires

18.1 The Concessionaires shall establish a single executive. It shall consist of an approximately equal number of representatives nominated by each Concessionaire.

18.2 The functions of the executive shall include:

(i) co-ordination of the design and construction phases of the Works,

(ii) co-ordination of the operation of the Project and of the maintenance thereof, and

(iii) representing the Concessionaires in their dealings with the Intergovernmental Commission in relation to the development, construction and operation of the Fixed Link.

18.3 The Concessionaires undertake to use reasonable endeavours to ensure that any disputes which relate to their commercial activities do not prejudice the carrying out of their obligations under this Agreement.

Clause 19: Sharing of Costs and Revenues

19.1 During the construction and operation of the Fixed Link, the Concessionaires shall apply the principle of equal sharing of the cost price and of all other expenses and revenues between the British Undertaking and the French Undertaking. For this purpose, where any indirect tax is charged on the supply of goods or services and is not repaid or otherwise relieved, the effects of such indirect taxation shall be included in the calculation of costs to be equally shared pursuant to this Clause.

19.2 Any payments made between the two Concessionaires shall be treated as capital payments or as income payments as required by the tax laws of the two States.

Clause 20: Joint and Several Liability of the Concessionaires to the Principals

20.1 The obligations of the Concessionaires to the Principals under this Agreement shall be joint and several.

Clause 21: Liability with respect to Users and third parties

21.1 As between the Concessionaires and the Principals, the Concessionaires alone will bear any responsibility there may be for damage suffered by Users of the Fixed Link or by other third parties arising out of the construction or operation of the Fixed Link, without recourse to the Principals. The Concessionaires will hold the Principals fully protected and indemnified in respect of any such damage.

21.2 The provisions of Clause 21.1 shall not extend to any damage to the extent that it was caused by the serious default or recklessness of the Principals or either of them. In such a case the relevant Principal or Principals shall be liable to indemnify the Concessionaires to such extent.

21.3 The Principals and the Concessionaires shall promptly inform each other of any claim or proceedings or anticipated claim or proceedings against them and in respect of which they are entitled to be indemnified under this Clause, as soon as they become aware of the same. They shall give reasonable assistance to one another in the defence of such claims or proceedings.

21.4 No party shall permit any claim or proceedings referred to in this Clause to be settled without the prior written consent of the indemnifying parties.

21.5 For the purposes of this Clause, references to the Principals shall be construed as references to all persons or bodies representing them or acting on their behalf including without limitation the Intergovernmental Commission and the Safety Authority, and the Principals shall procure that such other persons or bodies shall comply with this Clause as if they had been parties hereto.

Clause 22: Insurance Obligations

22.1 The Concessionaires shall, on or before the commencement of the Works or at such later time as may be appropriate in view of the nature of the insurance envisaged, take out the insurance cover described in Annex III and maintain such insurance throughout the Concession Period, provided that these obligations shall apply only to the extent that such insurance is available at a reasonable cost in the international insurance markets and is not within the capacity of the Concessionaires for self-insurance as approved by the Intergovernmental Commission.

22.2 The Concessionaires shall promptly provide to the Intergovernmental Commission copies of the policies entered into by them, which shall (subject to the proviso in Clause 22.1) conform to the provisions of Annex III. If within 15 days of receipt of such copies the Intergovernmental Commission notifies the Concessionaires that they do not so conform, the Concessionaires shall immediately procure that such policies are amended appropriately.

Clause 23: Defence and Security of the Fixed Link

23.1 The Concessionaires shall submit to the Principals for their approval any proposed designs, plans or arrangements affecting the defence and security of the Fixed Link.

23.2 At the joint request of the Principals or at the request of either Principal in the circumstances contemplated by Article 6 of the Treaty, the Concessionaires shall take such action as may be required of them with respect to the defence and security of the Fixed Link.

Clause 24: Exceptional Circumstances and Force Majeure

24.1 None of the parties to this Agreement shall be liable for any failure or delay in complying with any obligation under this Agreement to the extent that such failure or delay has been caused directly by Exceptional Circumstances or by any other event or circumstance presenting the characteristics of force majeure such as:

- war (whether declared or undeclared);
- invasion, armed conflict or act of foreign enemy;
- riot, insurrection, act of terrorism, sabotage, criminal damage or the threat of such acts;
- nuclear explosion, radioactive or chemical contamination or ionising radiation;
- any effect of the natural elements including geological conditions which it was not possible to foresee and to resist;
- strike of an exceptional importance;
- behaviour of one party causing serious and certain damage to another party;

to the intent that in particular, but without limitation, the time allowed for the performance of the obligations referred to in Clause 10 shall be extended accordingly.

24.2 Any party claiming that it has been prevented from fulfilling any of its obligations under this Agreement by reason of an Exceptional Circumstance or any other event or circumstance referred to in Clause 24.1 will notify all other parties immediately in writing, stating the basis of the claim.

24.3 Any party wishing to dispute the validity of a claim which has been notified under this Clause will give written notice of dispute to the party making the claim within 28 days of the date of the notice of claim stating the grounds on which such claim is disputed.

24.4 If neither the notice of claim nor the notice of dispute has been withdrawn within 28 days of the date of the notice of the dispute, the matter shall be submitted to arbitration in accordance with the provisions of Clause 40.

24.5 If the notice of claim is not contested or if the notice of dispute is withdrawn within 28 days, all parties shall be deemed to have accepted the validity of the claim.

24.6 A party shall not be entitled to rely upon Clause 24.1 where that party by act or omission has seriously aggravated the relevant Exceptional Circumstances or other event or circumstance referred to in Clause 24.1.

24.7 The giving of notice invoking Clause 24.1 shall not release the party giving the notice from the requirement to take all reasonable steps to mitigate the consequences of the relevant Exceptional Circumstances or other event or circumstance referred to in Clause 24.1.

24.8 Except as specifically provided to the contrary, no party shall be relieved of its obligations under this Agreement by reason of impossibility of performance or any circumstances whatsoever outside its control.

Clause 25: Interruption of Construction or Operation by order of the Principals

25.1 The Principals undertake not to interrupt the construction or operation of the Fixed Link by the Concessionaires save on grounds of National Defence or in the case of a failure by the Concessionaires to satisfy or comply with the terms of, and as provided in, this Agreement or under the powers referred to in Article 6 of the Treaty. Nevertheless the Concessionaires shall, if so required by the Principals or either of them for any reason, interrupt such construction or operation, either in whole or in part. No such interruption shall be of a duration or extent greater than is necessary having regard to the circumstances giving rise to the requirement therefor.

25.2 In the case of any interruption on the grounds of Exceptional Circumstances or other event or circumstance referred to in Clause 24.1 or a failure by the Concessionaires to satisfy or comply with the terms of this Agreement, the Concessionaires will not be entitled to any compensation.

25.3 In the case of any interruption necessitated by reasons of National Defence, the Concessionaires will be eligible for compensation in accordance with the provisions of Article 15(3) of the Treaty.

25.4 Any interruption by the Principals otherwise than as referred to in Clauses 25.2 or 25.3 shall entitle the Concessionaires to compensation in accordance with the principles set out in Clause 38.2, except that no compensation shall be payable in respect of the first hour of any such interruption, up to a maximum of 12 hours in any calendar year.

Clause 26: Penalties for Breach

26.1 Subject to the other provisions of this Clause, any breach by the Concessionaires of their obligations under this Agreement will entitle the Principals to levy a penalty as their sole remedy under this Agreement.

26.2 As soon as such breach has come to the attention of the Intergovernmental Commission, it will give written notice to the Concessionaires specifying the nature and subject of the breach so that the Concessionaires can know the precise nature of the complaints that have been made against them. After hearing the Concessionaires the Intergovernmental Commission may give them notice requiring them to remedy the breach within a sufficient period which shall not be less than 30 days.

26.3 If, at the end of such period, the Concessionaires have not remedied the breach notified to them by the Intergovernmental Commission, it may impose a penalty for the non-performance of their contractual obligations on the basis of a daily rate of not less than 10,000 ecus and not more than 100,000 ecus (1986 value) for each day that such breach continues. The amount of the penalty will be proportionate to the gravity of the breach.

26.4 If a Concessionaire is in breach of its obligations under this Agreement in circumstances where the Principals are entitled for the same breach to invoke the provisions of Clause 37, then if the Intergovernmental Commission imposes a penalty under this Clause in respect of such breach, it may not invoke the provisions of Clause 37 in respect of the same breach unless that breach continues for more than 60 days after the imposition of such penalty.

26.5 If a Concessionnaire is in breach of its obligations under this Agreement in circumstances where it is liable to be proceeded against under the national laws of either Principal or under Community law for the same breach and the breach is not an impediment to the performance by the Concessionaires of fundamental obligations under this Agreement, the Intergovernmental Commission shall not be entitled to impose a penalty under this Clause for the same breach so long as the relevant Concessionaire is liable to be proceeded against under such laws or, having being so proceeded

against has complied with the requirements of the relevant law enforcement body.

Clause 27: Relations with the Intergovernmental Commission

27.1 In accordance with Article 10 of the Treaty, the Intergovernmental Commission is established to supervise, in the name and on behalf of the Principals, all matters concerning the construction and operation of the Fixed Link.

27.2 The Safety Authority shall be entitled to perform the functions conferred on it by Article 11 of the Treaty, under the supervision of the Intergovernmental Commission.

27.3 The Intergovernmental Commission shall act in the name of and on behalf of the two Principals. It shall endeavour to facilitate relations between the Principals and the Concessionaires.

27.4 The Intergovernmental Commission may, after consultation with the Concessionaires, draw up regulations applicable to the Fixed Link which shall be given full force and effect within national law. These regulations shall follow the principle of non-discrimination, subject to the necessity for harmonisation between the two States and to taking into consideration the specific characteristics of the Fixed Link.

27.5 The Concessionaires shall comply with such directions of the Intergovernmental Commission and of the Safety Authority as are necessary for the performance of their functions, as provided in Clauses 27.1 and 27.2. Neither of the Principals nor the Intergovernmental Commission nor the Safety Authority shall act or take or carry out any decision in a manner which is inconsistent with the provisions of this Agreement.

27.6 The Concessionaires shall furnish to the Intergovernmental Commission and the Safety Authority such information and reports relating to the performance of the Concessionaires of their obligations hereunder as the Intergovernmental Commission or the Safety Authority may require. The Intergovernmental Commission and the Safety Authority shall allow reasonable time for the supply of information and reports. The Concessionaires shall submit jointly an annual report of their activities to the Intergovernmental Commission.

27.7 The Principals shall ensure that in the performance of their functions the Intergovernmental Commission and

the Safety Authority shall take the necessary steps to facilitate the implementation of this Agreement. The Principals, the Intergovernmental Commission and the Safety Authority shall give due consideration to the reasonable commercial objectives of the Concessionaires, including the avoidance of unnecessary costs and delays.

27.8 The expenses of the Intergovernmental Commission and the Safety Authority will be borne from the date this Agreement comes into force by the Concessionaires and will be paid quarterly in advance at the rate of 3 million ecus per annum (1986 value).

Clause 28: Free Access for Supervisory Personnel

28.1 The Concessionaires shall afford access to all parts of the Fixed Link to persons duly authorised by the Intergovernmental Commission or, under its supervision, by the Safety Authority, for the purposes of any of their functions, to inspect the Fixed Link and to investigate any matter relating to its construction or operation and shall afford such persons the facilities necessary for the performance of these functions.

28.2 The Concessionaires shall afford such access and facilities for all the officials and other persons duly authorised by the competent authorities concerned with frontier controls, defence, policing, safety and security under the conditions laid down by the Protocol or other arrangements provided for in Articles 4 and 5 of the Treaty.

28.3 Such access and facilities shall be exercised in such manner as to cause the minimum disruption to the construction and operation of the Fixed Link consistent with the purpose which the person concerned is lawfully there to fulfil.

Clause 29: Duties and Taxes

29.1 (a) The British Undertaking hereby undertakes that the central management and control of its business and of the business of any of its Associated Companies will at all times be exercised in the United Kingdom and in no other place.

(b) The French Undertaking hereby undertakes that its effective direction and that of any of its Associated Companies will at all times be exercised in France and in no other place.

(c) The British Undertaking and the French Undertaking hereby jointly and severally undertake that the business of any partnership of which they or either of them or any Associated Company of either of them is a member will at all times be controlled and managed in the United Kingdom and France and in no other place.

(d) If either the British Undertaking or the French Undertaking is in breach of its undertaking in paragraph (a), (b) or (c) above, as the case may be, the relevant Principal, acting alone, may apply the procedures for termination specified in Clause 37 except that the relevant remedy period shall not exceed 3 months.

29.2 All duties and taxes levied or to be levied, including taxes on immovable property, will be liabilities of the Concessionaires and will be applied according to the provisions of national law.

29.3 The two States will deal with fiscal and customs matters in accordance with Article 9 of the Treaty. However, if there shall be any changes in tax or customs laws which appear to have a discriminatory effect against the Fixed Link, the relevant State will be prepared to consider the issue with the Concessionaires.

Clause 30: Transfers of Funds and Financial Settlements

30.1 The transfers of funds and financial settlements directly connected with the development, financing (including debt servicing, capital issues and dividend payments), construction or operation of the Fixed Link or necessitated by the implementation of this Agreement, whether between the two States or from or to third countries, shall be permitted subject to any applicable procedures prescribed by national laws made consistently with Community law. Conversions shall be made at the market rate applicable to similar transactions. The two States shall not levy any tax on such transfers of funds or financial settlements other than generally applicable taxes on the payments which they represent.

Clause 31: Assignment and Security

31.1 Each Concessionaire may by an instrument expressed to be governed by the laws of either France or England assign this Agreement or its rights hereunder, with the consent of the Principals, to any company.

31.2 For the purpose of financing the construction or operation of the Fixed Link, each Concessionaire may by an instrument expressed to be governed by the laws of either France or England and with the consent of the relevant Principals create any form of security over this Agreement or the rights arising therefrom or over the movable property or intellectual property rights necessary for the construction or operation of the Fixed Link.

31.3 The holder of any security created under Clause 31.2 shall be entitled, subject to any applicable consent required for the purposes of Clause 31.1, to enforce such security in France or in England, as the case may be, in accordance with the law of that country. Such enforcement shall not affect the obligations of the Concessionaires under this Agreement with regard to the Project or its operation.

31.4 The Concessionaires may not assign this Agreement or the rights arising hereunder nor create any security over this Agreement or the rights arising from it or over the movable property or intellectual property rights necessary for the construction or operation of the Fixed Link, except as provided in Clauses 31.1 or 31.2.

Clause 32: Provisions relating to Lenders

32.1 Substitution:

32.1 (1) The parties to this Agreement agree that new Concessionaires shall be substituted for the initial Concessionaires in the following circumstances:-

(a) following the occurrence of one of the events referred to in Annex IV and so long as its effect shall be continuing or if the Principals take or propose to take any action which could result in the premature termination of the Concession Period, two legal entities, one French and the other English (the "Substituted Entities") controlled by the lenders financing the construction and operation of the Fixed Link (the "Lenders") shall, at the option of the Lenders and on the following terms, be simultaneously substituted by the Principals for the initial Concessionaires; and

(b) the Substituted Entities will need to provide evidence to the Principals that they have, at the time of substitution, a financial and technical capability sufficient to perform the obligations of the Concessionaires under this Agreement.

32.1 (2) In the cases referred to in Clause 32.1(1)(a), the Lenders shall be entitled to a reasonable time within which to effect the substitution.

To effect the substitution, the Lenders or the Substituted Entities will notify their intention to the Principals and will at the same time give all necessary information for the Principals to verify that the conditions set out in Clause 32.1(1)(b) are met.

Unless, within 2 months following such notification, the Principals have indicated that they are not satisfied that the conditions set out in Clause 32.1(1)(b) are met, such substitution shall be deemed to have been confirmed.

32.1 (3) As from the actual or deemed confirmation of the substitution by the Principals, the Substituted Entities will benefit from all the rights and will

assume all the obligations to the Principals under this Agreement and any leases granted to the initial Concessionaires pursuant to Annex II in place of the initial Concessionaires.

In this event the substitution will entail the vesting in the Substituted Entities, and for so long as they remain the Concessionaires, of the interest of the Concessionaires in all movable property and intellectual property rights necessary for the construction or operation of the Fixed Link.

The Principals shall in all circumstances give full effect to such substitution provided that the conditions set out in Clauses 32.1(1)(a) and (b) are met.

32.1 (4) It is expressly agreed between the parties that the events outlined in Annex IV will be defined, if necessary, on or before ratification of the Treaty.

32.1 (5) If any event described in Annex IV occurs after the substitution is effected, the Substituted Entities may at any time thereafter by notice to the Principals and to the Lenders terminate the Concession Period without penalty. In that event, the Substituted Entities shall nevertheless be bound by Clause 39.

32.1 (6) If the Substituted Entities become the Concessionaires pursuant to Clause 32.1(1), upon the payment of all amounts of principal, interest and other moneys from time to time owed to the Lenders under their financing agreements, the original Concessionaires or any other person entitled thereto shall become the Concessionaires under this Agreement in place of the Substituted Entities. The Lenders shall give notice to the Principals of their decision to give effect to this paragraph. Any replacement shall be on the same terms, mutatis mutandis, as those set out in Clauses 32.1(1)(b), (2) (second and third paragraphs) and (3). The other provisions of this Clause 32.1 shall not be applicable to any such replacement.

32.2 New Concession:

32.2 (1) If for any reason the Concession Period terminates prematurely but the Substituted Entities are not put in a position to take advantage of the substitution for any reason other than the failure to meet the conditions specified in Clause 32.1 (1)(b), then without prejudice to all other rights of the Lenders:-

(a) the Principals will not, unless so required by applicable Community law, offer a new concession on any terms to any third party unless the Substituted Entities have previously been offered a new concession on the same or substantially similar terms and such offer has not been accepted by the Substituted Entities within a specified reasonable period; upon any such new concession being granted to the Substituted Entities, the Principals will also, to the extent of their interest therein, make available to the Substituted Entities all movable and immovable property received by them pursuant to Clause 39.2 necessary for the purposes of such new concession;

(b) if the Principals decide to grant a new concession and any applicable Community law deprives the Substituted Entities of their rights under Clause 32.2(1)(a), the new concession agreement shall provide that the Lenders shall be entitled to receive from the new concessionaires payments out of the net revenues generated from such new concession in or towards repayment of the amounts owed to them on a basis set out in the new concession agreement and agreed between the Lenders and such new concessionaires in the interests of the continuation of the project.

32.2 (2) If the Lenders have not exercised the right of substitution referred to in Clause 32.1(1) or, having been offered a new concession pursuant to Clause 32.2(1)(a), have not accepted the same or if the Substituted Entities have failed to fulfil the conditions specified in Clause 32.1 (1)(b), if the Principals grant a new concession, the new concession agreement shall provide that the Lenders shall be entitled to receive from the new concessionaires payments out of the net revenues

generated from such new concession in or towards repayment of the amounts owed to them on a subordinated basis agreed between the Lenders and such new concessionaires.

32.2 (3) If the Substituted Entities become the new concessionaires pursuant to Clause 32.2(1)(a), the new concession agreement will contain provisions to the effect that upon the payment of all amounts of principal, interest and other moneys from time to time owed to the Lenders under their financing agreements, it shall terminate without penalty.

32.3 Continuation by the Principals:

It is not the intention of the Principals to continue the Project if the Concession Period terminates prematurely. Nevertheless, if this should occur, the Lenders shall be eligible to receive in or towards repayment of the amounts owed to them such amounts as the Principals and the Lenders agree to be appropriate, taking into account all the relevant circumstances including the financial benefits and costs to the Principals of taking over and continuing the Project.

Clause 33: Intellectual Property and Confidentiality

33.1 The Concessionaires shall make available to the Principals, the Intergovernmental Commission and the Safety Authority for their use in relation to the Fixed Link without charge those Documents which are or were acquired or brought into existence in any manner whatsoever by the Concessionaires or either of them for the purposes of the Project. The Concessionaires shall use reasonable endeavours to make available to the Principals Documents acquired or brought into existence by any third party for such purposes. Each of the Concessionaires shall be entitled to use the Documents referred to in Clause 33.1 for the purposes of the Project. In the case of use for any other purpose, the Concessionaires will give prior notice to the Intergovernmental Commission which may within 30 days prohibit such use, but only on grounds of safety, security or defence.

33.2 Each of the Concessionaires may use for the purposes of the Project all Documents which are or were acquired or brought into existence in any manner whatsoever by or on behalf of the Principals or either of them for the purposes of the Project upon such terms as the relevant Principal may determine.

33.3 Each of the parties hereto and the Intergovernmental Commission and the Safety Authority shall hold in confidence all Documents and other information whether technical or commercial supplied to them by or on behalf of any other party hereto relating to the Fixed Link and shall not save as required by law or procedural practices publish or otherwise disclose the same otherwise than for the purposes contemplated by this Agreement.

33.4 (a) The Concessionaires hereby grant to the Principals a non-exclusive royalty free licence to use or to sub-license for the purpose specified in Clause 33.4(b) (the "Specified Purpose") any intellectual property rights which may be vested in them and the use of which may be necessary for the construction or operation of the Fixed Link. The Concessionaires agree to grant to the Principals a non-exclusive royalty free licence to use or to sub-license for the Specified Purpose any such rights which may become vested in them after this Agreement comes into operation. Where any such intellectual property rights are vested in any third party the Concessionaires shall use

reasonable endeavours to procure the grant of a licence thereunder to the Concessionaires on terms permitting the free use and sub-licence thereof by the Principals for the Specified Purpose.

(b) The Specified Purpose shall be the construction and operation of the Fixed Link by the Principals or by any person to whom a concession for such purpose shall have been granted by the Principals in succession to the Concessionaires following the expiration or lawful termination of the Concession Period.

33.5 Each of the parties hereto agrees to execute or procure the execution of such documents as may be necessary to give effect to the rights conferred by this Clause.

Clause 34: Exclusivity and Second Link:

34.1 The Concessionaires recognise that, in due course, the construction of a drive through link may become technically and financially viable. They undertake as a result to present to the Principals between now and the year 2000 a proposal for a drive through link which shall be added to the first link when technical and economic conditions for realisation of such a link shall permit it and the increase of traffic shall justify it without undermining the expected return on the first link.

34.2 The Principals undertake not to facilitiate the construction of another fixed link whose operation would commence before the end of 2020. However, after 2010, and in the absence of agreement with the Concessionaires on the implementation of their proposal for the construction of a drive through link and as to its timetable, the Principals shall be free to issue a general invitation for the construction and operation of such a link. This new link shall not enter into operation before the end of 2020.

Nevertheless, before this date, in the event of demonstrable lack of quality in the service provided, to be judged according to objective criteria, the Concessionaires shall present to the Principals a proposal to remedy such lack of quality. This proposal may go so far as to involve the construction of a new link and is to be subject to the conditions provided in Clause 34.1.

34.3 The Principals agree that throughout the Concession Period no link shall be financed with the support of public funds, either directly or by the provision of government guarantees of a financial or commercial nature.

34.4 The Concessionaires shall offer, through the Fixed Link, a service adequate to meet demand as judged by objective criteria. They shall introduce improvements in the quality of the service within the structure of the Fixed Link subject to:

- conformity with the laws and regulations in force,

- the right for the Principals to refuse to incur any consequential public expenditure, relating for example to land infractructure,

- the conditions provided in Clause 34.1.

34.5 The period during which any Exceptional Circumstances or event or circumstance as referred to in Clause 24.1 seriously affects the operations of one or both Concessionaires for a period of at least three months shall extend by the same period the date of 2020 referred to in Clause 34.2.

CHAPTER V

TERMINATION OF THE CONCESSION PERIOD

Clause 35: Termination by reason of Exceptional Circumstances or other events

35.1 If a situation contemplated in Clause 24.1 renders impossible for the foreseeable future the performance of this Agreement, then in the absence of agreement between the parties (and without prejudice to the rights of lenders set out in Clause 32) any party may apply to the arbitral tribunal established pursuant to Clause 40 for the termination of the Concession Period. In the event of such termination no compensation will be due to the Concessionaires but the Principals may pay to the Concessionaires such amount which takes account of the net financial benefits, if any, to the Principals resulting therefrom.

Clause 36: Termination on Grounds of National Defence

36.1 The Principals, or either of them, may terminate the construction and operation of the Fixed Link by the Concessionaires on the grounds of National Defence.

36.2 In the event of any such termination, the Concessionaires shall be eligible for compensation in accordance with the provisions of Article 15(3) of the Treaty.

Clause 37: Termination by reason of the Fault of the Concessionaires

37.1 In the event of:

- particularly serious default in relation to obligations under this Agreement; or

- the Concessionaires or either of them ceasing to construct or operate the Fixed Link;

the Principals may give notice to the Concessionaires specifying the nature of the relevant circumstances and requiring the Concessionaires to remedy the same within a period of 3 months, or within such further period (not exceeding 6 months) as may be allowed by the Principals.

This notice will be given at the same time to the Lenders (as defined in Clause 32) with a view to giving them the opportunity, should they so wish, to procure the remedy of the relevant circumstances.

37.2 During this period the Concessionaires shall remedy the specified circumstances.

37.3 If the circumstances are not remedied before the expiry of the relevant period, the Principals may thereupon terminate the Concession Period, subject to first notifying such Lenders and giving them the opportunity of exercising their right of substitution within 1 month in accordance with the procedure specified in Clause 32.1.

37.4 If such substitution is effected in accordance with the conditions set out in Clause 32.1 and Annex IV (the Principals not indicating any dissatisfaction such as is contemplated thereby) the Concession Period shall not terminate.

Clause 38: Compensation for Termination

38.1 The Principals undertake not to terminate the construction or operation of the Fixed Link other than in accordance with Clauses 29, 36 or 37. Any breach by a Principal of this obligation will give the Concessionaires a right to compensation.

38.2 Such compensation shall correspond to the aggregate net loss actually suffered by the Concessionaires which was at the date of such termination reasonably foreseeable as a direct consequence thereof. This will include both damnum emergens and lucrum cessans. Account will be taken of the mitigation of loss which the Concessionaires could have achieved by the taking of reasonable measures and the degree of responsibility of the Concessionaires (if any) for the events giving rise to such termination. The Concessionaires shall have no other rights in relation to such termination.

Clause 39: Consequences of the Concession Period Terminating

39.1 Upon the expiry or termination of the Concession Period for whatever reason, this Agreement (other than Clauses 30, 32, 33 and Chapters V and VI) shall cease to have effect, subject to all rights and obligations as between the Principals and the Concessionaires accrued prior to such cessation.

39.2 On the expiry or termination of the Concession Period for whatever reason and without prejudice to any rights of the Concessionaires to compensation:

- In France all immovable property which is within the domaine public will revert to the French State. In the United Kingdom the term of the leases granted by the British Minister referred to in Annex II shall end; and

- The interest of the Concessionaires in all movable property and intellectual property rights necessary for the construction or operation of the Fixed Link shall become the joint property of the two Principals, without payment and clear of any security interest except for any security interest created in accordance with Clause 31.2.

39.3 The Concessionaires shall ensure that all property referred to in Clause 39.2 shall be in good working order and in a good state of repair. The Principals may at any time during the last 5 years of the Concession Period require the Concessionaires to provide them with appropriate financial security for this obligation.

39.4 Upon the expiry or termination of the Concession Period except pursuant to Clauses 3.2 or 36 or in circumstances where compensation is payable to the Concessionaires pursuant to Clause 38, the Concessionaires shall, if the relevant Principal so requests:

(a) where the construction of the Fixed Link has not been satisfactorily completed, ensure that all land comprised within the area of the Fixed Link above the low water mark is either put into a condition in which it can be used for the purpose for which it was being used before any of the Works were commenced on it or is put into a condition in which it can be used for any other purpose which the relevant Principal considers

appropriate, provided that this provision shall not be taken to require the land to be restored to its level before the commencement of such works,

(b) and in any other case, all works and structures above the low water mark are made safe.

The relevant Principal may lay down the periods within which and the conditions subject to which these works shall be carried out.

39.5 If the Concessionaires fail to carry out their obligations under this Clause, the Principal concerned may carry out the relevant works and recover the cost from the Concessionaires.

39.6 For the avoidance of doubt, upon the expiry of the Concession Period for whatever reason, the Principals shall not be obliged to complete the construction of or to operate the Fixed Link.

CHAPTER VI

DISPUTES, LAWS

Clause 40: Settlement of Disputes

40.1 Any dispute between the Concessionaires or either of them and the Principals or either of them relating to this Agreement shall be submitted to arbitration in accordance with the provisions of Article 19 of the Treaty at the request of any party.

40.2 Disputes between the Concessionaires relating to the interpretation or application of the Treaty shall be submitted to arbitration in accordance with Article 19 of the Treaty at the request of either of them.

40.3 The arbitration referred to in this Clause will be conducted in accordance with the procedure specified in a Protocol or other agreement supplemental to the Treaty.

40.4 In accordance with Article 19(6) of the Treaty, in order to resolve any disputes regarding the application of this Agreement, the relevant provisions of the Treaty and of this Agreement shall be applied. The rules of English law or the rules of French law may, as appropriate, be applied when recourse to those rules is necessary for the implementation of particular obligations under English law or French law. In general, recourse may also be had to the relevant principles of international law and, if the parties in dispute agree, to the principles of equity.

Clause 41: Applicable Law

41.1 The relationship between the Principals and the Concessionaires shall be governed by the provisions of the Treaty, as given effect to by this Agreement, and by the provisions of this Agreement.

41.2 The Concessionaires undertake to comply with the laws in force from time to time in each of the two States, including Community law, to comply with those provisions of the Treaty, the supplementary Protocols and arrangements agreed pursuant to the Treaty which are applicable to them and to comply with all rules, regulations, directions and requirements binding on the Concessionaires of all relevant public bodies and authorities and all conditions relating thereto including, without limitation, those relating to the environment, safety and security.

41.3 The provisions of Clause 37 shall apply to those infringements of national or Community law which also constitute a breach of any provision of this Agreement other than Clause 41.2. As regards an infringement which is a breach of only Clause 41.2, the provisions of Clause 37 shall apply only if the relevant infringement is of an extremely serious nature.

41.4 The implementation and enforcement of the laws in force from time to time in either State shall be subject to the jurisdiction of the courts of the relevant State or, where so permitted or available under national law, any other relevant forum.

41.5 The Concessionaires undertake not to take any action which may result in either State being in breach of its international obligations.

IN WITNESS whereof the parties hereto have duly executed this Agreement in four copies as of 14th March, 1986, each in the English and French texts, both texts being equally authoritative.

The Secretary of State for Transport in the Government of the United Kingdom of Great Britain and Northern Ireland	NICHOLAS RIDLEY
Le Ministre de l'Urbanisme, du Logement et des Transports representing the French State	J. AUROUX
The Channel Tunnel Group Limited	NICHOLAS HENDERSON
France - Manche S.A.	J.P. PARAYRE

Annex I
to the Concession Agreement

General Characteristics of the Fixed Link

AI.I Description of the Fixed Link

AI.11 General:

The Fixed Link between England and France comprises two bored rail tunnels permitting the operation of a system of shuttle trains carrying road vehicles and allowing the passage of through passenger and freight trains of other companies.

It will link terminal sites positioned in the vicinity of Calais and Folkestone, which will be connected to the road and motorway networks and the railway networks.

AI.12 Geographical limits of the Fixed Link:

(i) On the British side, the geographical limits of the Fixed Link shall be in accordance with Paragraph AII.1 of Annex II of the Concession Agreement.

(ii) On the French side, the limits of the Fixed Link will include all the areas necessary for the Works included in the Concession Agreement and its Annexes, as well as those necessary for other activities which may be the subject of separate agreement with the Intergovernmental Commission. As regards the existing road and rail network connections, only those specified for the operation of the Fixed Link will be included within these limits. Diversions of public roads and accesses, even if carried out by the Concessionaires under paragraph AI.8 of this Annex, will not be included. A map showing the geographical limits of the French terminals is attached. These limits may be modified as the Project develops, and because of the fixing of the alignments of public roads associated with the Project. As regards the undersea tunnels, the Fixed Link will be limited to that space within which lie the Works resulting from the approved Avant Projets.

AI.13 Principle of the operation by means of rail shuttles:

The road vehicles will be received at a terminal where they will pass through a toll facility and pass French and British frontier controls. They will then be directed to a loading platform from which they will enter a shuttle. Shuttle rakes of different types will be provided, designed for the different categories of vehicles to be transported. The shuttles will travel through the tunnel to the terminal at the other end, where the vehicles will leave and pass onto the national road network.

AI.14 The Tunnels:

The structure will consist of twin bored single track tunnels with internal diameter of about 7.3 metres, designed for the passage of shuttles having a special loading gauge and through trains having a UIC-B gauge. A service tunnel with a minimum internal diameter of about 4.5 metres situated between the two operating tunnels will fulfil ventilation, maintenance and safety functions. At two points crossovers will enable trains to pass from one tunnel to the other in both directions. Various facilities necessary for operation or safety will complete the structures outlined above:

(i) Connecting passages shall be provided between the service tunnel and the main tunnels as indicated in paragraph AI.53 of this Annex. Unless the Concessionaires provide evidence to the Intergovernmental Commission that piston effect relief ducts are not necessary, such ducts shall be provided between the main tunnels at such intervals and of such cross sections as shall be approved by the Intergovernmental Commission. Pressure fluctuations shall be reduced to a level which does not cause discomfort to the passengers in trains.

(ii) Percolation water shall be extracted using pumping stations located at various points. Sumps shall be provided at the low points.

(iii) If found to be required, a system for cooling the tunnels to maintain an environment

suitable to personnel and passengers shall be provided.

AI.15 The Terminals:

(i) The terminals will be provided with the facilities and equipment necessary for the operation and administration of the Fixed Link. They will include in particular the facilities of the authorities responsible for frontier controls and security. The French and British controls will be juxtaposed near to the entry to the tunnels. However, subject to the Principals' international obligations, duty free and tax free shops will be provided between the frontier controls of the two States. The terminals will be equipped with facilities for use by passengers and other users of the terminals. The Concessionaires shall provide reasonable additional parking areas to cater for emergencies and other interruptions.

(ii) The French terminal will be situated to the west of Calais, mainly in the districts of Coquelles and Frethun. Road links will be established with the A26 motorway, via the south Calais bypass, and with the RN1. Railway links will be established with the SNCF Calais-Boulogne existing line, as well as with possible new lines. A cutting in Beussingue Hill will allow access to the tunnels.

Some fixed equipment and facilities will also be provided near the adit at Sangatte.

(iii) On the British side, the terminal will be located near Folkestone in the district of Shepway. The terminal will be linked to the M20 Motorway and the A20 road which borders the site. There will be a connection to the existing Ashford-Folkestone railway line. A road freight inland clearance depot will be located near Ashford.

Some fixed equipment and facilities will be situated at Shakespeare Cliff.

AI.16 The Shuttles:

The shuttles will consist of one or two rakes, each rake comprising a series of wagons, permitting embarkation at one end and disembarkation at the other. The overall width of the wagons will be about 4 metres and at commissioning the maximum length of shuttle trains shall be about 750 metres, excluding the locomotives.

Several types of rake are projected:

(i) Rakes for tourists' low vehicles:

The wagons would have two decks each with a minimum headroom of 1.95 metres. They would accommodate vehicles whose height is below 1.85 metres.

(ii) Rakes for tourists' large vehicles:

The wagons would have a single deck. They would accommodate tourists' vehicles within the limits set out in AI.21 below.

(iii) Rakes for commercial freight vehicles:

The wagons would accommodate commercial vehicles on a single deck within the weight and dimension constraints set out in AI.21 below.

Rakes provided for one type of vehicle will be permitted to transport other types of vehicles, provided that these rakes meet the relevant safety requirements.

AI.17 The Track:

The design shall allow the installation of a railway track in each of the main tunnels suitable for trains travelling at speeds of 200 kilometres per hour.

(i) The curves shall have a minimum radius of 4,200 metres in the tunnels. This may be reduced to 280 metres within the terminals. The radii of the curves in, and those providing access to, stabling and other sidings and for cross-overs in the tunnels

shall be settled as part of an Avant Projet. The connections to the national railway networks and the tracks from these to the tunnels shall be agreed with the national railway undertakings and the Intergovernmental Commission.

(ii) The longitudinal profiles shall not include gradients greater than 1 in 90 unless otherwise agreed and shall allow for adequate drainage.

(iii) The track in the tunnels shall be supported directly throughout on a concrete foundation. The track construction shall be such as to contain any derailed train. The track shall be designed to reduce noise and vibration so far as is practicable.

(iv) The track is to be located to maintain adequate lateral and vertical clearances. Types of fastenings will be specified in the Avant Projets.

(v) Rail joints are to be eliminated as far as possible and gaps in the running surface of the rails are to be reduced to a minimum. Runaway catchpoints or derailers are not to be provided.

AI.18 Equipment:

The Fixed Link will have the vehicles, plant, equipment and other fixtures and fittings necessary for operation and to ensure the service, performance, quality and safety levels defined in the Concession Agreement.

AI.2 Services provided by the Fixed Link

AI.21 Vehicles accepted by the shuttles (including accompanying travellers):

The shuttles will accept the following categories of vehicles:

- motorcycles of cylinder capacity greater than 49cc

- tourist vehicles of all types, either alone or pulling a trailer or caravan, and coaches,

which fall within the dimension limits defined by the Concessionaires which will be not less than the figures listed below:

maximum length - 12 metres

maximum width - 2.5 metres

maximum height - 4 metres

- vans and lorries, with or without trailers, which fall within the dimension limits defined by the Concessionaires which will not be less than the figures listed below:

maximum length - 18 metres

maximum width - 2.5 metres

maximum height - 4 metres

total load - 44 tonnes

- other categories of vehicles or users may be accepted subject to the agreement of the Intergovernmental Commission.

AI.22 Other Rail Users:

The Fixed Link will allow the passage of trains of other rail companies. Agreements shall be made by the Concessionaires with other rail users in accordance with the provisions of the Treaty and the Concession Agreement. These agreements shall include:

(i) the specification of the rolling stock allowed to pass;

(ii) the arrangements for connecting the rail infrastructure to the Concessionaires' facilities;

(iii) operational priorities;

(iv) rules and regulations covering operation and safety and the arrangements for the on-board staff and drivers; and

(v) all obligations arising from the Concession Agreement which must be observed by the train operators.

AI.3 Performance specifications of the System

AI.31 General performance specifications:

The Fixed Link shall allow, at commissioning, the following performances at the same time over a sustained period of operation:

(i) An average frequency of 4 minutes between any of two shuttles, a train and a shuttle, or two trains.

(ii) The passage of trains in the tunnel at speeds up to 160 kilometres per hour in conformity with the operating rules of the Concessionaires (for trains capable of achieving this speed).

(iii) A shuttle transit time of the order of 35 minutes from terminal to terminal.

AI.32 Minimum frequencies:

The Fixed Link shall be open day and night. The frequency of services will be determined by the Concessionaires on a commercial basis. However, the minimum service to be maintained shall be equivalent to one tourist shuttle and one commercial freight shuttle every half hour during the day and every hour during the night.

AI.33 Terminal Design:

The capacity of the terminals shall be compatible and may be modified from time to time to suit the demands of the traffic, and shall be such as to avoid vehicles waiting more than 30 minutes at the fiftieth most busy hour in any one year (excluding time for frontier controls).

AI.34 Fixed railway equipment:

The dimensions to be adopted for the loading and structure gauges, as well as all the safety clearances involved, must be proposed by the Concessionaires and approved by the Intergovernmental Commission. The following basic

principles must be followed in establishing the structure gauge:

(i) The structure gauge must allow for end and side throw on curves. In the tunnels cant must be allowed for by the rotation of the complete gauge about the centre point of the tunnel.

(ii) No fixed structure within the tunnel shall be positioned so that it approaches within 750 millimetres of the static wagon body contour between the level of the walkway in the tunnel and the top of the emergency doors in the wagon side.

(iii) The lower portion of the structure gauge shall provide adequate clearances for locomotives and traction units conforming to the kinematic gauge defined in Union Internationale des Chemins-de-fer leaflet No.505-1.

(iv) All locomotives which will require to pass over tracks electrified on the conductor rail system must conform to the kinematic gauge referred to in (iii) above, restricted on the underside by a horizontal cut-off line 115 millimetres above rail level, as defined in Union Internationale des Chemins-de-fer leaflet No.505-2.

(v) The interior width of shuttle wagons for the transport of accompanied road vehicles must be at least 1.15 metres wider than the widest vehicles normally to be carried.

(vi) Catenaries: electric power supply for the trains will be provided by a catenary carrying 25000V single phase 50hz. The power supplied to the Concessionaires for the Fixed Link shall be delivered by two separate circuits from each of the British and French National Grids. In the event of a break in power supply from one of the Grids, the system shall permit the operation of a lower level of overall service.

AI.4 Frontier Controls

AI.41 For road traffic the frontier controls shall be arranged on the principle of free exit. Accordingly procedures, in particular those relating to customs, immigration, police, veterinary and other services, will be carried out on the entry side of the tunnel: in France for traffic from France to Great Britain and in Great Britain for traffic from Great Britain to France.

(1) Thus for vehicles leaving France the sequence of operations is as follows:-

(i) On the French side

- Export customs clearance of heavy goods vehicles, if necessary, at the freight terminal
- Toll
- French Police and Customs
- British Immigration, Customs and veterinary

(ii) On the British side

- Import customs clearance facilities for heavy goods vehicles will additionally be provided at the Inland Clearance Depot at Ashford.

(2) Thus for vehicles leaving Great Britain the sequence of operations is as follows:-

(i) On the British side

- Export customs clearance of heavy goods vehicles, if necessary at the Inland Clearance Depot at Ashford
- Toll
- British Immigration and Customs
- French Police and Customs

(ii) On the French side

- Import customs clearance for heavy goods vehicles will, if necessary, be carried out at the freight terminal at Frethun.

AI.42 Traffic may be liable to spot checks at the terminal in the country of arrival for customs, veterinary or other controls.

AI.43 The frontier control authorities will provide attendance to enable full-time operation of the Fixed Link.

AI.44 Those parts of the terminals situated between the frontier controls and the tunnel portals will be restricted and access controlled by the Concessionaires and/or police authorities according to national practice. Other parts of the terminal areas may be the subject of a surveillance system, as directed by the Intergovernmental Commission. Incoming and outgoing traffic will be segregated in a way that is acceptable to the relevant authorities.

AI.45 Regardless of who is responsible for the cost in accordance with Clause 15 of the Concession Agreement, the Concessionaires will be responsible for construction and maintenance of the facilities required by the frontier control authorities.

AI.5 Safety

AI.51 Safety provisions:

In accordance in particular with Clauses 13, 14 and 15 of the Concession Agreement, the Concessionaires shall submit to the Intergovernmental Commission for approval, proposed safety arrangements including operating rules and emergency procedures. These arrangements will apply to all trains passing through the tunnels and shall conform to the general measures set out in paragraph AI.52 below.

AI.52 General measures:

(i) In the event of a train becoming immobilised in a tunnel for any reason, it must be possible to ensure that any other trains in the tunnel can be brought out without delay and that all passengers including those from

the stranded train can reach open air within a period not exceeding 90 minutes. This arrangement shall be satisfied even if there is an interruption of power supply from one side or the other or if there is an accident to a section of the catenary.

(ii) The ventilation system, in addition to maintaining a satisfactory tunnel environment during normal operation, must be capable of maintaining a smoke-free area into which passengers from a train on which a fire has occurred can be moved pending evacuation of the tunnels. In case of a fire in a tunnel, a special ventilation system in the main tunnels must permit the control of smoke to enable emergency services to attend the incident.

(iii) The service tunnel shall be provided with an independent transport system with an independent means of traction to allow emergency service teams to gain access to any part of the underground structure.

(iv) Materials and equipment to be used in the tunnels should, as far as possible, be of fire-resistant materials and of a nature that when exposed to fire or electrical discharge do not give off toxic fumes or dense smoke.

(v) Rules for the transport of dangerous loads will be submitted by the Concessionaires for the approval of the Intergovernmental Commission.

(vi) The services of the fire authorities and other public emergency services in the vicinity of the terminals in the two countries may be called upon to provide assistance in cases of emergency and in accordance with contingency plans to be agreed between the Concessionaires and the competent authorities. These arrangements will be incorporated in the emergency procedures of the Fixed Link.

AI.53 Special civil engineering measures:

(i) Connecting passages to provide communication between the service tunnel and the main

tunnels will be required at a nominal spacing of 375 metres, and where, for constructional reasons, it is necessary to exceed this spacing the maximum distance between adjacent passages shall not exceed 500 metres. The minimum clearance width in the connecting passages shall be not less than 1.4 metres including doorways. In the tunnels, no safe refuges will be required between the connecting passages.

(ii) Walkways will be required on each side of the track throughout the length of both main tunnels. One, to facilitate evacuation of a train in an emergency, should have clear width alongside the rolling stock of 800 millimetres and be located on the side nearest the service tunnel at a height of at least 550 millimetres above rail level except at crossovers and opposite the connecting passages, where it may be reduced in height. The gap from the edge of this walkway to the narrowest rolling stock shall be not more than 350 millimetres. The walkway shall be provided with a handrail on the side of the tunnel wall and direction markers to guide users to the nearest point of access to the service tunnel. The other walkway should be at least 500 millimetres in width and placed at such a level that an inspection of the running gear of a stationary train can be effected from it.

AI.54 Special measures relating to the fixed equipment:

(i) The main tunnels, the service tunnel and the connecting passages shall be permanently lit. Two power sources will be provided (one from each end) up to each sub-station thus ensuring a continuous power supply. Self-illuminated direction signs shall be provided along the walkways to guide passengers to the connecting passages in the event of power failure.

(ii) Provision shall be made to detect derailed wheels and to bring the train to a stand in the event of a derailment. This protection shall extend as necessary on the approach lines so that trains can be stopped outside the tunnel portals. Hot axle-box detectors

shall be provided on the approach lines outside the tunnel portals and shall be coupled with an automatic device to indicate that the train must be brought to a stand.

(iii) The catenary will be divided electrically into sections with the intention that only one single train suffers a loss of power in the event of catenary accident.

(iv) A water distribution system for fire fighting will be provided in the tunnels. The special equipment provided for this purpose must be approved by the Intergovernmental Commission.

AI.55 Measures relating to the rolling stock and personnel:

(i) All trains using the Fixed Link must comply with the Concessionaires' operational and equipment arrangements, and the security requirements of the relevant authorities, and must be fitted with compatible systems.

(ii) Except where operating rules otherwise permit, all trains shall be equipped with two locomotives, one situated at the head and the other at the rear of the train enabling the train to be split and to reverse direction. This arrangement may be modified for certain types of trains (particularly in the case of freight trains) and in certain operating conditions provided that the operating rules are followed.

(iii) All trains using the Fixed Link must be fitted with an automatic continuous brake of a pattern conforming to the Union Internationale des Chemins-de-fer requirements for international traffic.

(iv) Shuttle rakes must be provided with intermediate fire doors or curtains with a fire resistance time of at least 30 minutes to prevent the spread of smoke along the train in the event of a fire occurring on board. As far as is practicable, the design of shuttle rakes should be such as to enable, in appropriate circumstances, a train to continue on its journey to clear the tunnel in the event of an outbreak of fire.

(v) A driver-guard communication system with public address facilities will be required on all shuttle trains.

(vi) On shuttle trains a passenger alarm system shall be provided so that the train staff can be alerted in the case of emergency. It should not apply the brakes of the train.

(vii) Staff trained in fire-fighting duties and in the use of fire-fighting equipment will be required on all shuttle trains. On through trains a member of the railway staff will be responsible for safety.

(viii) Shuttle wagons will be provided with two emergency doors on each side of a clear width of at least 600 millimetres. When in the fully open position, the doors shall not project more than 200 millimetres outside the wagon body contour. Users should not be able to open the doors accidentally.

(ix) All toilets provided on passenger-carrying trains shall be of a retention type.

AI.56 Signalling and Communications:

(i) A cab signalling system will be required capable of maintaining a space interval between trains adequate for safety. It should incorporate some form of automatic train protection system. If not provided initially, the signalling system should be capable of development to provide full automatic train control.

(ii) A discrete speech communication link between each train driver and the control centre will be provided.

(iii) A radiotelephone system or equivalent will be required for communication between trains and the control centre.

(iv) A separate telephone system shall be provided for emergency use and for maintenance and inspection staff at suitable intervals along the service tunnel or in the connecting passages; it shall incorporate some form of emergency call device.

(v) The signalling system shall allow headways in operation of 3 minutes between trains at normal speeds and be capable of development to provide for lesser headways should these be necessary.

(vi) The movement of trains will be controlled by a single principal control centre, located at one of the terminals. A full standby facility will be located at the other terminal. Control centres will be equipped to monitor all information generated within the terminals, the tunnels and road approaches. Road traffic movements within each terminal and its approaches will be controlled by specialised equipment.

AI.6 Codes, Standards and Regulations

French, British and European codes, standards and regulations will be utilised in the design and construction of the Fixed Link. At the initiative of the Concessionaires, a list of the principal codes, standards and regulations to be used for each main section of the Works shall be agreed with the Intergovernmental Commission. These lists will be submitted to the Intergovernmental Commission in good time before submission of the Avant Projets.

The Works will withstand the effects of natural events predicted to occur once in 120 years.

AI.7 Definition of the term Avant Projet

AI.71 The Avant Projets will comprise a set of documents which will define the Works to be constructed, their objectives and their characteristics, and will give an explanation of the manner in which they meet such objectives, the feasibility of the Works, and the way in which they conform to safety rules and environmental requirements in accordance with the general obligations set out in the Concession Agreement.

AI.72 The documents will include:

1. The design parameters.

2. The list of the principal codes, standards and regulations.

3. The justification of the main options selected.

4. The design criteria and calculation methods for the main structures and equipment.

5. The outline calculations for the main structures and equipment.

6. Description and general specifications for the main structures and equipment.

7. Plans and drawings indicating the general arrangements of the Works together with principal dimensions.

AI.73 For example the following documents may be required for the civil engineering of the tunnels:

1. A location plan to a scale of 1/100,000.

2. A general plan of the Works in the area of the portals and other access points.

3. Horizontal and vertical profile of the tunnels.

4. Cross sections to a scale 1/100.

5. A statement justifying the location of the horizontal and vertical trace of the tunnels.

6. A summary report on the geological and geotechnical investigations carried out including:

   (a) A geological map of the area of the Works.

   (b) A geological elevation of the line of the tunnels.

   (c) The site investigation reports.

   (d) A report on the interpretation of the site investigation and geological data, together with the proposed means of construction in the areas of faults, discontinuities and water ingress.

7. The design parameters, including the method of operation, and design throughput of traffic. It must include a report on the design of the lining.

8. A report justifying the cross-section of the tunnels taking into account geology, dimensions of rolling stock, mechanical and electrical equipment, ventilation, safety, piston effect..

9. Construction methods statement and safety measures.

AI.8 Works to be provided at the Concessionaires' Expense

AI.81 The Concessionaires will provide at their expense all the connections from the terminals to the existing road networks.

AI.82 Certain items outside the boundaries of the Fixed Link such as those defined in paragraph AI.12 (Geographical limits of the Fixed Link) will also be paid for by the Concessionaires. The works constructed in this category will, after issue of the completion certificate of these works, pass into the title of the Principals or local authorities.

On the French side these works comprise:

(i) A share in the construction of the motorway link between RN1 and the south Calais bypass, according to arrangements which will be agreed between the Concessionaires and the French Principal in an exchange of letters.

(ii) The diversion of all roads, watercourses, services, temporary and permanent, made necessary by the construction of the Fixed Link.

On the British side:

The diversion of all roads, watercourses, services, temporary or permanent, made necessary by the construction of the Fixed Link.

AI.9 Procedures for Approvals, Consents and Agreements of Intergovernmental Commission

The provisions of the Concession Agreement shall apply to all approvals, consents and agreements of the Intergovernmental Commission referred to in this Annex.

Annex II
to the Concession Agreement

Acquisition of Land, Ownership of the Fixed Link and Rights of the Concessionaires in so far as these relate to the United Kingdom

AII.1 The extent of the land and rights in relation to land required for the construction and operation of the Fixed Link (referred to in this Annex as "Operational Land") shall be all those lands and rights authorised (whether for compulsory acquisition or vesting as provided in Paragraphs AII.21 and AII.22 below) for the purpose of such construction and operation as referred to in the Bill mentioned in Clause 3.1 of the Agreement to which this is an Annex ("the Concession Agreement" and words and expressions defined in the Concession Agreement shall have the same meaning herein) and/or as defined in the plans deposited in Parliament for the purposes of such Bill excepting all those lands and rights in relation to land required only for the construction of the Fixed Link (referred to in this Annex as "Construction Site Land").

AII.21 All right and title to the land and rights in relation to the land required for the construction or operation of the Fixed Link under the foreshore and the bed of the sea on the British side of the frontier (as ascertained in accordance with the Treaty), including the Fixed Link itself as it becomes constructed, and all land and rights in relation to land so required which are, before the date of the Concession Agreement, vested in or acquired by a Secretary of State other than the British Minister or otherwise under the control of the British Government, will be vested in the British Minister either before or forthwith following the date on which the Concession Agreement shall come into operation in accordance with Clause 3.1 thereof. The British Minister will also by the date on which the Concession Agreement shall come into operation have vested in him all powers necessary to acquire compulsorily (and to extinguish as necessary any rights incumbrances and covenants in respect

thereof) all Operational Land and Construction Site Land not already vested in him or acquired by him by agreement.

AII.22 All right and title to land and rights in relation to land acquired by the Concessionaires and required as Operational Land or Construction Site Land shall be transferred by the Concessionaires to the British Minister at his request and free of charge.

AII.3 The British Minister will grant to the Concessionaires:

AII.31 in respect of the whole of the Operational Land not less than three leases (comprising respectively (1) land at Cheriton near Folkestone, (2) land at Ashford and (3) land between Cheriton and the frontier (as ascertained in accordance with the Treaty) in forms to be agreed prior to the date on which the Concession Agreement shall come into operation in accordance with Clause 3.1 thereof for periods commencing on such date and terminating concurrently with the Concession Period;

AII.32 in respect of the Construction Site Land a lease or leases as required by the Concessionaires in forms to be agreed prior to the date on which the Concession Agreement comes into operation for periods of 10 years (subject to determination and extension as therein provided) commencing on the said date on which the Concession Agreement shall come into operation

and the Concessionaires undertake to observe and perform the provisions of all such leases.

AII.41 Subject to there being not less than three leases of the Operational Land as provided in Paragraph AII.31 above (but without prejudice to the right of the Concessionaires to call for more than three leases) but not so as to oblige the Concessionaires to take more than

one lease of each of the three areas of land therein mentioned the grant of each lease will be completed forthwith following the later of:

(i) the date on which all such land and rights as form the subject matter of the lease in question have become vested in the British Minister or have been acquired by him; and

(ii) the date on which the Concession Agreement shall come into operation in accordance with Clause 3.1 thereof; and

(iii) the earlier of the date on which the British Minister receives the payment (if any) due to him from the Concessionaires in respect of such land and rights referred to in Paragraph AII.7 below and the date on which the British Minister receives a duly executed bank guarantee in respect of the likely amount of such payment or payments as certified by the District Valuer.

AII.42 Pending the grant of the leases or any of them (and subject to the events mentioned in Paragraph AII.41(i) and (ii) above having occurred) the Concessionaires shall have the exclusive right and licence to enter into possession of the land and rights in relation to land which form the subject matter of such lease or leases as if such lease or leases had at that time been granted upon providing to the British Minister a duly executed bank guarantee or guarantees in respect of the likely amount of the payment (if any) due to him from the Concessionaires in respect of such land and rights pursuant to Paragraph AII.7 below as certified by the District Valuer and the Concessionaires and British Minister shall observe and perform all covenants conditions and other matters contained or referred to in such lease or leases

to the extent that these are not inconsistent with the licence created by this Paragraph.

AII.5 In relation to Construction Site Land it is agreed that:-

AII.51 where such land or rights are acquired by the British Minister pursuant to the exercise by him of his powers for compulsory acquisition, upon such land and rights being no longer required for the purposes of the construction of the Fixed Link they will (if the British Minister is obliged so to do as a matter of law or of national practice) be reoffered to the person from whom they were obtained upon the terms then customarily applicable in such circumstances. If such person repurchases such land or rights from the British Minister in accordance with this procedure, any consideration received by the British Minister (net of any transfer or other like costs properly incurred) will be paid by him to the Concessionaires promptly upon its receipt by him. If such land or rights are not repurchased by such person, the British Minister shall promptly transfer such land and rights to the Concessionaires free of charge,

AII.52 all other Construction Site Land (other than the land at Dolland's Moor mentioned in Paragraph AII.53 below) shall be transferred by the British Minister to the Concessionaires free of charge promptly following the determination of the lease or leases relating to such land save where such determination occurs as a result of the termination of the Concession Agreement,

AII.53 the land at Dolland's Moor not forming part of the Operational Land shall promptly following the determination of the lease or leases relating to such land (save where such determination occurs as a result of the termination of the Concession Agreement) be

transferred by the British Minister to British Railways Board at a price and on such other terms (which shall include without limitation terms relating to the grant and exception and reservation of necessary rights and easements) as the Concessionaires shall agree with the said Board such price to be paid forthwith to the Concessionaires.

AII.61 In any case where the British Minister acquires or has vested in him land or rights in relation to land which do not form part of the subject matter of any of the leases referred to in Paragraph AII.3 above but such acquisition or vesting occurs by reason of the Project, and such acquisition or vesting is made either:

(i) as a result of an agreement between the British Minister and the then owner with the prior written approval of the Concessionaires, or

(ii) as a result of the process of law following the application for such vesting by the then owner,

the British Minister shall promptly transfer such land or rights to the Concessionaires free of charge.

AII.62 Upon the Fixed Link being brought into operation any surplus land then vested in the British Minister for which the Concessionaires have paid pursuant to Paragraph AII.7 below shall promptly be transferred to the Concessionaires free of charge unless the British Minister is then obliged as a matter of law or of national practice to reoffer such land to the person from whom it was originally obtained in which event the provisions of Paragraph AII.51 above shall apply mutatis mutandis in respect of such land.

AII.7 The Concessionaires shall pay to the British Minister the amounts specified in Paragraph AII.71 below forthwith following the vesting therein

mentioned, the amounts specified in Paragraphs AII.72 and AII.74 when such amounts are due to be paid by the British Minister and the amounts specified in Paragraph AII.73 forthwith following the issue of the District Valuer's certificate:-

AII.71 in the case of land or rights vested in him under the foreshore and the bed of the sea, the costs of such vesting (including the amount of any compensation payable by him);

AII.72 in the case of land or rights acquired by him after the date of the Concession Agreement, the costs of acquiring such land or rights such costs (in the case of land or rights acquired by him by agreement) to be previously approved in writing by the Concessionaires such approval not to be unreasonably withheld or delayed and which approval shall be deemed to have been given if the amount of such costs have been determined by the Lands Tribunal;

AII.73 in the case of land or rights which are, before the date of the Concession Agreement, vested in him or in another Secretary of State or otherwise under the control of the British Government, the current market value (as certified by the relevant District Valuer) of such land or rights on the date on which the Concession Agreement shall come into operation in accordance with Clause 3.1 thereof as if they were being acquired compulsorily by him for the purposes of the Project and on the assumptions as to compulsory purchase compensation contained in the Bill referred to in Clause 3.1 of the Concession Agreement; and

AII.74 any compensation payable by him by reason of the Project in respect of other land or rights not required for the Fixed Link, whether or not such land or rights are acquired, the amount of such compensation where the same is paid by the British Minister by agreement and not as a result of the

process of law to be previously approved in writing by the Concessionaires.

Annex III
to the Concession Agreement

Insurance Obligations

In accordance with Clause 22 of the Concession Agreement to which this is an Annex ("the Concession Agreement") specific insurances are to be arranged to the extent that the same are available at reasonable cost in respect of the following:

- any legal liability of Government, Government agencies such as the Intergovernmental Commission and the Safety Authority, their servants or employees, contractors and operators to third parties and Users of the Fixed Link arising out of the construction or operation of the Fixed Link other than liability arising out of the serious default or recklessness of the Principals;

- The risks of physical damage to the Fixed Link or interruption to construction or operation resulting therefrom;

- legal liability risks, particularly those arising during the period of abandonment.

The insurances may incorporate appropriate deductibles or similar elements of self insurance subject to the approval of the Intergovernmental Commission.

The insurance arrangements will be made under two separate programmes:

The first will cover the construction phase and shall continue until the bringing into service of the Fixed Link pursuant to Clause 11 of the Concession Agreement;

The second will start at the bringing into service of the Fixed Link on a one, two or three years basis renewable thereafter.

All insurance policies and arrangements for their administration will be submitted to the Intergovernmental Commission which inter alia shall review policy exclusions and other limitations of coverage in the light of insurance market conditions at the time of submission.

In compliance with the French compulsory decennial insurance law, a decennial insurance policy must be taken

out to insure both the terminal buildings and the operating buildings on French territory.

Liability to the Principals incurred by the Concessionaires for non-compliance with their obligations under or pursuant to the Concession Agreement shall not be insurable risks.

The risks to be insured by the Concessionaires will include the following:

(1) Physical loss or damage to the Fixed Link including marine property (if any), such as loss or damage caused by strikes, riots, acts of terrorism and of sabotage, natural catastrophes including (without limitation), flood, tidal wave, landslip and earthquake; lightning and fire explosion; and electrical and machinery breakdown and train derailments.

(2) Delay in start up and interruption of operations resulting from physical loss or damage for which indemnity is provided under the insurance described in (1) above.

(3) Liability to third parties including Users in respect of

(a) death or bodily injury or disease; or

(b) loss of or damage to property

including an extension providing compensation for each individual insured party as if they were insured separately.

Annex IV
to the Concession Agreement

Events giving rise to the right of substitution

(1) failure to make any payment required under the financing agreements within a stated grace period;

(2) it appears, by reference to an objective test, that the Concessionaires do not have available and are not in a position to obtain sufficient funds to meet the estimated cost of construction or operation of the Fixed Link, together with the associated financing costs;

(3) it appears, by reference to an objective test, that the estimated final maturity date for repayment of the Lenders financing the construction and operation of the Fixed Link will be materially extended; or

(4) abandonment of the Project, insolvency, liquidation, enforcement of security by other creditors and related events.



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5422
GTN 215) .....
(Switchboard) 01-215 7877

JU824
Secretary of State for Trade and Industry

21 March 1986

The Rt Hon Alfred Morris MP
House of Commons
London
SW1A OAA

Copies to:
PS/Prime Minister
PS/ Mr Morrison
PS/Mr Howard
PS/Sir Brian Hayes
Mr Dell
Mr Mountfield
Mr Treadgold
Mr Mingay ID
Mr Bremner ID1
(on file)

Dear Alf. N BOM

Thank you for your letter of 5 March inviting me or Peter Morrison to meet you and delegation from the North of England Regional Consortium to discuss the impact of the Channel Tunnel on Regional Policy.

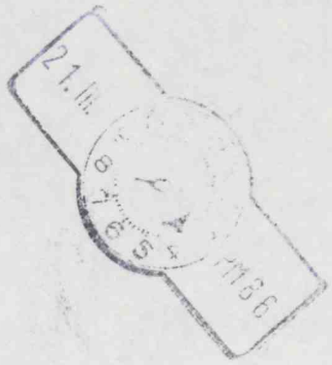
I am afraid that my time is heavily committed over the next few weeks. However, Peter Morrison has said that he would be pleased to meet you and your colleagues and suggests you telephone his office on 215 5186 to arrange a suitable date and time.

Yours,

PAUL CHANNON

Paul

1786 1986 BOARD OF TRADE BICENTENARY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Prime Minister

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PRIME MINISTER

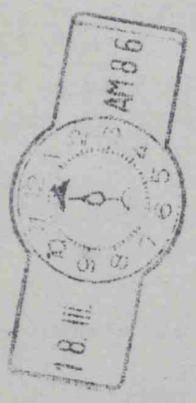
CHANNEL FIXED LINK

You will be pleased to learn that the Concession Agreement between the British and French Governments and Channel Tunnel Group/France Manche and the rail agreements between CTG/FM and BR/SNCF were signed over the weekend. Your intervention in this respect was extremely helpful. As you know, the negotiations have at times been very difficult but we now have agreements that are entirely satisfactory to the British Government, Channel Tunnel Group and British Rail. I am grateful for your support.

NR

NICHOLAS RIDLEY

18 March 1986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CHANNEL FIXED LINK

1. YOU WILL BE AWARE OF THE CONTINUING PROBLEMS IN THE WAY OF SIGNATURE OF THE CHANNEL TUNNEL CONCESSION AGREEMENT AND A RAILWAY TOLLING AGREEMENT, BOTH OF WHICH WERE DUE TO BE COMPLETED BY 14 MARCH. NEGOTIATIONS ARE CONTINUING AND MR. RIDLEY WILL BE SPEAKING BY TELEPHONE TO M. AUROUX TOMORROW MORNING. BUT THE PRIME MINISTER HAS AGREED THAT SHE SHOULD INTERVENE DIRECTLY WITH PRESIDENT MITTERRAND IF NECESSARY.

2. SUBJECT TO THE OUTCOME OF MR. RIDLEY'S CONVERSATION WITH M. AUROUX - WHICH YOU SHOULD ESTABLISH WITH THE DEPARTMENT OF TRANSPORT EARLY ON 14 MARCH - YOU SHOULD SEEK AN URGENT APPOINTMENT AT THE ELYSEE TO CONVEY OUR CONCERN AT THE ONTINUING DIFFICULTIES BEING RAISED BY THE FRENCH SIDE WHICH ARE PREVENTING SIGNATURE OF THE CHANNEL TUNNEL CONCESSION AGREEMENT. YOU SHOULD MAKE CLEAR THAT YOU ARE SPEAKING ON THE DIRECT INSTRUCTIONS OF THE PRIME MINISTER WHO WISHES TO CONVEY A MESSAGE IN THE FOLLOWING TERMS TO PRESIDENT MITTERRAND.

3. THE PRIME MINISTER IS CONCERNED TO LEAR FROM MR. RIDLEY THAT

THERE ARE STILL THREE IMPEDIEMTNS TO SIGNATURE OF THE CONCESSION AGREEMENT, AND THERE IS AT YET NO AGREEMENT BTWEEN CHANNEL TUNNEL GROUP/FRANCE MANCHE AND THE FRENCH RAILWAYS HICH MUST PRECEDE THE CONCESSION AGREEMENT. SHE KNOWS THAT THE PRESIDENT WAS KEEN TO COMPLETE THE NEGOTIATIONS BY THE MIDDLE OF MARCH AS HAS BEEN CONFIRMED TO US BY FRENCH OFFICIALS: AND WOULD LIKE THE PRESIDENT TO KNOW THAT SHE REMAINS READY TO AUTHORISE SIGNATURE OF THE CONCESSION AGREEMENT BEFORE THE WEEKEND PROVIDED THE OUTSTANDING PROBLEMS CAN BE RESOLVED. BUT SOLUTIONS TO THEM CANNOT OF COURSE INVOLVE RE-OPENING MATTERS WHICH HAVE ALREADY BEEN SETTLED.

4. THE PRIME MINISTER'S FIRM UNDERSTANDING IS THAT THE DIFFICULTIES WHICH HAVE BEEN RAISED BY THE FRENCH SIDE ON ONE POINT - THE DURATION OF THE PERIOD FOR WHICH CTG/FM WOULD HAVE THE EXCLUSIVE RIGHT TO MAKE PROPOSALS FOR A ROAD LINK - WOULD IN FACT INVOLVE RE-OPENING A MATTER AGREED AND PUBLICLY ENDORSED BY HER AND THE PRESIDENT AT THEIR MEETING ON 20 JANUARY IN LILLE. THIS IS CLEARLY UNACCEPTABLE. SHE HOPES THAT AGREEMENT CAN RAPIDLY BE REACHED ON THE OTHER TWO MATTERS - THE DURATION OF THE CONCESSION PERIOD AND THE PROCEDURE FOR LETTING CONSTRUCTION CONTRACTS - ON THE FIRST OF WHICH AT LEAST SHE RECOLLECTS SETTING OUT AT THE PRESS CONFERENCE IN LILLE WHAT SHE FIRMLY BELIEVED TO BE THE AGREED POSITION OF THE TWO GOVERNMENTS. THE PRIME MINISTER WAS ALSO UNDER THE IMPRESSION THAT THE FRENCH GOVERNMENT SHARED OUR VIEW THAT THE CONCESSION AGREEMENT SHOULD NOT BE SIGNED UNTIL THERE WAS A SATISFACTORY RAILWAY TOLLING AGREEMENT IN PLACE, AND THAT CTG/FM AND SNCF/BR SHOULD BE LEFT IN NO DOUBT OF THIS FIRM POSITION.

5. THE PRIME MINISTER HOPES THAT THE PRESIDENT WILL GIVE INSTRUCTIONS FOR THESE POINTS TO BE DEALT WITH IN ACCORDANCE WITH EARLIER UNDERSTANDINGS. IT WOULD CREATE A MOST UNFORTUNATE IMPRESSION IN BOTH OUR COUNTRIES IF, AFTER WORKING SO HARD AND SO SUCCESSFULLY TO BRING THEMAIN NEGOTIATIONS TO

A RAPID CONCLUSION, THE IMPRESSION WAS NOW TO BE GIVEN THAT THE AGREEMENT BY WHICH BOTH SHE AND THE PRESDIENT SET SO MUCH STORE WAS ALREADY BEING CALLED INTO QUESTION.

HOWE

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EUROPEAN POLITICAL.
MAED.

file

CCPC

10 DOWNING STREET

From the Private Secretary

13 March 1986

Dear Resident Clerk,

CHANNEL FIXED LINK

I should be grateful if you would arrange for the enclosed telegram to be despatched to the Embassy in Paris to arrive desk by 0730Z tomorrow 14 March. It has been somewhat amended since the draft was seen by officials earlier this evening, in the light of the Prime Minister's own views. I have been unable to locate anyone in the Foreign and Commonwealth Office or Transport with whom I can check the changes. The Embassy should therefore check with the department early tomorrow to see if there are any inaccuracies.

I am copying this letter and enclosure to Sarah Straight (Department of Transport).

yours sincerely,

Charles Powell

C D POWELL

The Resident Clerk,
Foreign and Commonwealth Office

TELEGRAM TO H M AMBASSADOR, PARIS

CHANNEL TUNNEL

You will be aware of the continuing problems in the way of signature of the Channel Tunnel Concession Agreement and a Railway Tolling agreement, both of which were due to be completed by 14 March. Negotiations are continuing and Mr. Ridley will be speaking by telephone to M. Auroux tomorrow morning. But the Prime Minister has agreed that she should intervene directly with President Mitterrand if necessary.

Subject to the outcome of Mr. Ridley's conversation with M. Auroux - which you should establish with the Department of Transport early on 14 March - you should seek an urgent appointment at the Elysee to convey our concern at the continuing difficulties being raised by the French side which are preventing signature of the Channel Tunnel Concession Agreement. You should make clear that you are speaking on the direct instructions of the Prime Minister who wishes to convey a message in the following terms to President Mitterrand.

The Prime Minister is concerned to learn from Mr. Ridley that there are still three impediments to signature of the Concession Agreement, and there is as yet no agreement between Channel Tunnel Group/France Manche and the French Railways which must precede the Concession Agreement. She knows that the President was keen to complete the negotiations by the middle of March as has been confirmed to us by French officials; and would like the President to know that she remains ready to authorise signature of the Concession Agreement before the weekend provided the outstanding problems can be resolved. But solutions to them cannot of course involve re-opening matters which have already been settled.

The Prime Minister's firm understanding is that the difficulties which have been raised by the French side on one point - the duration of the period for which CTG/FM would have

the exclusive right to make proposals for a road link - would in fact involve re-opening a matter agreed and publicly endorsed by her and the President at their meeting on 20 January in Lille. This is clearly unacceptable. She hopes that agreement can rapidly be reached on the other two matters - the duration of the concession period and the procedure for letting construction contracts - on the first of which at least she recollects setting out at the press conference in Lille what she firmly believed to be the agreed position of the two Governments. The Prime Minister was also under the impression that the French Government shared our view that the concession agreement should not be signed until there was a satisfactory railway tolling agreement in place, and that CTG/FM and SNCF/BR should be left in no doubt of this firm position.

The Prime Minister hopes that the President will give instructions for these points to be dealt with in accordance with earlier understandings. It would create a most unfortunate impression in both our countries if, after working so hard and so successfully to bring the main negotiations to a rapid conclusion, the impression was now to be given that the Agreement by which both she and the President set so much store was already being called into question.

C D POWELL

13 March 1986

SL2AFV

fl KZAKW.
CPC

10 DOWNING STREET

From the Private Secretary

13 March 1986

Thank you for your letter of 13 March enclosing a draft message from the Prime Minister to President Mitterrand about the CFL rail and Concession Agreements.

It seems to me that the draft conveys the impression that it is we who are negotiating against a deadline rather than the French. In fact the position is that the French were keen to complete by mid-March before their elections and we should extract such advantage as we can from this. Moreover, I think the Prime Minister's remarks in Cabinet this morning mean that we must make even clearer that there can be no question of re-opening matters already agreed.

Given that time is very short, it might be best to cast the message in the form of instructions to our Ambassador in Paris to seek an interview at the Elysee tomorrow morning to convey the Prime Minister's views. I enclose a revision of your draft in the form of a telegram. I should be grateful to know whether you would be content for me to put it to the Prime Minister in this form.

I am copying this letter and enclosure to Colin Budd (Foreign and Commonwealth Office) together with your letter.

CHARLES POWELL

Miss Sarah Straight,
Department of Transport.

DRAFT TELEGRAM TO HM AMBASSADOR, PARIS

CHANNEL TUNNEL

Please seek an urgent appointment at the Elysee early tomorrow to convey our concern at the continuing problems in the way of signature of the Channel Tunnel Concession Agreement. You should make clear that you are speaking on the direct instructions of the Prime Minister who wishes to convey a message in the following terms to President Mitterrand.

The Prime Minister is concerned to learn from Mr. Ridley that there are still unresolved problems which prevent signature of the Concession Agreement and of the agreement between Channel Tunnel Group/France Manche and the French Railways which must precede the Concession Agreement. She knows that the President was keen to complete the negotiations by the middle of February as has been confirmed to us by French officials. The Prime Minister remains ready to authorise signature of the Concession Agreement before the weekend provided the outstanding problems can be resolved. But this must not involve re-opening matters which have already been settled. The Prime Minister's firm understanding is that some of the points on which difficulties have now arisen - duration of the concession period, the procedure for letting construction contracts and exclusivity in relation to the second link - involve re-opening matters already agreed and endorsed by her and the President at their meeting on 20 January in Lille. She hopes that the President will give instructions for these points to be settled in accordance with earlier understandings. It would create a most unfortunate impression if, after working so hard and so successfully to bring the main negotiations to a rapid conclusion, the impression was now to be given that the Agreement was already being re-opened.

VC2AKV

DRAFT TELEGRAM TO HM AMBASSADOR, PARIS

CHANNEL TUNNEL

Please seek an urgent appointment at the Elysee early tomorrow to convey our concern at the continuing problems in the way of signature of the Channel Tunnel Concession Agreement. You should make clear that you are speaking on the direct instructions of the Prime Minister who wishes to convey a message in the following terms to President Mitterrand.

The Prime Minister is concerned to learn from Mr. Ridley that there are still unresolved problems which prevent signature of the Concession Agreement and of the agreement between Channel Tunnel Group/France Manche and the French Railways which must precede the Concession Agreement. She knows that the President was keen to complete the negotiations by the middle of February as has been confirmed to us by French officials, ~~The Prime Minister~~ remains ready to authorise signature of the Concession Agreement before the weekend provided the outstanding problems can be resolved. ~~But~~ This ~~must~~ should not involve re-opening matters which have already been settled. The Prime Minister's firm understanding is that some of the points on which difficulties have now arisen - duration of the concession period, the procedure for letting construction contracts and exclusivity in relation to the second link - involve re-opening matters already agreed and endorsed by her and the President at their meeting on 20 January in Lille. She hopes that the President will give instructions for these points to be settled in accordance with earlier understandings. It would create a most unfortunate impression if, after working so hard and so successfully to bring the main negotiations to a rapid conclusion, the impression was now to be given that the Agreement was already being re-opened.

VC2AKV

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

CSP
13/3

Charles Powell Esq
10 Downing Street
LONDON
SW1

13 March 1986

Dear Charles

I understand that at Cabinet this morning the Prime Minister agreed to send a message to President Mitterrand about the CFL rail and concession agreements. My Secretary of State explained the problems this morning and the attached draft message should therefore be fairly self-explanatory but no doubt if you wish any further information you will be in touch.

Yours ever

Sarah Straight

SARAH STRAIGHT
Private Secretary



DRAFT MESSAGE FROM THE PRIME MINISTER TO PRESIDENT MITTERRAND

I am concerned to hear that at this very late hour there are still unresolved problems between your Government and CTG/France Manche, concerning the Concession Agreement and the agreement between CTG/France Manche and the French railways which must precede it.

I understand that discussions on the railway agreement took place in Paris yesterday and are continuing today. I hope that the French railways can now agree to bring these talks to a quick conclusion and agree to terms with which CTG and BR are satisfied.

In that case, the British Government would be ready to sign the Concession Agreement before the weekend, subject to the resolution of the three points still outstanding. These are the duration of the concession period, the procedure for letting construction contracts and exclusivity in relation to the second link, where I really feel we cannot go back on the agreement which you and I endorsed on 20 January at Lille.

RESTRICTED

CC/86



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

NBPM.

4 March 1986

Dear Nicholas,

CHANNEL TUNNEL CONCESSION

Thank you for your letter of 28 February. I am glad that our position has been maintained on the points that you have mentioned, and note what you have said about the "security package". Provided that bankers' claims on revenues, in circumstances in which they do not put further funds into the project, would not prevent the Government's finding new equity, or otherwise put them in a better position than if the project had not failed, I would not object to an arrangement with the lenders. But these conditions presumably mean that the terms of subordination need defining now.

Difficulties may also arise over the position on discriminatory tax laws. The French, I understand, have offered in negotiations the substance of what the promoters now want, namely a promise to take such measures as the Governments can to avoid or reduce a discriminatory effect. For us, there could be no question of exempting the tunnel from the effects of general changes in tax laws (as I understand CTG, at least, now accept), neither could we commit future Governments on any tax matters. All that Parliament, I believe, would accept that we could do would be to say that we do not expect that a successor Government would consider a special tax to be appropriate, unless entirely exceptional profits were being made. But it is not clear that CTG would feel that was helpful, and in any case we should not say anything unless you were convinced that other features in the negotiations were satisfactory

RESTRICTED

and that it would be enough to clinch a settlement. In today's negotiations our officials must limit themselves to the Government's willingness to consider an apparent discriminatory effect as we put it to the promoters in January, and as CTG accepted it.

Treasury and Revenue officials, along with a representative of the Frech tax administration, met representatives of CTG/FM yesterday to try to resolve some new tax points which have arisen from changes in their proposals that the promoters have put forward in the last few days. The most important is the promoters' wish to ensure that the benefit from capital allowances notwithstanding changes they have made in aspects of the security package", which now involves trusts rather than "Government ownership." Complex issues are involved, and the Inland Revenue have tried to deal with them. But I need to say that it may not be possible to reach a solution by Wednesday, especially if there are further eleventh-hour changes in the promoters' plans. Revenue officials have not yet been given the draft trust documentation and they fear that even when they have this they may well conclude that capital allowances - which the promoters regard as crucial - could not be given without primary legislation, and it would be necessary to consider the possible wider implications. The short point, as it is understood at the moment, is that neither the trustees nor CTG would be eligible for capital allowances because the former would not be carrying on the trade and the latter would not own the assets. The changes were also news to the French official who attended yesterday's meeting, who has now to check with his colleagues in Paris.

Although, for these reasons, an early settlement must look very unlikely, I would hope that the position which you describe in your letter of sticking to the "supplementary points" which were agreed in January with the French and accepted by the promoters, will see us through on the other points. However, I would hope that the shipping article will only be offered if there is a clear prospect of an overall deal.

I am sending copies of this letter to the Prime Minister, to other members of E(A), to Geoffrey Howe, Douglas Hurd, George Younger and to Sir Robert Armstrong.

Yours ever,

JOHN

JOHN MacGREGOR

CUBG

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

28 February 1986

Prime Minister 2
See the final page.
DHS
28/2

Dear John

CHANNEL TUNNEL CONCESSION

Thank you for your very helpful letter of ~~25~~ February agreeing to certain changes in our negotiating position on the Channel Tunnel concession agreement. I was particularly grateful for the decision that the tunnel operators would be allowed to benefit from the "shipping article", enabling each company to be taxed only in its own country.

None of these changes has yet been revealed to the concessionaires and, as you have suggested, we will use them to obtain as many concessisons from the companies as possible. In particular we will remain firm on the questions that particularly concern you (and which were included in the 'supplementary points' agreed by Sir Nicholas Henderson on 17 January):

1. no indemnity on supplementary works;

2. no change in the basis of calculating compensation for political termination;

3. no guarantee against discriminatory tax laws.

The other points in your letter have already been accepted by the companies.

As far as the rail agreement is concerned, I have made it clear to the French Minister that I will not sign the concession agreement until an outline agreement exists between the concessionaires and the railway companies which is satisfactory to BR.

The only other issue which has seriously troubled the UK negotiators has been the package of lenders' security proposed by the companies' bankers. It has always been our intention that the lenders should be able to take whatever lien they required over the concession and its revenues as security for their loans. Unfortunately, arrangements which would normally be adopted in British project financings, such as a 'floating charge', are not possible in French law. We have, therefore, been asked to accept a number of fairly novel devices, involving direct contact between the Governments and the banks.

The lenders are seeking the right to substitute themselves for the concessionaries if the concessionaires default on their loan agreements. If the lenders are prevented from exercising this right of substitution they want -

1. a right of first refusal over any new concession ("preference"); or

2. if the Governments themselves continue the project the right to payments ("droit de suite") from its revenues.

In case they are unwilling or unable to exercise these rights they are seeking a further security for their loans in the form of subordinated rights. This means that once any new (substitute) concessionaire had earned a reasonable return on his equity and repaid his loans the first lenders would have some claim (to be defined) to participate in any subsequent profits. Finally, the banks need a letter from the Governments accepting these arrangements and re-stating the political guarantee.

It is a necessary consequence of the privately-financed nature of the project that potential lenders should be able to obtain the maximum claim over future revenues from the project. The security package therefore, is acceptable in principle. One possible objection to the details is that the deferred, subordinated, rights might frighten off any potential new investors, but we have persuaded ourselves that -

1. the only hope the lenders have of recovering their loans is to reach agreement with any new investors;

2. for this reason they would have no incentive to block any attempted revival of the project by making excessive demands.

There was some doubt whether the right of 'preference' would contravene EC competition law but I understand that it is possible to meet this objection. I believe that

there is also a possibility that a minor change will be required in UK tax law to enable the companies to benefit from writing-down allowances on assets 'owned' by the Governments.

A possible objection of principle is that it goes against the grain to have direct Governments/financier relationships. However the proposed arrangement does have the great advantage that it enables us to demonstrate yet again, and direct to the bankers, that they cannot expect to call upon any financial guarantees from the Governments apart from the political guarantee. For this reason I regard the overall security package as acceptable.

Attempts are being made to finalise a satisfactory security package this weekend. We are also considering sympathetically the suggestion that the political guarantee should be restated in the lenders' letters, though this is likely to cause difficulty for the French.

With one exception, the remaining issues which divide the Governments and the Companies do not raise serious points of principle for the UK. The exception is the question of exclusivity and the second link. I have seen Paul Channon's letter of 26 February objecting to the limited right of first refusal from 2000 to 2005; but I have to say that this was an important element of the package negotiated just before the announcement on 20 January. It is not proving easy to persuade the concessionaires to accept changes in an agreement which they entered into freely and in good faith. Attempting to undo their agreement also makes it much harder for us to hold the line on the supplementary points, mentioned earlier. Nevertheless, the French are seeking a similar change, though for different reasons, and our negotiators will do their best.

The French Government want to sign the concession agreement on 7 March, well ahead of their forthcoming elections. This may just be possible but it depends partly on the attitude of the companies' boards which will be meeting on Monday to hear reports on the negotiations. If all goes well, I will circulate early next week a near final version of the agreement.

Copies of this go to the Prime Minister, the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

NICHOLAS RIDLEY

Transport: Channel Tunnel Pt 5

CC BG

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT
27 February 1986

NRBFM.

Dear Nicholas,

CHANNEL FIXED LINK BILL

I have seen your minute of 10 Febraury to the Prime Minister and the subsequent correspondence.

I understand that Kenneth Baker does not wish to press his reservations about the provision for the new road and that you therefore have policy approval. On that basis, although, the inclusion of such a provision in the Channel Fixed Link Bill must render it more likely to delay, both in its introduction and its passage through Parliament. I am content to give drafting approval. Given the delay which the provision is likely to cause however, you will doubtless wish to consider, in the light of your aim to Royal Assent for the Bill in the summer 1987, just how essential provisions for this road are.

More generally, I understand that instructions to parliamentary Counsel are still far from complete, and it is difficult to see how the Bill can be introduced much before the Summer Adjournment, let alone by the end of March. Since you will be imposing an additional burden on the Parliamentary Counsel with the provisions relating to the road, I hope that you will do all that you can to improve the flow of instructions on the main part of the Bill.

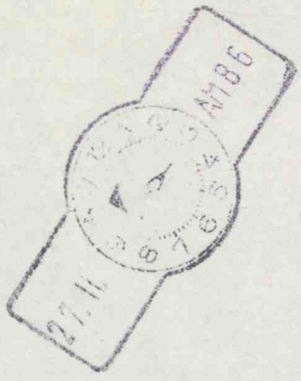
I am copying this letter to the Prime Minister, the Lord President, other members of E(A) and to Sir Robert Armstrong and First Parliamentary Counsel.

John Biffen

JOHN BIFFEN

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

TRANSPORT; Channel Tunnel; Pt 5



Foreign and Commonwealth Office

London SW1A 2AH

26 February 1986

Charles Powell Esq
Private Secretary to the Prime Minister
No 10 Downing Street
LONDON SW1

CDP 28/2

Dear Charles

CHANNEL FIXED LINK TREATY: PRESENTATION COPIES

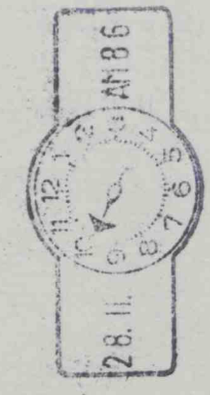
1. At the request of the Department of Transport we produced a limited number of presentation copies of the Channel Fixed Link Treaty, for those UK and French Ministers and officials who were involved in the drafting of the Treaty or the arrangements in Canterbury. I enclose four copies; personal copies for yourself and Bernard Ingham, a copy of which might be used for display purposes, and a personal copy for the Prime Minister; John Wybrew from the No 10 Policy Unit has received a copy separately.

Yours ever

Roger

R C Beetham
Maritime, Aviation and
Environment Department

Copied to: Private Office/FCO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cc BG

TH

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

Our Ref R/PSO/1862/86

The Rt Hon John MacGregor
OBE MP
Chief Secretary to the
Treasury
Treasury Chambers
Parliament Street
SW1P 3AG

25 FEB 1986

Dear John

CHANNEL FIXED LINK BILL

Thank you for your letter of 12 February and your agreement to my proposal to include four miles of the A20 improvement in the Bill. I confirm that the cost will be met within the roads programme and that my officials will consult yours in the usual way.

Copies of this letter go to the Prime Minister, members of E(A), to the Lord Privy Seal and to Sir Robert Armstrong.

Yours

NICHOLAS RIDLEY

TRANSPORT

Channel Tunnel PQs



CONFIDENTIAL

cc KG

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

NBPM.

25th February 1986

Dear Nicholas,

CHANNEL TUNNEL:CONCESSION

WITH DN

You wrote to Geoffrey Howe on 21 February about progress with the concession agreement for the Channel Tunnel.

If it helps in reaching a satisfactory settlement, I agree that we might relax our position on the length of concession, the companies' financial structure and the restoration of sites on termination. I would also be prepared to allow the tunnel to benefit from the "shipping article", so enabling each company to be taxed only in its own country.

But these are valuable concessions. Shipping article treatment would forego tax that could amount to £100 million or more, even discounting it in present value terms to the opening of the tunnel. And 60 years from ratification of the treaty would give CTG a longer operating period than the 50 years from opening for which they originally bid. It may not be necessary to go beyond 55 years. In any event the basic point is that, in return for these concessions, we should get satisfaction on the other outstanding issues. CTG-FM may too easily believe that they have a negotiating advantage now that we have announced that we intend to facilitate their scheme. They should not get better treatment than other private sector companies.

In particular, CTG-FM should not be given any expectation of a right to compensation in respect of supplementary works which the Government has to require for safety, security or environmental reasons (though we should be prepared to consider claims, as we said we would last month). The tunnel must not have privileges as regards the costs of frontier controls and policing. CTG-FM must take responsibility for matters such as safety and design, and not pass liability to the Governments.

CONFIDENTIAL

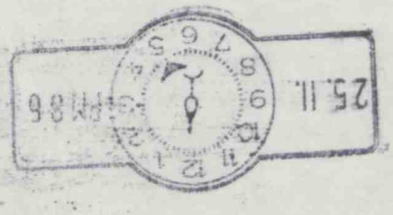
Also, since the Governments may need to be able to take prompt action if things go wrong, we should retain a right to check the continuing adequacy of financial commitments.

Some important safeguards for the Governments were identified last month before the Lille announcement, and put to CTG-FM. It is disturbing that they have now apparently sought an indemnity on supplementary works (which would go back on those points). I understand they have also sought to reopen the railway agreement. So perhaps I could add that any attempt to change the Governments' agreed position against a guarantee concerning tax laws should be resisted, as should any proposals to vary the principle of compensation under the 'political guarantee'. With the French election so near, there may be a temptation on their side to weaken. Our Parliamentary timetable does not impose the same constraints, and we could use the negotiating strengths that we derive from that fact to ensure that our concerns are met.

I am sending copies of this letter to the Prime Minister, to other members of E(A), to the Home Secretary, to the Secretary of State for Defence; and to Sir Robert Armstrong.

Yours ever,

JOHN MacGREGOR



FCS/86/048

SECRETARY OF STATE FOR TRANSPORT

CFL: Concession

1. Thank you for your letter of 21 February. I am generally content that you should proceed as you suggest, with the aim of concluding the Concession Agreement well before the French elections.

2. On the particular points in your letter:

(a) Length of concession: provided the French have no objection, I agree it might be sensible to concede to CTG/FM the extra 10 years in exchange for an appropriate concession on their part.

(b) Financial structure: I have some sympathy with the view that it is up to the banks to satisfy themselves on the debt and equity points and agree that we should be prepared to drop our previous stipulations.

(c) Termination and restoration of sites: our main concern must be to ensure that there is no hindrance to navigation. So long as the wording of the Concession Agreement is in line with the Treaty on this, I am content.

(d) Taxation: I agree that it seems reasonable to treat the Concessionaires on the same basis as the ferry companies.

.../(e)

(e) Nationality: the most important point is that ownership or effective control should not fall into hands inimical to either state. I am glad to see that CTG/FM are prepared to make proposals to achieve this end.

3. I hope that officials, who I know have already done a great deal of work on the Concession Agreement, will be able to conclude negotiations well before the French elections.

4. I am copying this minute to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of EA and Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

25 February 1986

TRANSPORT

Channel Tunnel PTS.



Prime Minister 2

To be aware.

DRW

24/2

PRIME MINISTER 24 February 1986

CHANNEL TUNNEL - CONCESSION

We are close to the final trade-off of negotiating points over the terms of the Channel Tunnel Concession.

Agreements such as this must comprehensively cover many eventualities, an appreciable proportion of which are unlikely to arise in practice. The trick is to concede those points which help to reduce the theoretical uncertainty and risk for the concessionaires and their banks, whilst not compromising the national interest in those circumstances which are most likely to arise. Judged by this standard, Nicholas Ridley's proposals look sensible:

1. Length of Concession

A concession life of 60 rather than 50 years should not, in practice, be a substantial give-away. The operational life of the rail tunnels will be considerably greater than 60 years. The concessionaires will probably construct a road connection under the terms of a later concession. Moreover, they will have to undertake additional phases of investment to expand the capacity of both the rail and road connections. Extension of the initial concession period may well be the best way of proceeding come the day.

2. Financial Structure

Yes - we don't need to prescribe in the concession detailed criteria for the financing plan. It is sufficient that the concessionaires must satisfy the Governments as regards the overall soundness of their financing arrangements. In any case, the bankers putting money into the venture will insist that the financing plan is sound.

3. Termination - Restoration of Sites

A good case of the theoretical being traded off against the practical. The rail tunnels should considerably outlive the initial concession period. The important provision is that which requires the concessionaires to maintain the Link in good order.

4. Taxation

Adopting the so-called "shipping article" has the virtue of greater simplicity. It is also consistent with the treatment of international ferry services and airlines. Non-discrimination between competing modes of transport has been a guiding principle throughout. The Treasury are willing to concede this point.

Nicholas Ridley does not explain what points he wants to win as quid pro quos for the above concessions. In essence,

the aim is to ensure that all normal business risks, including general tax changes, are borne solely by the concessionaires and their bankers. For example, in approving the technical soundness of the concessionaires' construction plans, the Governments must assume no liability for the financial consequences of implementing those plans.

Conclusion

We support Nicholas Ridley's proposals, subject to the caveat that the French Government's negotiating resolution in the face of their imminent elections may need to be bolstered.

JOHN WYBREW

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON SW1

21 FEB 1986

Dear Geoffrey

CHANNEL TUNNEL: CONCESSION

Now that the Fixed Link Treaty has been signed the next task is to complete a concession agreement between the two Governments and the two concession companies. Detailed negotiations are now in progress and I enclose a note summarising the current draft of the agreement and highlighting its main provisions.

The negotiations have already thrown up three issues on which I would welcome colleagues' views as a matter of urgency, as follows:

1. Length of Concession

We have insisted that the period of the concession should cover both construction and operation: this means that any delay in construction eats into the revenue-earning period. In 1973 the Companies were to be given a right to participation in the profits of the tunnel for 60 years after construction. CTG/FM have asked for 60 years in all dating from the ratification of the Treaty.

In preliminary negotiations we have informally indicated that a concession length of 50 years might be possible. Using the contractors' own estimates of the maximum construction time this would allow them 43 years of exploitation. We believe that it might be sensible in due course to concede the extra 10 years in exchange for relaxation of one of CTG/FM's other demands.

2. Financial Structure

The concession agreement at present would require the group to maintain minimum ratios of -

1. equity to debt

2. contractors' equity to total equity

The clause has its origins partly in fears we once had about the consequences for monetary policy of over-reliance by the promoter on bank debt; and partly in desire to bind the contractors (who dominate the Group) to the success of the project.

The concessionaires regard this as unwarranted interference in their business. They argue that it is up to the group's bankers to satisfy themselves on these points and I believe we should be prepared to drop this requirement.

3. Termination: restoration of sites

The concession document as drafted would give Government the right to require, on termination of the concession, the removal of structures, the restoration of land and the making safe of tunnels. The right would apply whether or not the tunnel had been completed, and in all cases of termination except political cancellation by the Governments. The promoters argue that such a wide discretionary power is unreasonable and would make for financing difficulties (they have to satisfy us that they have made arrangements to cover the cost of these post-termination works). I think we should consider whether this obligation could be more limited.

There is little doubt that we need the right to require removal, restoration and making safe if work is abandoned before completion. The 1974 Channel Tunnel Bill included a clause empowering the Secretary of State to make a scheme for the restoration of the sites upon premature abandonment. If we do not seek such powers in the current Bill the House will probably write them in.

If the project is completed, however, the justification for a right to require the promoter to clear up after a subsequent abandonment (or on the expiry of the concession) is very thin. I think that the most we can insist on, if the Tunnel is abandoned after completion, is making safe and securing the tunnel accesses and removal of any structure that might be a hindrance to navigation. I understand that Kent County Council and Shepway DC are likely to be content with this.

TAXATION

There has been extensive consultation between CTG/FM and the fiscal authorities about taxation matters. I

understand that a statement of the agreed changes will be available to be given to CTG at the end of the month. This will be a useful input to the general negotiations, but I believe that the provisional decision which has been taken on the so-called 'shipping article' will be highly controversial. The concessionaires have asked to be treated on the same basis as the ferry companies (ie the right to be taxed only in their own countries). I do hope that my Treasury colleagues will agree that there will be scope to concede this in due course as part of an emerging negotiating package.

NATIONALITY

The present draft of the concession document places no restrictions on the nationality of the concession companies but I have concluded that we should take steps to ensure that ownership or effective control of the concessionaire should not fall into hands which are inimical to either State. CTG/FM have no objection to this in principle and will be making proposals as to how it can be achieved.

TIMETABLE

The concessionaires would like to have the concession agreement agreed well before the French elections and if possible by the end of this month. This is a very ambitious target indeed but we must do all we can to meet it. I would therefore be grateful for any views which you or colleagues may have on the issues I have raised by 25 February at the latest.

I am copying this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, other members of E(A) and Sir Robert Armstrong.

Yours ever

Nicholas

NICHOLAS RIDLEY

CHANNEL TUNNEL

PROGRESS REPORT: CONCESSION AGREEMENT

1. The Concession Agreement, now in draft, will set out the terms on which the Governments grant the right, and the concessionaires undertake, to construct and operate a fixed link without Government finance or guarantees. This paper outlines the contents of the present draft Agreement, highlighting points which remain to be decided.

2. The Agreement will describe the physical characteristics of the link in some detail, to ensure that the concessionaires provide and operate what they have offered. The duration of the concession, which will cover the periods of construction and operation, will be settled in negotiation but is likely to be 50-60 years. There will be a timetable for the development and construction of the link; if the concessionaire fails to adhere to the timetable the Governments will be entitled to terminate the concession. The Agreement will also contain a clause to give effect to the undertakings by both sides in respect of exclusivity and the second link.

3. The Governments will undertake to acquire and make available at the expense of the concessionaires all land and rights over land required for the link. On the UK side ownership of the link will vest in the Secretary of State as it is constructed, and the concessionaires will be granted a lease for so long as the concession remains in operation.

4. The concessionaires will have to satisfy the Governments about their ability to finance the link before starting construction, and there will be powers to make periodic checks on their financial position. There will also be safeguards as to the structure of the concessionaire companies and provision for the appointment of an independent project manager (to protect the interests of the investor in a project which is likely to be

dominated by contractors). It has also been suggested that the concession companies should be required to maintain certain ratios of equity to debt and contractors' equity, but this is being resisted.

5. The concessionaires expect to be able to use their rights under the concession as security for loans. This is comparatively straightforward under English law but is proving very difficult in France. The two 'national' companies will share costs and revenues equally, and will be jointly and severally liable in their obligations under the agreement and they will be liable for any third party loss in accordance with national law. The two governments will wish to be indemnified against third party claims and the concessionaires are being asked to effect and maintain insurance or to provide other acceptable financial security. Liability is proving a difficult issue particularly as the promoters are likely to require a variety of consents and approvals from Governments. As a guiding principle the Government negotiators are seeking to ensure that liability (eg for safety) rests with the promoter.

6. As specified in the Treaty, there will be an Intergovernmental Commission and a Safety Authority with responsibility for monitoring the construction and operation of the link. The precise composition of these bodies and the way in which they will exercise their functions remains to be finally settled, but their cost will be met by the concessionaires once the Treaty is ratified.

7. The Agreement will give concessionaires a number of specific rights. For example, they will be able to transfer funds freely between states (and without attracting tax) for purposes connected with the construction and operation of the fixed link. At present there is no UK exchange control (or tax on such transfers) in any case. They will also be free to determine tariffs, and the two States undertake not to discriminate against the link in relation to taxes on charges made to users. They

will, however, be subject to national and EC competition laws. It has no so far proved possible to agree upon a wider undertaking against discriminatory laws, though the promoters have at various times asked for guarantees against, in particular, a 'windfall' profits tax.

8. The concessionaires will be able to make rules and byelaws in relation to the link: these will be subject to confirmation by the Secretary of State. The Agreement will also grant rights to operate certain ancillary facilities within the link (such as shops and restaurants), and will entitle the concessionaires to the right to make use of certain intellectual property, ownership of which may remain with the Governments.

9. The Agreement also lays a number of obligations on the concessionaires, covering for example maintenance of the link in good condition throughout the concession period; temporary suspension of the link if required by Governments; and requirements about security, policing and frontier controls. Frontier controls (inc police) in UK are financed in a rather different way than in France. The net effect is that CTG/FM will have to pay for rather more in the UK than in France.

10. The Agreement embodies an undertaking by the Governments that they will not terminate the concession except where there has been a default by the concessionaires (in which case no compensation would be payable) or for reasons of national defence. What will constitute default has yet to be fully defined and negotiated, but the definition will encompass failure to construct or operate the link and, possibly insolvency etc and failure to ensure that central management and control of the UK company (and thus its residence for tax purposes) remains in the UK. In the event of a termination, other than in circumstances involving a breach by the Governments of the Concession, the concessionaire would be obliged, if the Governments require, to clear away structures and make the link safe. The precise way in which this requirement will be imposed is uncertain.

11. Any disputes between the Governments and the concessionaires and between the concessionaire companies would be resolved by arbitral arrangements provided for in the Treaty.



(4)

From: F. L. JORDAN, Q.P.M.

FLJ/PMF

CHIEF CONSTABLE'S OFFICE,
MAIDSTONE,
KENT.
ME15 9BZ

Tele: MAIDSTONE 65432

19th February, 1986.

Dear Prime Minister,

It was very kind of you to write on the 14th February following your visit to Canterbury last week. I am glad things went well.

My personnel will be heartened by your kind remarks.

Yours sincerely,
Frank Jordan.

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street,
Whitehall,
London.

PERSONAL

10 DOWNING STREET

THE PRIME MINISTER

17 February 1986

Dear David.

I should like to thank you for the work you did behind the scenes to make the Channel Fixed Link Treaty Ceremony in Canterbury such a success. I know that you offered much helpful advice to officials on arrangements and local personalities and that you intervened personally with some of those involved to ensure that the occasion was not marred by controversy. Yours was an important contribution to a memorable occasion.

Could I add that I have much valued your consistent and courageous support for the Channel Fixed Link project, which I know has caused you some problems in your constituency. I hope that what I said in my speech in the Chapter House will go some way towards alleviating the concerns of the people of Kent about the Link.

Yours ever

Margaret

David Crouch, Esq., M.P.

PERSONAL

File

8RW

10 DOWNING STREET

THE PRIME MINISTER

14 February 1986

Dear Flight Lieutenant Brown,

Thank you and your crew very much for the excellent flight to and from RAF Manston on Wednesday. It enabled me to carry out a very full programme in Canterbury and still get back to London in time for some other important engagements. I found our route out along the Thames and over the Isle of Sheppey fascinating - a chance to see the tremendous amount of development which is going on in those areas.

With best wishes,

Yours sincerely

Margaret Thatcher

Flight Lieutenant Lex Brown

IA

file

SRW

10 DOWNING STREET

THE PRIME MINISTER

14 February 1986

My dear Headmaster,

It was very good of you to arrange for the Kings School to play such a full and active part in President Mitterrand's visit to Canterbury on Wednesday for the signing of the Channel Fixed Link Treaty.

I should be glad if you would pass on my warm thanks and appreciation to the masters and pupils for the generous reception which they gave to the President, and in particular to the Head of School for his part in the ceremony in the Chapter House. I hope that future history books will refer to the Treaty of Canterbury!

With best wishes,

Yours sincerely,

Margaret Thatcher

The Reverend Canon Peter Pilkington

OA

SRW

Address: RAF Manston,
Ramsgate
Kent.

10 DOWNING STREET

THE PRIME MINISTER

14 February 1986

Dear Wing Commander Hindmarsh.

Thank you very much for your kind hospitality at RAF Manston on Wednesday and for the most excellent arrangements made to receive President Mitterrand. I should be grateful if you could pass on my thanks to Squadron Leader Head and to all those concerned.

It was so kind of the Station to present me with a bouquet which has brought a nice touch of colour to No.10 in these chilly days.

With best wishes,

Yours sincerely

Margaret Thatcher

Wing Commander T. J. Hindmarsh

GP

File

SRW

10 DOWNING STREET

THE PRIME MINISTER

14 February 1986

Dear Chief Constable,

I should like to express my very real gratitude for the tremendous work done by the police forces under your command to ensure the success of President Mitterrand's visit to Canterbury on Wednesday. The arrangements were impeccable and I should be grateful if you would pass on my sincere thanks to all those concerned.

With best wishes,

Yours sincerely

Margaret Thatcher

F. L. Jordan, Esq., Q.P.M.

CA

file

SRW

10 DOWNING STREET

Address. Tower House.
c/o Canterbury City
Council
Military Road,
Canterbury,
CT1 1YW

THE PRIME MINISTER

14 February 1986

Dear Madam Mayor.

I am most grateful to the City of Canterbury for its hospitality on Wednesday for the signing of the Channel Fixed Link Treaty. I know that the Fixed Link arouses strong feelings in Kent. But I am convinced that it will yield real and lasting benefits for the County and its people and that this will steadily be more widely recognised. In any event, there could not have been a more beautiful setting for the signature, and I am grateful to all those in Canterbury who contributed to welcoming President Mitterrand and to making the occasion such a success.

With best wishes,

Yours sincerely

Margaret Thatcher

GA

The Right Worshipful The Mayor of Canterbury

File SRW

10 DOWNING STREET

THE PRIME MINISTER

14 February 1986

My dear Canon,

May I through you extend my warm thanks to the members of the Chapter for allowing the signature of the Channel Fixed Link Treaty to take place in the Chapter House on Wednesday. It was a most beautiful setting and also a very appropriate one, and President Mitterrand was clearly moved by the historical associations of the Cathedral with France.

Thank you also for your great kindness in agreeing to the use of the Deanery for the luncheon in honour of President Mitterrand and for personally showing the President round the Cathedral.

It was altogether a most successful day and one which will, I believe, come to be seen as a landmark in relations between Britain and France. I am very pleased that Canterbury and the Cathedral should have played such an important role in this.

With best wishes,

Yours sincerely,

Margaret Thatcher

JA

The Reverend Canon John de Sausmarez

.CRB

Foreign and Commonwealth Office

London SW1A 2AH

14 February 1986

Dear Charles,

Channel Fixed Link: Letter of Thanks

I believe we have passed to you separately a list of those people involved in the Channel Fixed Link Treaty Ceremony in Canterbury who should receive letters of thanks.

There is one person not included in that list, whose contribution was more political than practical. Mr David Crouch, MP for Canterbury, provided us with a good deal of helpful advice of local personalities and intervened personally with some local figures to dissuade them from boycotting the proceedings. This was an important contribution. Any boycott would have been seized upon by the Press and would have caused unfavourable publicity. The Prime Minister may therefore wish to recognise Mr Crouch's efforts with a short personal letter of thanks. I attach a draft.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

UNCLASSIFIED
AND PERSONAL

DSR 11 (Revised)

DRAFT: ~~minute~~/letter/~~teleletter/despatch/note~~

TYPE: Draft/Final 1+

FROM:

Prime Minister

DEPARTMENT: **TEL. NO:**

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Mr David Crouch, MP

Your Reference

Copies to:

SRWS (18)

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

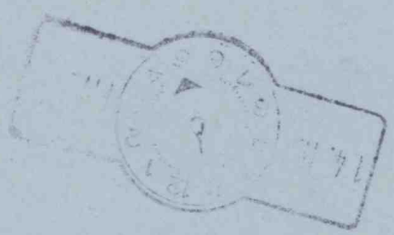
I should like to thank you for the work you did behind the scenes to make the Channel Fixed Link Treaty Ceremony in Canterbury such a success. I know that you offered much helpful advice to ~~my~~ officials on arrangements and local personalities and that you intervened personally with some of those involved to ensure that the occasion was not marred by controversy. Yours was an important contribution to a quite memorable occasion.

Could I add that I have much valued your consistent and courageous support for the Channel Fixed Link project, which I know has caused you some ~~been at the cost of some~~ problems ~~personal popularity~~ in your constituency. I hope that what I said in my speech in the Chapter House will go some way towards alleviating the concerns of the people of Kent about the Link.

Enclosures—flag(s).....

CDP.

UNCLASSIFIED AND PERSONAL



13 February 1986

The Prime Minister has asked me to pass on her warm thanks to all those in the Foreign Office and the Government Hospitality Fund responsible for the arrangements for President Mitterrand's visit to Canterbury on Wednesday for the signing of the Channel Fixed Link Treaty. She thought the whole occasion most admirably organised and a great success and is very grateful to everyone who took a hand in making it so.

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

001/107

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

12th February 1986

Dear Nicholas,

CHANNEL FIXED LINK BILL

Thank you for sending me a copy of your minute of 10 February to the Prime Minister proposing that provision for a four mile stretch of road linking the M20 to the A20 to Dover be included in the Channel Fixed Link Bill. I appreciate your reasons for doing so and do not object to your proposal. But I would like your reassurance that the cost will be met within the roads programme. I would also be grateful if my officials could be consulted as usual about the details of the scheme.

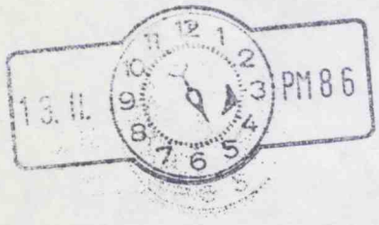
2 I am copying this letter to the Prime Minister, members of E(A), to the Lord Privy Seal and to Sir Robert Armstrong.

Yours ever,

JOHN MacGREGOR

TRANSPORT

Channel Tunnel PDS



Duty Clerk

PRIME MINISTER'S VISIT TO CANTERBURY FOR SIGNING OF CHANNEL FIXED LINK, 12 FEBRUARY 1986

Party	Prime Minister Mr. Powell Mr. Ingham Mr. Norgrove Mrs. Reinholt-Webb Special Branch Officer Secretary of State for Foreign and Commonwealth Affairs Mr. Colin Budd Special Branch Officer Secretary of State for Transport
1115 (approx)	Depart No.10 for Chelsea Barracks
	Car 1 (Tom): Prime Minister, Mr. Powell, Detective
	Car 2 (GCS): Mr. Ingham, Mr. Norgrove, Mrs. Reinholt-Webb
1135	Arrive Chelsea Barracks. Depart by helicopter for RAF Manston airport.
1205	Arrive Manston Airport Officers Mess for Coffee. Met by Countess Mountbatten of Burma (Vice Lord-Lieutenant of Kent)
1230	President Mitterrand arrives at Manston airport
1240	Prime Minister and her party leaves while President Mitterrand inspects Guard of Honour
	Car 1 (Dennis): Prime Minister, Mr. Powell, Detective
	Car 2 (FCS driver): Foreign Secretary, Mr. Budd
	Car 3 (Bob): Mr. Ingham, Mr. Norgrove, Mrs. Reinholt-Webb
	Backup car
1310	Arrive King's School, Canterbury
1315	President Mitterrand arrives King's School
1315	Pre-lunch drinks
1325	Lunch

1440	Tete-a-tete meetings with President Mitterrand, M. Dumas, M. Auroux
	[President Mitterrand tours round Cathedral]
1510	Leave Deanery
1515	Arrive The Chapter House, for Treaty signature
1525 approx	Speeches by the Prime Minister and President Mitterrand
1555	Leave the Chapter House
1600	Arrive Green Court Vice Dean bids farewell
1605	Leave Green Court by car
1635	Arrive RAF Manston
1645	Depart RAF Manston by helicopter for Wellington Barracks
c1720	Arrive Wellington Barracks
	Depart for No. 10.
	Car 1 (Tom) — Prime Minister, Mr Powell
	Car 2 GCS — Mr Ingham, Mr Norgrove, Mrs Reinholt-Webb
c1730	Arrive No. 10

Telephone numbers at Canterbury:

0227 472641 (GR room)
0227 472642 (French Private Office)
0227 65983 (Deanery)

Subject cc Master

CONFIDENTIAL cc P.C

file 70

10 DOWNING STREET

From the Private Secretary

12 February, 1986.

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND IN CANTERBURY

As you know, the Prime Minister and President Mitterrand did not in the end have a formal meeting during the President's visit to Canterbury for the signing of the Channel Fixed Link Treaty.

The Prime Minister tells me that, during lunch, their conversation was mostly about arms control matters. It was clear that her thinking and that of President Mitterrand on how to reply to Mr. Gorbachev's proposals of 15 January were very close. There was also some discussion on recent terrorist incidents in France. But the Prime Minister did not recall any other discussion which would merit being recorded.

I am sending a copy of this letter to Richard Allan (Department of Transport).

(C.D. Powell)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

cc PC
BLNP
PRESS

CDP
12/2

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

C D Powell Esq
10 Downing Street
LONDON SW1

11 February 1986

Dear Charles,

CHANNEL FIXED LINK: TREATY SIGNATURE

One very important issue has arisen which casts a shadow over tomorrow's Treaty signing ceremony. I mentioned this to you the other day and I believe my Secretary of State spoke briefly to the Prime Minister last evening.

In the last few days the French have made some quite unacceptable proposals on how the question of exclusivity/second link should be treated in the forthcoming concession agreement. In brief, they are seeking to -

1. shorten the agreed period of exclusivity by ten years (from 2020 to 2010); and,

2. extinguish the limited right of "first refusal" which was previously conceded.

We have taken this up with the Elysee through the British Embassy but the reaction has been most unhelpful. The President's advisors say that nothing firm was agreed in Lille in terms of dates; that both Heads of Government wanted the road link as soon as possible; and that the UK understanding of the agreement would, in effect, give to CTG/FM a veto on the second link until the year 2020. They say that the whole question should be renegotiated in the discussions about the concession agreement and that the two Governments should stand together and squeeze the promoters as hard as possible.

My Secretary of State is quite firm in the view that we should resist very strongly this French attempt to withdraw from an agreement which we and the French negotiated with the promoters in good faith. I therefore fear that we must ask the Prime Minister to take this up in her tete a tete with President Mitterrand tomorrow. A full brief and line to take is attached.

I am copying this letter to Colin Budd and Rachel Lomax.

Yours ever

Sarah Straight

SARAH STRAIGHT
Private Secretary

EXCLUSIVITY/SECOND LINK

The UK understanding of the agreement reached between Governments and with the promoters on 20 January is as follows:

1. CTG/FM to have exclusive rights to operate a link to 2020

2. Governments will only permit a second link to come into operation during this period if it results from a proposal by CTG/FM.

3. CTG/FM undertake to put forward a 'drive through' proposal by 2000.

4. Subject to safeguards the Governments will be prepared to facilitate any second link proposal put forward by the concessionaire up to 2005 either on their own initiative or at the request of the Governments.

5. CTG/FM will at all times maintain capacity of the link at a level to meet demand.

6. A second link will not go ahead until it is technically sound; is financeable by the private sector; and can be implemented without undermining the return on the first link.

This is the basis on which discussions took place with CTG/FM and is consistent with the line taken by the Prime Minister in the joint press conference in Lille (extract attached).

The French are seeking to shorten the period of exclusivity by 10 years (to 2010) and to extinguish the right of 'first refusal' from 2000 to 2005. Sources in the Elysee argue that in the tete a tete between Prime Minister and President on 20 January nothing firm was agreed on dates. They now argue that CTG/FM should not

be given, in effect, a veto over a second link until 2020; that the whole exclusivity/second link question is for negotiation in the concession agreement discussions; that the promoters are bound to say that the longer period is necessary to ensure private financing; but it is in the Governments' interest - if they genuinely want a drive-through link at the earliest opportunity - to squeeze them as hard as possible.

LINE TO TAKE

- the UK Government stands by the agreement reached with CTG/FM prior to the announcement on 20 January;

- the amendments now proposed do not reflect the Prime Minister's understanding of her discussion with the President;

- the changes would seriously affect the ability of the concessionaires to secure the necessary finance, and would do little or nothing to speed development of a road link;

- indeed, there is no better way to achieve an early second link than by allowing the promoter to set the capital cost of the road link against the revenues of the rail link;

- reopening the exclusivity question would encourage the concessionaires to seek to renegotiate the other important questions on which their agreement was secured before the decision;

- the UK Government has, in any case, made public (in the White Paper) the substance of the earlier agreement and is, therefore, bound by it;

- the existing agreement does not amount to a

'concessionaires' veto until 2020 because the Governments can require them to bring forward a proposal for a second link when certain conditions are met;

- any failure by the concessionaire in this respect would put at risk his rights under the concession;

- for these reasons we hope the French Government will stick to the spirit of the agreement reched at Lille and withdraw these draft proposals.

Far from being a weak agreement, the deal struck last month is the best way of securing an early start on the road link.

PRESIDENT MITTERRAND

Well, between now and 1993, which is the foreseeable date for the end of the work, at any rate according to present forecasts, the chances are that between now and 1993 there will be new governments, new parliaments, but you never know, of course, you never know!

The word of the United Kingdom and the word of France commit our two countries beyond....that is international law... understood in civilised nations.

QUESTION (TELEVISION SOUTH)

Prime Minister, may I ask you if you have have preferred a straight-through road tunnel or road bridge from the very beginning, rather than the shuttle service?

PRIME MINISTER

...the number of technical problems which have to be solved on any other scheme, this I think is the best researched, ...for this scheme, and therefore it is best to start with this one.

The words we have used about it being followed by a road link are that we hope and believe and expect that it should be built.

As you know, this group which has been chosen, will have a monopoly until the year 2020, but long before that, in the year 2000, we hope there will be plans to build a road link. Now, we think that is the best way to get a link started and developed. I am quite sure once the first link comes into

MASTER.
Subject: Transport
Channel Tun
Pt 4.

NOTE OF A CONVERSATION BETWEEN THE PRIME MINISTER AND PRESIDENT MITTERRAND AT THE PREFECTURE IN LILLE ON MONDAY 20 JANUARY 1986 AT 1045.

Present:

Prime Minister
Mr. C.D. Powell

President Mitterrand
Monsieur Fabius
Mme. Guigou

Channel Fixed Link

President Mitterrand bid the Prime Minister welcome to Lille. Her visit marked a historic occasion. He was glad that a decision on the Channel Fixed Link project had been reached. Personally he would have preferred to see Euro-route succeed. But a number of his Ministers and officials had misgivings about it on technical grounds. He was perfectly content with the outcome.

The Prime Minister said there was no doubt that the Channel Tunnel Group/France-Manche project was the most fully worked out on every score. She had herself seen attractions in Euro-route at an earlier stage. But on closer study it was clear that the technical, security and environmental problems of it were substantial. Her main concern had been to reach a decision and make the earliest possible start on constructing the fixed link. She was glad that the consortium had been persuaded to submit proposals for a drive-through link by the year 2000.

President Mitterrand agreed that the commonsense view had prevailed even though he had pangs of nostalgia for Euro-route on aesthetic grounds. The Prime Minister said that the aesthetic qualities of Euro-route had not been very apparent from the British side of the Channel. Indeed it would have caused serious environmental problems. She thought that members of the other competing groups might well choose to join in now that a particular project had been selected.

President Mitterrand said he wondered whether it would not be best to set a deadline for work to start on a drive-through project. He was concerned to ensure that it was a serious prospect not a vague promise. He was very confident about the profitability of the fixed link. The Prime Minister said that she too was confident that the opening of the link would lead to a rapid increase in traffic and that demand for a drive-through link would exist. But we could not be categoric at this stage. We also had to consider the position of the ferries which remained strategically important for us for reinforcing our troops in Europe.

Continuing this discussion over lunch, the Prime Minister invited President Mitterrand to visit the United Kingdom for signature of the Treaty on the Channel fixed link on 12 February. President Mitterrand accepted.

South Yemen

The Prime Minister said that she was pleased with the way evacuation from Aden and South Yemen had been conducted. It was fortunate that BRITANNIA had been in the vicinity. She welcomed the cooperation which had been established with France and, rather surprisingly, with the Soviet Union. She thought that the events in South Yemen had been a new experience for the Soviet Union: a regime which they had established and propped up had broken down.

President Mitterrand expressed gratitude for the help received in evacuating French subjects. The Royal Yacht BRITANNIA had done great service. He believed that all French subjects had now been evacuated. Picking up the Prime Minister's comment about events in South Yemen being a new experience for the Soviet Union, he wondered whether there might not be similar developments eventually in Afghanistan. In reply to the Prime Minister's question, he continued that he was optimistic that a settlement could be found in Afghanistan within a reasonable timescale.

Libya

Recorded in a separate annex.

The meeting ended at 1130.

CJD

C.D. POWELL

20 January 1986

VC4AEV

SECRET

Foreign and Commonwealth Office

London SW1A 2AH

11 February 1986

Dear Charles,

Channel Fixed Link Treaty Signing Ceremonies, 12 February: Prime Minister's Meeting with President Mitterrand

1. The Prime Minister is due to have a half hour tête-à-tête meeting with President Mitterrand at Canterbury between lunch and the Treaty-signing ceremonies. This letter provides briefing on subjects which may be covered, namely:

Arms control - the Gorbachev proposals
East/West relations - expulsions
Community issues - IGC/Denmark
Tin
Military Aircraft cooperation, including Westlands
Launch vehicles for Skynet
Eureka
French Internal Scene, including Terrorism

The Department of Transport are submitting separately briefing on the Fixed Link itself; there are no substantive points in that connection for discussion at the tête-à-tête.

Arms Control

2. At their meeting in Lille, the Prime Minister and M Mitterrand agreed that when they next meet they should follow up the Foreign Secretary's discussions with M Dumas on the Gorbachev proposals and their implications for French and British nuclear forces.

3. On 6 February Nitze delivered a message to M Mitterrand from President Reagan. This message, which has been shown to UK officials in strict confidence, contained satisfactory references to UK/French forces, viz: "the US can make no commitments for other nuclear powers and we cannot agree to any bilateral US/Soviet arrangements which would suggest otherwise... These reductions and limits [ie those in the Soviet proposal] would not be contingent on the forces of UK and France." This is firmer and more satisfactory than the line taken by Nitze with the Prime Minister on 5 February and the Foreign Secretary on 6 February, viz that the UK and France would be involved after stage one super power reductions.

4. In bilateral talks on 7 February French officials revealed that M Mitterrand's reply to Gorbachev would make the following key points:

i) Arms control should increase security

ii) Nuclear weapons guarantee deterrence: their elimination is unrealistic

iii) Hope for progress at Geneva but no detailed French comment

iv) Unacceptable for French forces to be involved; the 3 French conditions unchanged

v) Importance of CW and conventional threat

vi) Reference to the importance of the ABM Treaty.

5. M Mitterrand will no doubt wish to ensure that the UK shows no flexibility on the doctrine of nuclear defence and, a fortiori, on third country systems. We should aim to consolidate the closeness of our views on Gorbachev's proposals and the nature of the American response, especially on UK/French forces. A list of suggested points to make is attached.

Community Issues

6. M Mitterrand may ask whether we are ready to sign the texts agreed at the Luxembourg European Council. The documents are now in a form which is entirely acceptable to us. With all other member states except Denmark, we said at the Foreign Affairs Council in January that we would be prepared to sign on 17 February. The Danish Government at that stage actively encouraged the other Member States to take that course, while saying that they would be able to sign only after their referendum. In response to pressure from the opposition in Denmark, the Danish Foreign Minister subsequently asked the Dutch Presidency whether signature could be deferred. The Dutch Presidency have stated that they will ask all other member states to sign on 17 February. All other member states except Denmark (and perhaps Greece) seem likely to do so.

7. If M Mitterrand raises the matter, the Prime Minister might say that we are prepared to sign on 17 February, given that it is now clear that signature on 17 February will have no significant effect on the referendum campaign in Denmark. None of us can start our ratification procedures until the documents are signed by all twelve member states. If it is decided to proceed with signature, a statement should be made making clear that we hope the Danes sign as soon as possible and that the agreement cannot come into effect until all twelve member states have signed and ratified.

Tin

8. The International Tin Council (ITC) will meet again on 12 February. Following an approach from the Foreign Secretary to M Dumas the French agreed on 6 February that the ITC could offer banks and brokers £100m, but they still need to be encouraged to move further. There is now a real chance of settling this problem: on 7 February banks and brokers expressed themselves ready to contribute £100m if the ITC contributed £120m, HMG £50m and the ITC guaranteed a £50m loan. In the ITC on 7 February the French took the line that there could be no advance on £100m, and that there was thus no purpose in further discussion. Trésor officials in Paris have however told our Embassy that they do not entirely rule out £120m. The Embassy have recommended that we bring all possible influence to bear on the French.

Military Aircraft Cooperation/Westlands

9. M Mitterrand may raise his proposal for a review of European requirements for military aircraft up to the end of the century, and

in particular the suggestion that Defence and Foreign Ministers meet to discuss this and the prospect of collaboration between the European Fighter Aircraft and France's own alternative, RAFALE. The Prime Minister has already indicated that she would be happy to see the French proposal for reviewing future aircraft requirements pursued in the Independent European Programme Group (IEPG), and proposed that national armaments directors meet to discuss possible EFA/RAFALE collaboration. A meeting of national armaments directors to pursue the latter question took place in Paris on 7 February. No detailed agreements were reached. The five national armaments directors will however recommend that they continue to look at the prospects for collaboration on the understanding that this will not compromise the timetable for work on EFA. The French have now accepted that a review of future aircraft requirements should take place in the IEPG as proposed by the Prime Minister. They have, however, suggested that Foreign Ministers, as well as Defence Ministers, should attend the next IEPG Ministerial (Madrid, 28 April). We, the Germans and the Italians think that Defence Ministers on their own can handle the issue. Sir Geoffrey Howe has not yet decided whether or not to attend.

10. French Ministers have continued to refrain from public comment on Westland. M. Dumas raised the issue with Sir Geoffrey Howe in Lille in a low-key way. Aerospatiale, a nationalised company, has played a prominent role in the European consortium's proposals and, in recent contacts with senior Embassy officials in Paris, has repeated its threat to disengage from collaborative ventures with Westland if the Fiat/Sikorsky deal goes through.

Launch vehicle for Skynet

11. The destruction of the "Challenger" Shuttle will cause delays to the launch of the first 2 MOD Skynet 4 communications satellites. However, there is no question for the time being of an alternative launcher being considered. Final decisions about the launcher for the third Skynet spacecraft (4C) have yet to be taken. Although the overall price gap between Shuttle and Ariane remains over £10m in the Americans' favour, as Mr Younger told the French Ambassador last month, MOD are intending to ask both competitors for final bids. If President Mitterrand enquires about our plans, we recommend that the Prime Minister assure him that we are in no doubt of the importance of cooperation on space matters with the European Space Agency, and that Ariane will be given careful consideration for Skynet 4C when all the factors (including price) are assessed by Ministers.

Eureka

12. M Mitterrand's immediate concerns over Eureka will still centre on the location of the Secretariat. This was not decided at the January High Level Group meeting. Though there have been signs that the French recognise that a clear majority of Eureka members prefer Brussels, they are unlikely to give up Strasbourg before the elections. In principle, we are willing to explore a trade-off between a French position on the Secretariat (perhaps the Head) in return for acceptance of Brussels. But the EFTA members will need to be involved in any such negotiations. UK industry, along with

most other Eureka countries, has expressed a strong preference for Brussels for practical reasons, and because of its proximity to the Commission.

13. Another issue the French may seek to resurrect is the role of public finance in Eureka projects. The French have succeeded in encouraging their companies' involvement in a large proportion of the 26 Eureka projects so far announced. This is due in part to public financing, which we understand is up to 50% in some cases; though this is not new money but taken from a number of existing budgets. HMG have said that UK companies participating in Eureka projects may qualify for support from existing schemes, eg Support for Innovation. But we remain convinced that most Eureka projects can and should be financed from private sources.

French Internal Political

14. As at Lille, M Mitterrand will be preoccupied with the prospects for the 16 March legislative elections and beyond. I attach a copy of a "scene-setting" telegram from Sir John Fretwell covering the latest developments on the internal scene. The recent spate of terrorist attacks in Paris (the Prime Minister sent a message of sympathy on 6 February) will have added to M Mitterrand's concerns: French opposition leaders have criticised the Socialists for excessive indulgence towards terrorists. The Prime Minister may like to note that Mr Hurd has accepted an invitation from the French Interior Minister, M. Joxe, to visit Paris on 18 February to follow up their talks on terrorism at last November's Anglo/French Summit.

15. Another noteworthy event was the publication on 30 January of a book of 25 speeches by M Mitterrand on French foreign policy. Attention has focussed on the lengthy preface he composed over the last 4 months. The publication of the book is seen as part of an attempt by Mitterrand to stake his claim for control of foreign policy in the event of "cohabitation" with the Right. The tone of the book is strikingly Gaullist, with much emphasis on French independence. Whilst a large part of the book is devoted to security and defence issues, and to France's relations with Germany and the super-powers, Britain is referred to only occasionally and without warmth - a sad reflection of electoral realities in France.

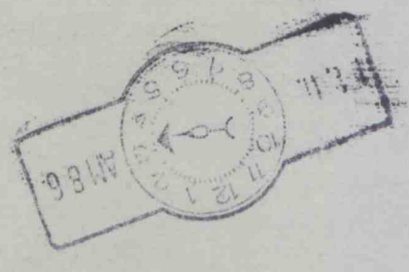
16. A checklist covering issues other than the Gorbachev proposals, and personality notes on MMs Mitterrand, Dumas and Auroux are attached.

17. I am copying this letter to Richard Allen in the Department of Transport.

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street



CFL TREATY SIGNING CEREMONIES: 12 FEBRUARY

CHECKLIST (EXCLUDING GORBACHEV PROPOSALS)

East/West Relations

- Effects of expulsions?

EC Issues

- Must help Danish Government to win referendum.
- Statement to accompany signature on 17 February desirable. Could make clear hope that Danes will sign and that agreement inoperable until they do.

Tin

- Seek French agreement to increase in ITC contribution to £120 m.

Military Aircraft Cooperation

- Doubt if necessary for Foreign Ministers to attend Madrid IEPG; Defence Ministers sufficient.
- Glad to note National Armaments Directors examining EFA/RAFALE collaboration; but EFA work timetable must not be compromised.

Skynet

- Attach importance to European cooperation on space matters through ESA.
- Ariane will be given careful consideration as candidate launcher for Skynet 4C.

Eureka

- Majority of members, and UK industry, prefer Brussels for Secretariat.
- As Chairman, willing to explore trade-off between a French position on Secretariat in return for acceptance of Brussels. But this will need approval of EFTA members.
- Remain convinced most Eureka projects can and should be financed from private sources.

Terrorism

- Mr Hurd to meet M Joxe in Paris on 18 February.

CFL TREATY SIGNING CEREMONIES: 12 FEBRUARY

GORBACHEV PROPOSALS - POINTS TO MAKE

- Assessments very close on Gorbachev proposals.
- Told US that nuclear-free world rhetoric liable to play into Soviet hands.
- Gorbachev's INF proposals: no increase/no transfer unacceptable. Nitze said Reagan agreed this was a 'non-starter'. Told him of our strong misgivings about US saying anything to Gorbachev about future UK/French involvement. UK conditions unchanged: extent of Soviet defensive capabilities determining factor for UK deterrent.
- Some reservations about zero-zero solution for Europe. But prepared to endorse positive US response on certain conditions (SS20s in Far East reduced, equal and global US/Soviet limits, constraints on shorter range systems). CW and conventional threat must also be given due weight in immediate context of INF/START.
- Tone of Western response should be positive: deprive Gorbachev of propaganda initiative. Extreme caution essential but do not entirely exclude possibility of eventual Soviet flexibility at negotiations.
- Welcome recent close consultation ourselves/Foreign Ministers/experts. Should continue: interests extremely close.

GRS 550

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INFO SAVING BRUSSELS, BONN, CG LILLE, CG BORDEAUX, CG LYON
INFO SAVING CG MARSEILLE
(COLLAR)
CFL CEREMONY AT CANTERBURY : PRESIDENT MITTERRAND'S CURRENT PREOCCUPATIONS

SUMMARY

1. THE ELECTIONS INCREASINGLY DOMINATE MITTERRAND'S THINKING AS HE MOVES MORE DIRECTLY INTO THE FRAY. BUT POLLS STILL SHOW THE RPR/UDF LIKELY TO WIN A CLEAR MAJORITY. TERRORISM HAS BECOME AN ELECTION ISSUE IN THE LAST WEEK.

DETAIL

2. MITTERRAND'S PREOCCUPATIONS HAVE NOT CHANGED GREATLY SINCE THE LILLE CEREMONY (MY TELNO 55). THERE IS NOW LITTLE MORE THAN A MONTH TO GO UNTIL THE ELECTIONS, WHICH INCREASINGLY DOMINATE HIS ACTIONS. THE CAMPAIGN HAS NOT GONE WELL FOR THE OPPOSITION IN THE LAST FORTNIGHT (MY SAVING TELNO 11 OF 7 FEBRUARY), LARGELY BECAUSE OF BARRE'S DETERMINED REJECTION OF THE IDEA OF THE RPR/UDF GOVERNING WITH MITTERRAND AFTER THE ELECTIONS. BUT THE SOCIALIST SCORE IN THE OPINION POLLS HAS NOT IMPROVED SIGNIFICANTLY.

3. MITTERRAND HIMSELF HAS BEEN INCREASINGLY ACTIVE IN THE CAMPAIGN. HE FOLLOWED UP HIS MAJOR APPEARANCE AT GRAND-QUEVILLY (FABIUS' FIEF) JUST BEORE THE PRIME MINISTER LAST MET HIM (MY SAVING TELNO 7 OF 24 JANUARY), WITH ANOTHER POWERFUL PERFORMANCE ON 7 FEBRUARY IN LILLE (MAUROY'S STRONGHOLD). INEVITABLY, THE OPPOSITION ARGUE THAT HAVING RE-ENTERED THE FRAY AS LEADER OF THE SOCIALIST PARTY, HE CAN NO LONGER PRETEND TO BE ACTING AS PRESIDENT OF ALL THE FRENCH PEOPLE, AND THAT HIS POSITION AFTER THE ELECTION WILL BE CORRESPONDINGLY WEAKENED. MITTERRAND, MEANWHILE, HAS BEEN REDOUBLING HIS EFFORTS TO STAKE OUT THE GROUND IN THE AREAS WHERE HE INTENDS TO RETAIN THE MAXIMUM CONTROL. FOR EXAMPLE, HE PUBLISHED ON 30 JANUARY, A COLLECTION OF HIS FOREIGN AFFAIRS SPEECHES PREFACED BY 135 PAGES OF STYLISHLY WRITTEN COMMENT ON FOREIGN POLICY, VERY MUCH ALONG TRADITIONAL LINES (MY SAVING TELNO 9 OF 3 FEBRUARY). HE HAS ALSO OVER THE WEEKEND EMPHASISED HIS PRIMACY IN DEFENCE MATTERS BY

/REMINDING

CONFIDENTIAL

REMINDING EVERYONE THAT IT IS HIS FINGER ON THE NUCLEAR BUTTON.

4. MITTERRAND HAS NOW REVISED HIS EARLIER PLEDGE TO DESIST FROM CAMPAIGNING THE LAST THREE WEEKS BEFORE THE ELECTIONS. NOT ONLY WILL HE EXPLOIT DOMESTIC EVENTS TO MAKE PUBLIC PRONOUNCEMENTS (THE NEXT IN SIGHT IS AT NEVERS ON 14 FEBRUARY), BUT HE CONTINUES TO APPEAR AT MAJOR INTERNATIONAL OCCASIONS TIMED WITH THE ELECTIONS IN MIND. LAST WEEK, IT WAS THE FRENCH-INSPIRED INTERNATIONAL CONFERENCE ON FORESTS, WHICH MR RAISON ATTENDED. NEXT WEEK, IT WILL BE THE SUMMIT CONFERENCE (ALSO IN PARIS) OF HEADS OF STATE OF FRANCOPHONE COUNTRIES. THESE HELP KEEP MITTERRAND IN THE PUBLIC EYE THROUGHOUT THE ELECTORAL CAMPAIGN.

5. BUT SUCH ACTIVITY DOES NOT ALTER THE FACT THAT THE RPR/UDF ALLIANCE STILL LOOKS SET TO WIN A CLEAR VICTORY ON 16 MARCH. THE LATEST OPINION POLLS SHOW THE RELATIVE SCORES REMAINING STABLE. DESPITE THE CONTINUED RECOVERY IN MITTERRAND'S PERSONAL POPULARITY, THE RPR/UDF ALLIANCE AT PRESENT LOOKS SET TO WIN SOME 46% OF THE TOTAL VOTES (AGAINST ABOUT 29% FOR THE SOCIALISTS). THERE IS STILL SOME UNCERTAINTY, GIVEN THAT UP TO A QUARTER OF THOSE POLLED CLAIMED THEY HAD NOT DECIDED HOW TO VOTE OR MIGHT CHANGE THEIR MINDS. BUT AT THIS STAGE, THE SIGNS ARE THAT THE RPR/UDF ALLIANCE WILL HAVE A COMFORTABLE OVERALL MAJORITY IN THE NATIONAL ASSEMBLY.

6. ONE PARTICULAR ISSUE WHICH HAS COME TO THE FORE IN THE LAST WEEK IS TERRORISM. AFTER THE 3 BOMB ATTACKS IN PARIS LAST WEEK, WHICH HAVE PROVOKED A SHARP POLITICAL DEBATE, THE FRENCH GOVERNMENT HAS CONVENED A MEETING OF THE TWELVE ON 12 FEBRUARY TO DISCUSS EC COOPERATION AGAINST TERRORISM (MY TELNO 143). MITTERRAND MAY WELL ALLUDE TO THIS.

FRETWELL

YYYY
FCO PLEASE PASS SAVING BRUSSELS, BONN

(REPEATED AS REQUESTED)

EUROPEAN POLITICAL
WED

PRIME MINISTER

CHANNEL FIXED LINK: TREATY SIGNING

I attach some further details of tomorrow's ceremony which you ought to glance at, please.

As you will see, there is in practice unlikely to be time for a proper tete-a-tete after lunch because President Mitterrand wants to use the time to look round the Cathedral (and arrangements have been made for this).

But there is one important point which ought to be discussed at lunch or immediately after. This is set out in the Department of Transport's letter in the attached folder. In short, the French are trying to welsh on the earlier agreement which (a) gave CTG/FM the exclusive right to operate the link to 2020; and (b) said that CTG/FM would have the right of first refusal to put forward proposals for a link up until 2005.

My own investigations suggest that there is more muddle than malice here. We must stick to the 2020 date because you referred to it publicly in your press conference at Lille and it is in the White Paper. I suggest you get Mitterrand to confirm this over lunch: and then you both instruct respective Transport Ministers to sort out the other point after lunch.

There is a separate note of other points which you might raise with President Mitterrand over lunch.

C.D.P.

CDP

11 February 1986

VC87

PRIME MINISTER

CHANNEL FIXED LINK: TREATY SIGNING IN CANTERBURY

There are a few supplementary points about the arrangements for tomorrow which I should draw to your attention.

The greeting party at Manston to meet President Mitterrand will be led by the Countess Mountbatten of Burma, as Deputy Lord Lieutenant of Kent. She will greet the President first on behalf of The Queen; and both you and she will accompany him down the receiving line.

There will be a full Guard of Honour on arrival. You will stand just behind the dais and slightly to the right, on the right of Countess Mountbatten. As the President begins to review the second file of the Guard of Honour, you will leave your place and go straight to your car so that you can get to Canterbury before him. This has been agreed with the French.

Although there is time in the programme for you to have a tête-à-tête with President Mitterrand after lunch, he actually wants to see the Cathedral and arrangements have been made for this (though not announced for security reasons). You will no doubt want to accompany him. At the Treaty signing ceremony itself, M. Dumas and Sir Geoffrey Howe will actually sign. When they have finished signing they will hand the binders to President Mitterrand and to you respectively. You will then exchange them and shake hands. You will then make your short speech, followed by President Mitterrand. When these are completed the Captain of the King's School will come forward with the Canterbury Cathedral's visitors book for you and the President to sign. That will mark the end of the ceremony

One final point: in the absence of a Dean the Vice-Dean will be the senior Church representative at lunch. You will want to ask him to say Grace.

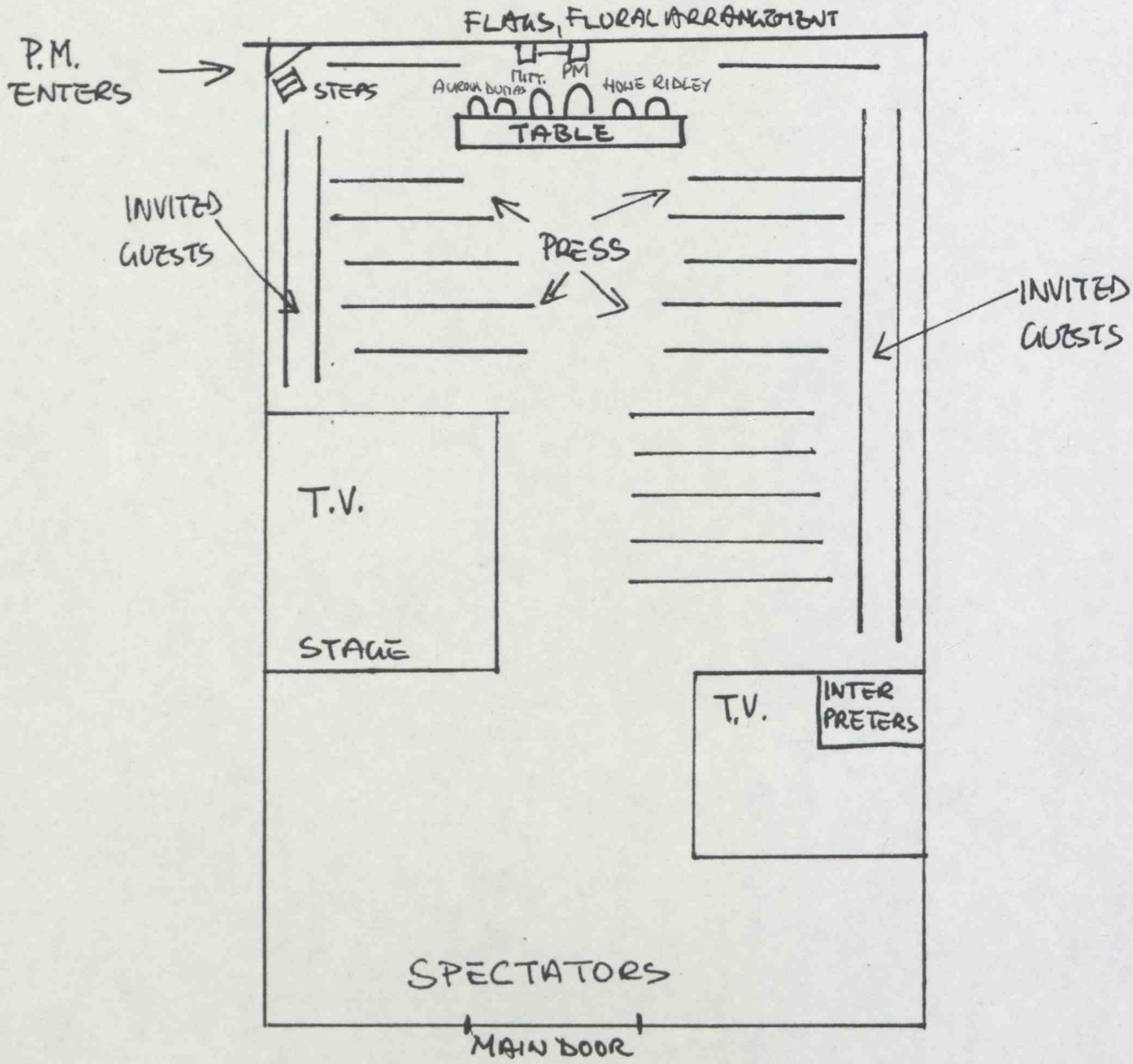
C. D. P.

C D POWELL

11 February 1986

SLHAJL

2 TREATY OFFICIALS
2 FCO (TREATY & NATIONALITY DEPT) OFFICIALS
TO PROFFER DOCUMENTS



THE CHAPTER HOUSE

NOT TO SCALE

MR NORGROVE

11 February 1986

CHANNEL FIXED LINK - CANTERBURY

President Mitterrand's frustrated hopes for a road/rail Link (EuroRoute) have re-emerged as a French bid to reopen the deal struck with CTG-France Manche before Lille, over the provision of additional capacity and the exclusivity of the concession. M. Mitterrand wants both Governments to insist that the earliest date by which they could licence a competing Link to begin operating should be 2010 and not, as agreed, 2020. He may well pursue this with the Prime Minister.

Apart from the point of principle raised by the Governments reneging on an important aspect of the concession agreement with CTG-FM, it is unlikely that the proposed amendment would achieve the aim of advancing the construction of a road connection. The Prime Minister could defend the point of principle with the following more practical arguments:

- This part of the concession agreement is specifically framed to induce CTG-FM to undertake the construction of a road as soon as it is demonstrated to be technically sound, and can be undertaken on a commercial basis - without compromising the securing of a reasonable risk-related return on the original investment.

- Because CTG-FM will have the facility to write off investment in a second phase of construction against taxable income from their initial rail shuttle service,

they should be in a position to proceed on a commercial basis well before any competing third party.

- My hunch is that the high-speed, inter-city rail connections through the Link will prove more popular than anyone has so far dared to think. Trains from London to Paris in three and a quarter hours, and London to Brussels in three hours will win a lot of traffic from the airlines. Earlier than any conservative projections made for financing purposes, the rail Link will become saturated at peak times. The natural next step will be to construct a road connection and devote the rail tunnels primarily to conventional rail traffic.

  If CTG-FM have the concession right to construct the second road phase of the Link, they will have the commercial incentive to facilitate the smooth transition from the initial rail shuttle service to a subsequent rail/road service. Without it, they will have less regard for the quality of service to travellers and more to maximising proceeds from their rail shuttle Link.

- Apart from these longer-term considerations, there remains the basic point that the French proposal might in any case make the first phase of the Link unfinanceable.

JOHN WYBREW

CDP

ADMINISTRATIVE ARRANGEMENTS FOR THE VISIT OF THE PRIME MINISTER, THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS AND THE SECRETARY OF STATE FOR TRANSPORT TO CANTERBURY

(to be read in conjunction with the printed programme)

1. DATE AND PLACE OF MEETING

The Prime Minister, accompanied by the Secretary of State for Foreign and Commonwealth Affairs and Secretary of State for Transport together with those shown at Appendix I, will travel to RAF Manston by helicopter on Wednesday 12 February and then by road to Canterbury for the Channel Fixed Link Signature Ceremony.

2. PROGRAMME FOR ARRIVAL RAF MANSTON

OUTWARD JOURNEY

Transport

No 10 Downing Street will be responsible for arranging transport to Chelsea Barracks for outward journey and from Wellington Barracks for return journey.

The Prime Minister and party (see Appendix 1) will depart Chelsea Barracks by helicopter at 1135 hours on Wednesday 12 February ETA RAF Manston 1210 hours. Met by the Deputy Station Commander Squadron Leader D Head, Royal Air Force, then by car to the Officers Mess.

The Station Commander Wing Cdr T J Hindmarsh RAF will receive the following at the Officers Mess:

1200	Sir John Fretwell HM Ambassador to France arrives
1205	HE Monsieur Jacques Viot the French Ambassador arrives.
1212	The Prime Minister, The Rt Hon Margaret Thatcher MP, The Secretary of State for Foreign and Commonwealth Affairs, The Rt Hon Sir Geoffrey Howe MP The Secretary of State for Transport, The Rt Hon Nicholas Ridley MP arrive.
1220	HM The Queen's Vice Lord-Lieutenant of Kent The Countess Mountbatten of Burma arrives.

JANAAX

1227 Party depart Officers Mess by car for airfield.

1230 President Mitterrand's aircraft arrives from Paris. Aircraft doors open.

The Station Commander and the Deputy Station Commander will escort the greeting party to the aircraft. Members of the greeting party are:

The Countess Mountbatten of Burma
HE Monsieur Jacques Viot, French Ambassador
The Prime Minister
The Secretary of State for Foreign and Commonwealth Affairs
The Secretary of State for Transport
Sir John Fretwell, HM Ambassador at Paris
Brigadier Alan Cowan, Secretary, Government Hospitality
Group Captain Anthony O'Neill, Escort Officer
Squadron Leader M Eveleigh, RAF Guard Commander

HE The French Ambassador will greet President Mitterrand at the tarmac. (It has been agreed that M. Christopher Thiery will interpret as is necessary during the arrival ceremony.)

Countess Mountbatten will greet the President on behalf of HM The Queen and the Prime Minister will greet the President on behalf of HMG. They will accompany the President down the receiving line.

The President, accompanied by the Countess Mountbatten, and the other members of the greeting party will then take up their positions in front of the Guard of Honour (see Appendix II). The President will mount the dais; the Countess Mountbatten will stand behind the dais with the Prime Minister on her right and the French Ambassador on her left; the President's ADC will stand on his right and the Station Commander on his left, both slightly behind him. Other members of the greeting party and President Mitterrand's entourage will stand to the right of the dais (slightly behind).

Guard of Honour - Procedure

A Guard of Honour from The Queen's Colour Squadron of the Royal Air Force under the command of Squadron Leader M Eveleigh RAF and the Central Band will be formed on the apron.

When President Mitterrand and other dignataries are in position the French National anthem will be played and the Squadron will give a Royal Salute. Squadron Leader Eveleigh will then invite President Mitterrand to inspect the Guard of Honour. President Mitterrand's ADC accompanied by the Station Commander will follow them.

At the completion of the inspection The Guard Commander will salute and take his leave. The Commanding Officer will escort President Mitterrand towards his car. As the President inspects the rear rank of the Guard of Honour the Prime Minister and remaining members of the greeting party and the President's immediate entourage will be escorted to their cars which will be waiting in front of the Guards parade. The Countess Mountbatten will bid the President farewell. See Car Plan, Appendix III.

Wet Weather Programme

In the event of wet weather the Parade will not be cancelled. The programme will continue as scheduled up to the point where the inspection of the Guard of Honour should begin. If there is heavy rain at that point in the programme the President will not inspect the Guard of Honour; the Countess Mountbatten will accompany President Mitterrand to his car.

Arrival King's School, Canterbury

Working Accommodation

UK Private Office located in Larder Gate Room No 2. Furnished as requested. Telephone number: 0227 472641. A list of useful telephone numbers are given at Appendix V.

French Private Office located in the Social Committee Room, Larder Gate. Furnished as requested. Telephone number 0227 472642.

See official printed programme: 1515 hours, Signing Ceremony

Ministers will be assisted by:

Miss J A Shepherd
Miss J Billington

of Nationality and Treaty Department - procedure to be followed, see Appendix IV.

After the Signing Ceremony and Statements the Captain of Kings School J D Wrench will present the Prime Minister and the President with the Canterbury Cathedral Visitors Book for signing.

Interpretation

The Prime Minister and President Mitterrand luncheon and Têté à Têté: Mr Lederer will interpret for the Prime Minister.

Ministers of Transport luncheon and Têté à Têté: Mrs Taylor will interpret for Mr Ridley.

Foreign Ministers luncheon and Têté à Têté: no interpreter is required.

Signing Ceremony and Press Statements: simultaneous interpretation will be provided for the Prime Minister by Mrs Taylor.

Departure

When the Prime Minister has said farewell to President Mitterrand at RAF Manston, the Prime Minister's party will depart by helicopter at approximately 1650 hours. ETA Wellington Barracks approximately 1725 hours.

JANAAX

APPENDIX I

PRIME MINISTER'S PARTY

Prime Minister

Mr Powell

Mr Ingham

Mr Norgrove

Mrs Reinholt-Webb

Special Branch Officer

Secretary of State for Foreign and Commonwealth Affairs

Mr Budd

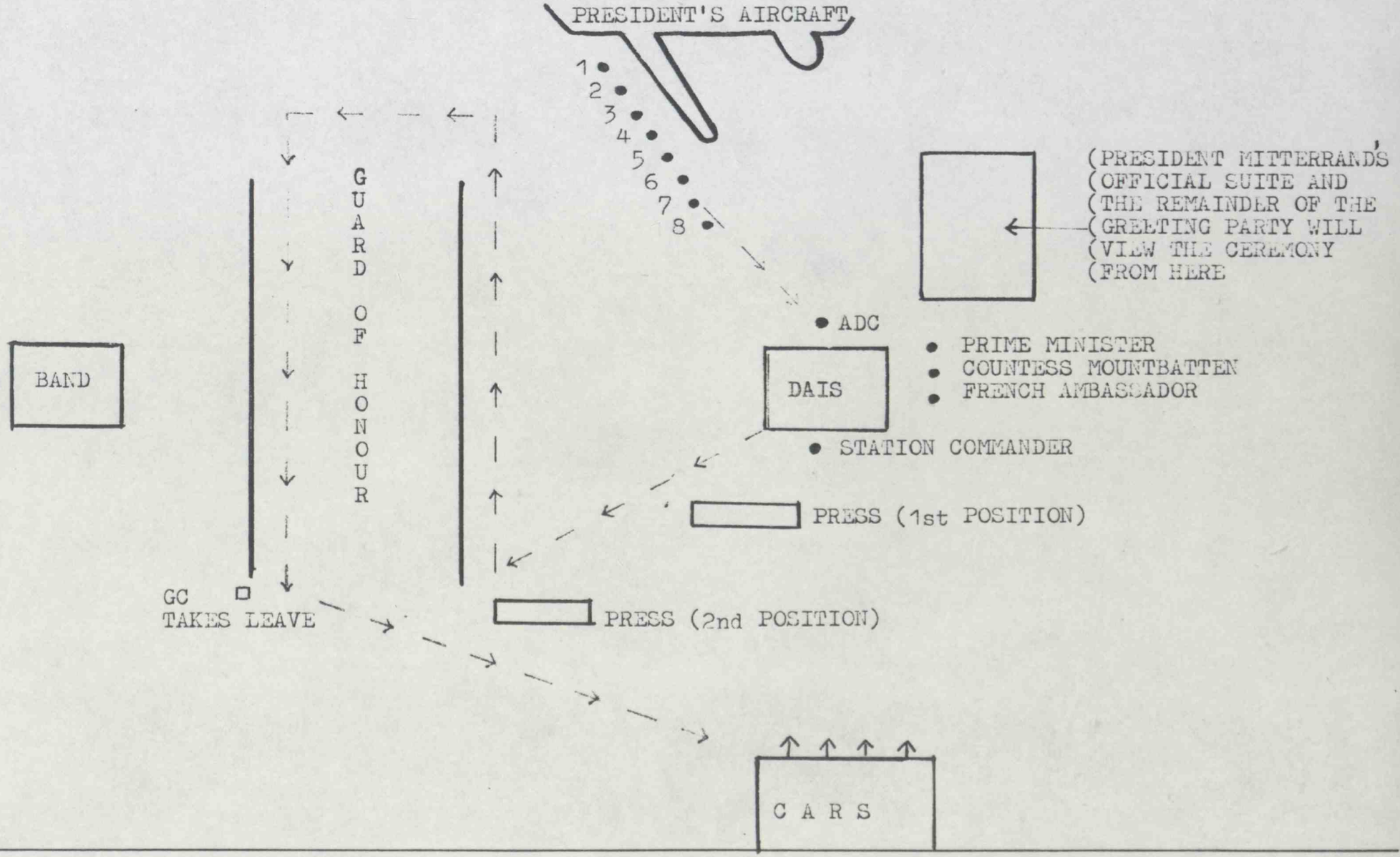
Special Branch Officer

Secretary of State for Transport

JANAAY

APPENDIX II

GUARD OF HONOUR CEREMONY AT RAF MANSTON FOR THE VISIT OF PRESIDENT MITTERRAND OF FRANCE 12 FEBRUARY 1986



- 1 Queen's Representative
- 2 French Ambassador
- 3 Prime Minister
- 4 Secretary of State for Foreign & Commonwealth Affairs
- 5 Secretary of State for Transport
- 6 British Ambassador
- 7 Secretary Government Hospitality
- 8 Escort Officer

CAR PLANS

RAF MANSTON TO KING'S SCHOOL

1st Motorcade

(In advance of the President's Arrival)

Car 5	Monsieur Musitelli
	Monsieur Verret
	Madame Chave
	Wing Commander Cody
Car 6	
(Reserve)	
Car 7	
(Reserve)	

2nd Motorcade

Prime Minister's Car	The Prime Minister
	The Rt Hon Sir Geoffrey Howe
	Special Branch Officer
Police Car	
Secretary of State's Car	Mr Powell
(FCO)	Mr Budd
Secretary of State's Car	The Rt Hon Nicholas Ridley
(Transport)	PS to Mr Ridley
10 Downing Street Car	Mr Norgrove
	Mr Ingham
	Mrs Webb
GHF Car	Brigadier Cowan

3rd Motorcade

Police Car	Special Branch Officer Monsieur Bringuier
Car 1	His Excellency the President His Excellency Monsieur Viot [illegible]
Police Car	2 Special Branch Officers [illegible]
Car P (Protocol Car)	Monsieur de Coignac Lieutenant-Colonel Lang Monsieur Thierry Group Captain O'Neill
Car M	Dr Gubler Major Kerros Monsieur Crespin
Car 2	His Excellency Monsieur Dumas Sir John Fretwell Special Branch Officer
Car 3	His Excellency Monsieur Auroux Monsieur Josselin Monsieur Boublil Colonel Worrall
Car 4	Monsieur Lengagne Monsieur Vauzelle Dr Hazard PS to the President

KING'S SCHOOL TO RAF MANSTON

1st Motorcade

Prime Minister's Car	The Prime Minister The Rt Hon Sir Geoffrey Howe Special Branch Officer

KING'S SCHOOL TO RAF MANSTON

1st Motorcade (cont'd)

Police Car	
Secretary of State's Car	Mr Powell
(FCO)	Mr Budd
Secretary of State's Car	The Rt Hon Nicholas Ridley
(Transport)	PS to Mr Ridley
10 Downing Street Car	Mr Norgrove
	Mr Ingham
	Mrs Webb
GHF Car	Brigadier Cowan

2nd Motorcade

Police Car	Special Branch Officer
	Monsieur Bringuier
Car 1	His Excellency the President
	His Excellency Monsieur Viot
Police Car	2 Special Branch Officers
Car P	Monsieur de Coignac
(Protocol Car)	Lieutenant-Colonel Lang
	Monsieur Thierry
	Group Captain O'Neill
Car M	Dr Gubler
	Major Kerros
	Monsieur Crespin

2nd Motorcade (cont'd)

Car 2	His Excellency Monsieur Dumas
	Sir John Fretwell
	Special Branch Officer
Car 3	His Excellency Monsieur Auroux
	Monsieur Josselin
	Monsieur Boublil
	Colonel Worrall
Car 4	Monsieur Lengagne
	Monsieur Vauzelle
	Dr Hazard
	PS to the President
Car 5	Monsieur Musitelli
	Monsieur Verret
	Madame Chave
	Wing Commander Cody

APPENDIX IV

TREATY PROCEDURE AT THE SIGNATURE CEREMONY IN CANTERBURY

The binder containing the Treaty in the UK precedence and 2 Notes will be placed on the table in front of Sir Geoffrey Howe. Similarly the one in the French precedence with 2 Notes will be placed in front of M. Dumas.

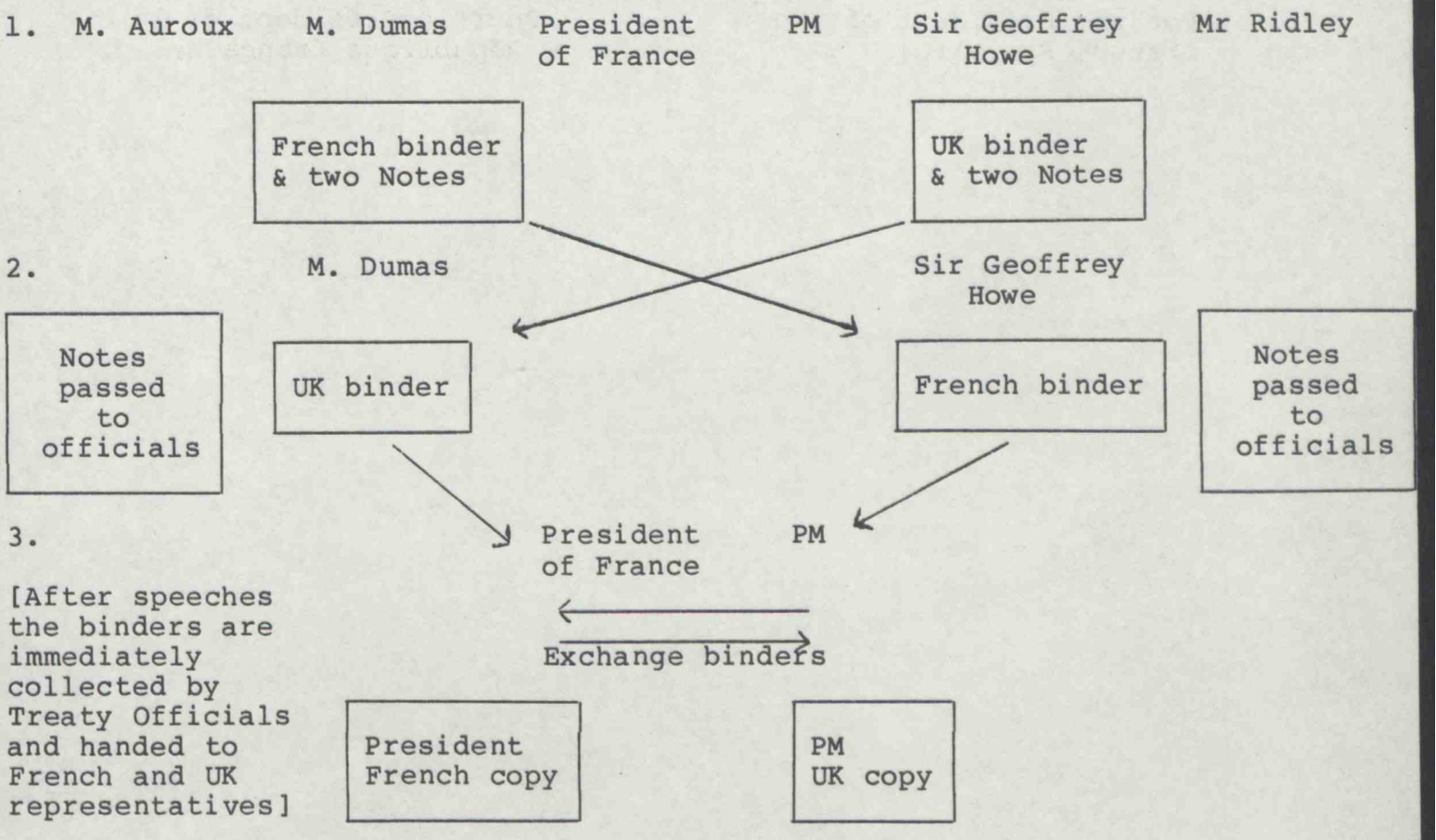
Each Minister will sign the Treaty in the appropriate place on the signature page as indicated to them by Miss Shepherd and Miss Billington.

The Treaty Officials will then put the binders to one side and place the Notes in front of Ministers for signature. The Treaty officials will then pick up the binders and the Notes and step behind the chairs to exchange them. The Notes will then be passed to other officials.

The UK binder (which now holds Sir Geoffrey's signature) will be placed before M. Dumas who will sign in the remaining signature position. The French binder (which now holds M. Dumas's signature) will be placed before Sir Geoffrey who will sign in the remaining position.

After the second signature the French Minister will be holding the UK copy and the UK Minister will hold the French copy. At this point each Minister will pass the binder he holds to his respective PM/President who will then exchange them as they shake hands. (Please note the following diagram):-

STEP



The Treaty will be printed in the facing pages format, ie French text on one side of the page and English text on the other. The final page, the signature page, will be a combined text of English and French and therefore only one signature from each Minister in each binder will be necessary to cover both texts. The following specimen signature will clarify the format:-

In witness whereof, the respective Plenipotentiaries have signed this Treaty and have affixed thereto their seals.	En foi de quoi, les Plénipotentiaires respectifs ont signé le présent Traité et y ont apposé leurs sceaux.
Done in duplicate at , on 12 February 1986, in the English and French languages, both texts being equally authoritative.	Fait à , le 12 février 1986 en double exemplaire, chacun en langues anglaise et française, les deux textes faisant également foi.
For Her Britannic Majesty:	Pour sa Majesté britannique:
For the President of the French Republic:	Pour le Président de la République française:

JANABB

APPENDIX V

USEFUL TELEPHONE NUMBERS

RAF Manston Station Commander Wing Commander T Hindmarsh	084 389351
Private Office (UK) King's School Larder Gate No 2	0227 472641
Private Office (French) King's School Larder Gate No 1	0227 472642
The Deanary, Canterbury Cathedral	0227 65983
Support Staff, Luncheon Room, (Kitchen)	0227 463122
Receiver-General Canterbury Cathedral Admiral Macey	0227 472727
Bursar, Kings School Captain Robinson	0227 463372
Kent and County Hospital, Canterbury Administrator, Mrs Sunderland	0227 66877
Embassy of the Republic of France	01-235 8080
Foreign and Commonwealth Office	
Protocol Department	01-273 3585
Maritime Aviation and Environment Department	01-233 4942
Nationality and Treaty Department	01-213 6220
Kent Constabulary	0622 65432

DISTRIBUTION

No 10
Private Secretary (2)
Press Officer
Duty Clerk

Cabinet Office
Mr K Davies

Foreign and Commonwealth Office
Private Secretary (2)
MAED: Mr R Beetham
Mr K Darroch
Mr A Hill
WED: Mr D Dain
NTD: Miss Shepherd
News Dept: Mr Worthington (2)
Protocol Dept (30)
Colonel Durrant (10)
Resident Clerk
Security Dept
FCO Car Pool

Ministry of Transport
Private Secretary
APS Miss Straight
Mr Moulton

Management and Personnel Office
Mr D Wood

Ministry of Defence
Wing Cdr M Barham, Room 5178, Main Building
Mr Graham, MOV OPS (RAF) Desk Officer (2)
Wing Cdr Hall (FLS) (RAF)
Mr M Holton, Air Services Secretariat (RAF)
Wing Cdr T Hindmarsh, Commanding Officer RAF Manston (2)

French Embassy
M. Lacoste
Mlle Vasseur

Canterbury Cathedral
Rear-Admiral D Macey, Receiver-General

King's School
Captain N Robinson, RN (RTD) Bursar

JANABC

MITTERRAND, FRANçOIS

President of the Republic since May 1981.

Born 1916 in Charente. Son of a railway official. Trained as a lawyer in Paris. Wounded in action during the French campaign, he was a prisoner of war 1940-42. He escaped, characteristically at the third attempt, settled in the unoccupied part of France and played an active part in the Resistance, which included missions to London and Algiers in 1943/4. In 1944 General de Gaulle appointed him Secretary General for Prisoners and Deportees. At the end of the war M Mitterrand became Deputy for the Nievre, an area of North Central France that he represented in the National Assembly, and briefly in the Senate until his election as President. Under the Fourth Republic he led his own centre-left party and was a member of several administrations, some of them far from left-wing. When he first took office, he was the youngest Minister to be appointed since the 19th century. Among his Ministerial posts his principal ones were Minister for Overseas France (1950-51), and Minister of the Interior (1954-55). Mitterrand was one of the few French politicians to oppose General de Gaulle's return to power in 1958, mainly because he considered that the latter had been imposed on France by the armed forces.

From 1958 to 1981 Mitterrand was the de facto leader of the Opposition. His political fortunes ebbed and flowed but he never gave up his attempt to create a majority that would allow the left to accede to power. He ran unsuccessfully for President in 1965 and 1974. From 1971 until the beginning of 1981, when he gave up the post to run for the Presidency, Mitterrand was First Secretary of the renovated Socialist Party (PS). Under his leadership the PS has grown to become the dominant force on the Left of French politics. A highly skilled tactician, Mitterrand has the distinction of having held the warring factions of the PS together during its long period of opposition and of difficult relations with the Communist Party (PCF).

Mitterrand is not a doctrinaire Socialist. Keen on books and painting, addicted to writing he seems to be mostly a humanist with egalitarian instincts and a sense of public responsibility. He is on the side of the under-dog and is concerned about the welfare of people in general, but he is by nature aloof. He has few personal friends, and is not much inclined to share confidences. His habit of keeping his own counsel has not changed since he took office.

During the election campaign Mitterrand managed to appear very calm and self-possessed. There was a good deal of art in this, but also a fair amount of nature. As President, Mitterrand has continued to adopt an outward air of serenity despite the Government's increasingly pressing economic difficulties. This has not prevented a steady erosion of his popularity, but he appears determined to stay in office until the end of his seven year term.

Mitterrand has three brothers. One brother, General Mitterrand, is a former President of Aerospatiale, the nationalised aircraft company, one is President of Havas, a major publishing and travel organisation, and one a professor at the Sorbonne. His wife, who has a good Resistance record, takes a strong interest in Human Rights causes throughout the world which can sometimes be detected in her husband's actions. They made a successful State Visit to Britain in October 1984, marred only by the "sniffer dogs" affair. One of their sons was elected a PS Deputy in 1981 and the other works on African affairs at the Elysee.

DUMAS, ROLAND

Minister for External Relations since December 1984.

Born 1922 at Limoges in the Haute Vienne. Fought in the Resistance. His father was shot by the Germans. Escaped from captivity. Graduated in law from the University of Paris. Studied at the LSE. Barrister at the Paris Court of Appeal since 1950. Political journalist. Centre-Left deputy for Haute Vienne 1956-58; for the Corrèze 1967-68. Socialist Deputy for Périgueux, Dordogne 1981-83. Minister for European Affairs December 1983-December 1984. Government spokesman June-December 1984.

Dumas is one of Mitterrand's closest and longest standing political allies. Their friendship dates from the Fourth Republic when Dumas first entered Parliament as a member of Mitterrand's own small centre-left political party. They have remained close ever since: Dumas' professional address is in the Rue de Bièvre in the Latin Quarter where Mitterrand has his private flat.

Dumas has combined politics and journalism with a successful career at the Paris Bar. He has counted painters such as Brague, Matisse and Picasso among his clients, as well as Mitterrand himself (notably in the famous "observatoire" case). His defence of Algerian nationalists during the Algerian War established his credentials with the Arab world. Before his appointment as Minister, Mitterrand frequently used him as a secret emissary, particularly in North and Francophone Africa. As Minister for Europe, he was responsible for handling the difficult Community dossiers during the French Presidency in the first half of 1984. He was widely judged to have managed these with great skill, thanks to a combination of intelligence, tact and linguistic ability, and he is given much of the credit for the Fontainebleau success. His additional appointment as Government spokesman was seen as a well-deserved promotion.

Author of books on china, barristers and the media. Married (twice). Three children. Speaks excellent English.

AUROUX, JEAN

Minister of Town Planning, Housing and Transport since September 1985.

Born 1942 in the Department of Rhône. Geography teacher by profession and author of several text books on the subject. Socialist (PS) Deputy for the Loire 1978-81. Member of the Regional Council of Rhône-Alpes and Mayor of Roanne since 1977. Special Rapporteur for the PS on the problems of the handicapped, 1978-80. PS National Delegate for Housing 1980-81. Until 1977 a member of the left-wing CERES group of the PS, but now a member of the Mitterrand faction. Minister of Labour 1981-82. Minister-delegate for Labour 1982-83. State Secretary for Energy 1983-83, for Transport 1984-85.

Before becoming a Minister Auroux was virtually unknown in Parisian political and trade union circles. As Minister of Labour he took a moderate and courageous line on certain issues but attracted bitter criticism for his series of reforms of workers' rights. As State Secretary for Energy he frequently stood in for Fabius, his tutelar minister, on several non-energy matters as well as those for which he was normally responsible.

Married. Wife teaches English. Two children.

* Interpreters

SPOKE.

LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE PRIME MINISTER IN HONOUR OF MONSIEUR FRANCOIS MITTERAND, PRESIDENT OF THE FRENCH REPUBLIC ON THE OCCASION OF THE SIGNATURE OF THE CHANNEL TUNNEL LINK TREATY AT THE DEANERY, THE PRECINCTS, CANTERBURY ON WEDNESDAY, 12 FEBRUARY 1986 AT 1.00 PM FOR 1.15 PM

The Prime Minister

Monsieur Francois Mitterand	President of the French Republic
Monsieur Roland Dumas	Minister for External Affairs
Monsieur Jean Auroux	Minister for Town Planning, Housing and Transport
Monsieur Charles Josselin	State Secretary for Transport
Monsieur Guy Lengagne	State Secretary for Maritime Affairs

His Excellency the Ambassador of the French Republic

Monsieur Michel Vauzelle	President's Spokesman
Monsieur Alain Boublil	Technical Adviser to the President
Monsieur Jean Mustelli	Deputy Diplomatic Adviser to the President
Monsieur Dennis Verret	Technical Adviser to the Prime Minister
Monsieur Noel Josephe	President of the Regional Council of the Nord/Pas de Calais
Monsieur Roland Huguet	President of the General Council of the Pas de Calais
Monsieur Bernard Derozier	President of the General Council of the Nord
Monsieur Jean-Paul Parayre	Chairman of France-Manche
Monsieur Jean-Paul Costa	Legal Counsellor
Monsieur Raoul Rudeau	President of the Assessment Committee
Monsieur Maurice Legrand	Member of the Assessment Committee
Rt. Hon. Sir Geoffrey Howe, MP	
Rt. Hon. Nicholas Ridley, MP	
Mr. David Mitchell, MP	Minister of State, Department of Transport
Sir Nicholas Henderson	Chairman, Channel Tunnel Group
Sir Robert Reid	Chairman, British Rail

The Right Worshipful The Mayor of the City of Canterbury Mrs. E. McCabe	
Mrs. R.M.P. Newsham	Chairman, Kent County Council
Councillor Tony Hart	Leader, Kent County Council
Canon John de Sausmarez	Vice Dean of Canterbury Cathedral
Canon Peter Pilkington	Headmaster of Kings School, Canterbury
Mr. David Crouch, MP	MP for Canterbury
Councillor James Nock	Leader of the Canterbury District Council
Dr. D.J.E. Ingram	Vice Chancellor, University of Kent
Sir John Osborn, MP	Chairman, All Party Parliamentary Group on Channel Link
Mr. Peter Snape, MP	" "
Sir John Wells, MP	MP for Maidstone
Mr. Christopher Jackson, MEP	MP for Kent
Sir John Fretwell	HM Ambassador, Paris
Mr. Alan Bailey	Department of Transport
Mr. A.G. Lyall	Department of Transport
Mr. J.D. Noulton	Department of Transport
Miss Sarah Straight	Department of Transport
Mr. R.C. Beetham	Foreign and Commonwealth Office
Mr. Colin Budd	Foreign and Commonwealth Office
Mr. Bernard Ingham	10 Downing Street
Mr. Charles Powell	10 Downing Street

The Mayor of Canterbury

M. Charles Josselin

Mr. David Mitchell

M. Roland Dumas

THE PRIME MINISTER

M. FRANCOIS MITTERRAND

Rt. Hon. Sir G. Howe

M. Jean Auroux

Rt. Hon. Nicholas Ridley

HE The French Ambassador

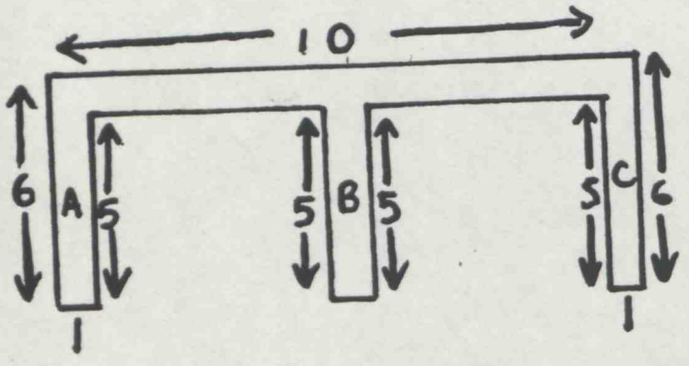
Sir J. Fretwell

M. Guy Lengagne

M. Jean-Paul Parayre	Canon John de Sausmarez	Sir J. Wells	Sir J.Osborn	Canon Peter Pilkington	Sir N. Henderson
Sir Robert Reid	M. Michel Vauzelle	M. N. Josephe	M. R. Huguet	M. J. Musitelli	Mrs. R.M.P. Newsham
M. A. Boublil	Mr. D. Crouch	Mr. P. Snape	Mr. C. Jackson	Dr. D.J.E Ingram	M. R. Rudeau
Cllr Tony Hart	M. M. Legrand	M. D. Verret	M. J-P. Costa	Mr. A. Bailey	Cllr James Nock
M. B. Derozier	Miss S. Straight	Mr. C. Powell	Mr. A.G. Lyall	Mr. B. Ingham	Mr. J.D. Noulton

Mr. Colin Budd

Mr. R.C. Beetham



= ~~Max 45~~

Now

44 !

CC PC
BI
CR's
DRN

Foreign and Commonwealth Office

London SW1A 2AH

11 February 1986

CDP
12/2

Dear Charles,

Prime Minister's Lunch for President Mitterrand

The French have now provided the attached guest list for their contingent for the Prime Minister's lunch for President Mitterrand tomorrow.

You will see that although we allocated them 20 places they have provided only 17 names. They have stated categorically that they have no further candidates. In these circumstances, I suggest we reduce the places at the lunch to 44 (which has the advantage of removing the person who would be sitting at the end of a central prong of the E directly facing the Prime Minister and President); and that we bring the numbers up to 44 by restoring Bernard Ingham and Mr Ridley's Private Secretary, Ms Sarah Straight.

I am copying this letter to Richard Allen in the Department of Transport.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

PRIME MINISTER'S LUNCH FOR PRESIDENT MITTERRAND : FRENCH GUEST LIST

M. François Mitterrand
M. Roland Dumas, Minister for External Affairs
M. Jean Auroux, Minister for Town Planning, Housing and Transport
M. Charles Josselin, State Secretary for Transport
M. Guy Lengagne, State Secretary for Maritime Affairs
M. Jacques Viot, French Ambassador to the UK
M. Michel Vauzelle, President's Spokesman
M. Alain Boublil, Technical Adviser to the President
M. Jean Musitelli, Deputy Diplomatic Adviser to the President
M. Dennis Verret, Technical Adviser to the Prime Minister
M. Noel Josephe, President of the Regional Council of the Nord/Pas de Calais,
M. Huguet, President of the General Council of the Pas de Calais
M. Bernard Derozier, President of the General Council of the Nord
M. Jean-Paul Parayre, Chairman of France-Marche
M. Jean-Paul Costa, Legal Counsellor
M. Rudeau, President of the Assessment Committee
M. Legrand, Member of the Assessment Committee

A02AAN

JR

PRIME MINISTER

CHANNEL FIXED LINK: TREATY SIGNING

I attach some further details of tomorrow's ceremony which you ought to glance at, please.

As you will see, there is in practice unlikely to be time for a proper tete-a-tete after lunch because President Mitterrand wants to use the time to look round the Cathedral (and arrangements have been made for this).

But there is one important point which ought to be discussed at lunch or immediately after. This is set out in the Department of Transport's letter in the attached folder. In short, the French are trying to welsh on the earlier agreement which (a) gave CTG/FM the exclusive right to operate the link to 2020; and (b) said that CTG/FM would have the right of first refusal to put forward proposals for a link up until 2005.

My own investigations suggest that there is more muddle than malice here. We must stick to the 2020 date because you referred to it publicly in your press conference at Lille and it is in the White Paper. I suggest you get Mitterrand to confirm this over lunch: and then you both instruct respective Transport Ministers to sort out the other point after lunch.

There is a separate note of other points which you might raise with President Mitterrand over lunch.

CDP

11 February 1986

VC87

DN to see
CDP.

cc PC
(2)

Prime Minister
You agreed, subject to the views of colleagues.
CDP 11/2

SECRETARY OF STATE FOR THE ENVIRONMENT

PRIME MINISTER

CHANNEL FIXED LINK BILL

I have seen a copy of Nicholas Ridley's minute of 10 February asking for your agreement to including part of the A20 road improvement in the hybrid Bill. He quotes me as agreeing with this proposal.

To avoid possible misunderstandings, I think I should make it clear that I have certain reservations about this proposal. While the procedure proposed may well be popular with those in the locality who are keen to get a new road as soon as possible, the road would go through a very sensitive environmental area and despite careful handling it is unlikely to meet with the unconditional approval of those who are concerned to protect such areas. Others again may be concerned at this further dispensation with the normal public inquiry procedure, especially as the arguments for such dispensation for the Link itself do not really apply here.

For those reasons there may well be vociferous opposition to the inclusion of this road in the Channel Fixed Link Bill. If this opposition becomes significant as the Bill progresses it may well be necessary to abandon these clauses to secure the passing of the main Bill more easily.

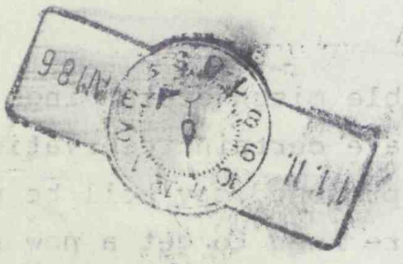
I am copying this to the Lord Privy Seal and to colleagues in E(A).

KB.

K B

11 February 1986

TRANSPORT : Channel Tunnel: Rail.



File KB
cc Prof Griffiths
David Norgrove
Sir P Cradock

10 DOWNING STREET

From the Private Secretary

11 February 1986

CHANNEL FIXED LINK BILL

The Prime Minister has considered the Transport Secretary's minute of 10 February about the possibility of including an additional item in the Channel Fixed Link Bill. Subject to the views of colleagues, the Prime Minister is content with what the Transport Secretary proposes.

I am copying this letter to the Private Secretaries to the members of E(A) and to Michael Stark (Cabinet Office).

CHARLES POWELL

Richard Allan, Esq.,
Department of Transport.

KB

(2)

Prime Minister

This sets out your programme in detail & very helpfully.

CDP 10/2.

MR INGHAM

MR POWELL

PRIME MINISTER

CANTERBURY TREATY SIGNING
WEDNESDAY 12 FEBRUARY

You are to arrive at RAF Manston by helicopter some ten minutes in advance of President Mitterand's expected arrival time of 12.30. He will have presided over a meeting of his Cabinet immediately before setting off. RAF Manston is bleak and windswept. The Station Commander, Wing Commander Hindmarsh, will receive you in the officers' mess which is a few minutes drive from the landing area.

The ceremonial has been kept to a minimum. The Vice Lord Lieutenant of Kent, the Countess Mountbatten of Burma, will be present to lead the welcome of the President together with the French Ambassador, M Jacques Viot, and Sir Michael Fretwell. After the playing of the National Anthems by the Central Band of the RAF, President Mitterrand will inspect of guard of honour provided by The Queen's Colour Squadron of the RAF. To enable you to arrive in Canterbury ahead of the President, it has been agreed with the French that your party will leave as the President starts inspecting the second rank of the ceremonial guard. If the weather is bad only the inspection of the guard of honour will be omitted. Some press will be present to record the arrivals.

The route to Canterbury, some 30 minutes away, will pass through the mining village of Hestern and it is just possible there could be a small group of demonstrators on the right-hand side of the village.

Arrival at the Cathedral at 13.10 hours is through the Mint Yard Gate with the Green Court. It is more likely that there will be some demonstrators in the street facing the Mint Yard Gate but access into the Cathedral precincts will be strictly controlled. The cars will stop just inside Green Court where the greeting party - four members of the Cathedral Chapter and Mrs H E McCabe the Mayor of Canterbury - will meet you. Once the President has arrived and met the authorities you and he will walk the 200 yards to the Deanery through the assembled pupils of Kings School. The press will be present in good numbers throughout your arrival and walk to the Deanery but no press will be allowed inside. The band of the Royal Marines will be playing.

Pre-lunch drinks will be served for fifteen minutes in the first floor drawing room of the Deanery followed by lunch (for forty-five) in the Master Common Room. As in Lille no speeches but only toasts will be made at lunch. After the lunch the programme permits 30 minutes for the tête-à-têtes. The French were very keen that President Mitterrand should pay a brief visit to the Cathedral and this has been built into the time allotted to thetalks. We will not disclose the visit to the Cathedral to the Press.

The Chapter House is an impresssive building with a glorious ceiling but dominated by fine stained glass windows at either end. The signing ceremony will take place at the foot of one of the windows providing an impressive back drop. You will enter the Chapter House by a small

"emergency entrance" via some rather steep wooden steps leading immediately to the area of the signing. The front six or seven rows of seats directly in front of the table have been reserved for photographers. The invited guests will be seated along the side walls. Midway down the Chapter House will be the television vantage points and the interpreters booth. We expect at least seven television crews.

The Treaty will be signed by the Foreign Ministers. President Mitterrand is precluded by the French Constitution from signing Treaties. I have however arranged that at this point both you and the President sign the Cathedral's visitors' book so that the photographers will have the picture they most want. After the signings have been completed you and the President will make brief (between 5 and 10 minutes) statements. We have told the Press there will be no press conference. This part of the programme should be over shortly before 16.00 hours. After saying goodbye to the Vice Dean of the Cathedral and the Headmaster of the School in the Green Court everyone returns to Manston by car. President Mitterrand is scheduled to leave at 16.40 and you shortly afterwards.

Content with the arrangements?

Yes - thankyou

Michael Horne.

MIKE HORNE
PRESS OFFICE

10 February 1986

'010

cc DQN
(1) BG.

Prime Minister
Content, subject to
views of colleagues?
CDP. 1/2.

PRIME MINISTER

CHANNEL FIXED LINK BILL

Policy clearance for the scope and content of this Bill has been given by E(A) and Cabinet but, during the consideration of the proposals and in parliamentary and local discussions, the desirability of a small additional item has become apparent. I am writing to seek your agreement to including in the Bill provision for a short stretch of new trunk road, about four miles, from the end of the M20, to which the tunnel terminal will be linked, eastwards towards Dover.

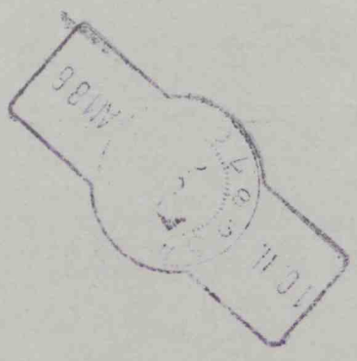
I believe there are compelling reasons for seeking to ensure that this stretch of road is available when the tunnel opens. The need to relieve Folkestone and the village of Capel le Ferne of through traffic has long been recognised but work on the preparation of a new route was suspended when proposals for the fixed link were invited because the choice would affect the desirable location and design of the road. Now the choice has been made, it is important to recover the lost time. Further, the tunnel will inevitably lead to switching of activity from the Dover area to that of Folkestone. Improved communication between the tunnel terminal and Dover will be important in limiting such transfer and a commitment to this in the Bill will emphasise the Government's concern to achieve this limitation. Other road improvements that I am proposing for Kent are sufficiently advanced to be available in good time.

Making this provision through the Bill would abrogate the powers of the Secretary of State for the Environment in the normal statutory procedures for road schemes. I

have therefore discussed the proposal with Kenneth Baker who has agreed that I should proceed in this way.

I am copying this letter to colleagues in E(A). The timing is tight and I regret that I must ask for an indication that you are content by close on Wednesday 12 February. In view of this tight timing, I am copying the letter simultaneously to the Lord Privy Seal to ask for drafting approval for the addition when policy clearance is received.

NICHOLAS RIDLEY
10 February 1985



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BM2 ADF BM.

bcPC

10 DOWNING STREET

From the Private Secretary

7 February 1986

CHANNEL FIXED LINK:
PRIME MINISTER'S LUNCH FOR PRESIDENT MITTERRAND

Thank you for your letter of 7 February with a revised guest list for the Prime Minister's lunch for President Mitterrand in Canterbury on 12 February.

The Prime Minister agrees that Councillor Jim Nock, Sir John Wells, Sir John Osborne, Mr. Peter Snape, Mr. Christopher Jackson and Mr. Ben Patterson should all be invited. She would also like the Vice-Chancellor or another senior representative of the University to be added to the list. If necesssary, to accommodate all these, we are ready to drop the No. 10 Press Secretary. I agree, though, that Roger Beetham should attend. If there are last minute vacancies I should be grateful if you would consult me.

On another aspect, I should report that the No. 10 Political Office were told by the local Conservative Agent today that it was quite likely that there would be significant demonstrations from several groups who are opposed to the Channel Fixed Link in Canterbury on Wednesday.

I am copying this letter to Richard Allan (Department of Transport).

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

7 February 1986

Dear Charles,

Channel Fixed Link:

Prime Minister's Lunch for President Mitterrand

Following our conversation this morning I enclose a revised draft guestlist. We have removed five officials from the original list while leaving the DTp with three officials as the largest contingent. You could of course drop the No 10 Press Secretary, too, which would create another space. We should prefer not to drop Roger Beetham, who has himself made three visits to Canterbury in this connection.

As to possible replacements we have taken advice from Mr David Crouch, MP for Canterbury, and Mr Michael Howard, Parliamentary Under-Secretary of State at the DTI and MP for Folkestone (who is not himself available that day). We would propose Councillor Jim Nock, Leader of Canterbury District Council, and four (or five) from the following list of MPs:

Sir John Wells, MP for Maidstone (and a strong supporter of the CFL)

Mr Stephen Ross (Liberal), MP for the Isle of Wight, Liberal Transport Spokesman, and a CFL supporter

Sir John Osborne MP for Hallam and
Mr Peter Snape (Labour), MP for West Bromwich East
- Joint Chairmen of the All Party Parliamentary Group on the Channel Fixed Link

Mr Peter Rees, MP for Dover (suggested by David Crouch - though I believe he voted against the Link)

Mr Christopher Jackson, MEP for East Kent (There were no French MEPs at Lille, but the case is different: their MEPs do not have constituencies)

Mr Ben Patterson, MEP for West Kent

/A full

A full revised list is attached.

I am copying this letter to Richard Allan in the Department of Transport.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

PRIME MINISTER S LUNCH FOR PRESIDENT MITTERRAND, CANTERBURY, 12 FEBRUARY : REVISED DRAFT GUEST LIST (not in Protocol Order)

Prime Minister
Private Secretary
Press Secretary
Secretary of State for Foreign and Commonwealth Affairs
Private Secretary
Sir John Fretwell, HM Ambassador, Paris
Mr Beetham, Head of MAED, FCO
Secretary of State for Transport
Minister of State, Department of Transport
Mr A Bailey, Permanent Under-Secretary, Department of Transport
Mr A Lyall, Under-Secretary, Department of Transport
Mr J Noulton, Under-Secretary, Department of Transport
Sir N Henderson, Chairman of CTG
Sir Robert Reid, Chairman, British Rail
Mrs Hazel McCabe, Mayor of Canterbury
Mrs Newsham, Chairman of Kent County Council
Councillor Tony Hart, Leader of Kent County Council
Canon Peter Pilkington, Headmaster of Kings School, Canterbury
Canon John de Sausmarez, Vice Dean of Canterbury Cathedral
Mr David Crouch, MP for Canterbury
Councillor J Nock, Leader of the Canterbury District Council

Plus four from :-

Mr Peter Rees, MP for Dover
Mr Christopher Jackson, MEP for Kent
Sir John Wells, MP for Maidstone
Mr Stephen Ross, (Liberal), MP for the Isle of Wight and Alliance Spokesman on Transport
Sir J Osborne, MP for Hallam) Joint Chairmen of All Party
Mr Peter Snape (Labour), MP for) Parliamentary Group on
West Bromwich East) Channel Link

A01ABS



BM

10 DOWNING STREET

From the Private Secretary

7 February 1986

CHANNEL FIXED LINK: TREATY SIGNATURE
GUEST LIST FOR LUNCH

Thank you for your letter of 5 February enclosing a draft guest list for the lunch before the signing of the Treaty on the Channel Fixed Link.

The Prime Minister has commented that the list contains too many officials and she would like more MPs and local people invited. The Department of Transport should retain all their officials on the list since they have been heavily and directly involved with the work. No. 10 will surrender all but one Private Secretary slot. I would expect similar sacrifices from the Foreign Office. If you need any help with issuing invitations, please let Mrs. Goodchild know.

As I have already told you, the Prime Minister was delighted with the mock-up menu.

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office

BM

CCPK
BF?

Foreign and Commonwealth Office

London SW1A 2AH

7 February 1986

CDP 7/2.

Dear Charles,

Channel Fixed Link Treaty Signature

As requested in your letter of 4 February, I attach a draft for the Prime Minister's speech. This has been cleared as necessary with other Government Departments. If the Prime Minister wished to deliver part of the speech in French, a section of the final paragraph, on Anglo-French relations, might be appropriate.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

cc: R Allan Esq
DTp

C D Powell Esq
PS/10 Downing Street


07.4.
AM86

10 DOWNING STREET

From the Private Secretary

6 February 1986

CHANNEL FIXED LINK: TREATY SIGNATURE

Thank you for your letter of 5 February with the proposed passenger list for the RAF Puma helicopter on 12 February.

I am content with the list proposed.

C D POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office

ono

cc GR

Foreign and Commonwealth Office

London SW1A 2AH

5 February 1986

Dear Charles,

Channel Fixed Link Treaty Signature:

Wednesday 12 February

I enclose a proposed passenger list for the RAF Puma helicopter (maximum 10 passengers). The aim will be to leave Chelsea Barracks for RAF Manston at 1145 and return to Wellington Barracks at 1700 hours.

Prime Minister

Mr Powell

Mr Ingham

Mr Norgrove

Mrs Reinholt-Webb

Special Branch Officer

Secretary of State for Foreign and Commonwealth Affairs

Mr Appleyard

Special Branch Officer

Secretary of State for Transport

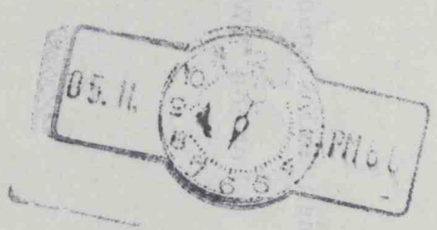
It would be helpful to have confirmation that you are content with this list.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street



cc PC

1

Foreign and Commonwealth Office

London SW1A 2AH

We must have more MPs and/or local people

MT

5 February 1986

Prime Minister
Agree the attached guest list? (Its a bit heavy on officials - we might try for some more MPs or local people).
CDP 6/2

Dear Charles,

Channel Fixed Link: Treaty Signature

Guest List for Lunch

Thank you for your letter of 4 February about the draft programme. The arrangements you suggested are now in hand. I should, however, welcome your comments on the guest list for the Prime Minister's lunch.

Working on a seating plan of 45, we have prepared the attached draft. We suggest that 20 places should be allocated to the French. Our list includes the 7 names proposed by the DTp - Richard Allan's letter to you of 4 February, and makes certain assumptions about the officials from No 10 the Prime Minister may wish to include. We have also submitted some reserves. The Foreign Secretary favours the inclusion of Councillor Nock. Some 20-30 additional invitations (on the British side) will be issued to enable others to attend the actual ceremony.

We have taken advice on which local figures should be invited. The minimum appears to be the Mayor of Canterbury, the Chairman of Kent County Council, and the Leader of Kent County Council. The Headmaster of King's School and the Vice Dean of the Cathedral have been included as a courtesy because the school and cathedral facilities will be used during the visit.

I also enclose a mock up menu for the occasion prepared by Mr Charles Mozley, a friend of the Foreign Secretary's, and a professional artist who has recently produced an illustrated version of the Canterbury Tales (you will recall that the French provided an attractive illustrated menu in Lille). There are one or two obvious errors and omissions that will need to be corrected - this is still a draft; but would you be content with something along these lines?

x in PM Box 5/2

/I am

C D Powell Esq
PS/10 Downing Street

* If you agree, I will negotiate a deletion tomorrow.

I am copying this letter to Richard Allan at the DTp.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

DSR 11C

DRAFT GUEST LIST: PRIME MINISTER'S LUNCH (NOT IN PROTOCOL ORDER)

Prime Minister
Private Secretaries (2)?
Press Secretary
Mr J Wybrew No 10 Policy Unit ?
Secretary of State for Transport
Private Secretary
Minister of State, Department of Transport
Mr A Bailey, PUSS DTp
Mr J Noulton, Under Secretary DTp
Mr A Lyall Under Secretary DTp
Secretary of State for Foreign Affairs
Private Secretary
Mr R O' Neill AUSS FCO
Mr R C Beetham Head of MAED FCO
Mr D Dain Head of WED FCO
Sir J Fretwell HM Ambassasor Paris
Sir N Henderson (or his successor, as chairman of CTG, Lord Pennock)
Sir Robert Reid Chairman of British Rail
The Mayor of Canterbury, Mrs Hazel McCabe
The Chairman of Kent County Council,Mrs Newsham
Councillor Tony Hart, Leader of Kent County Council
The Headmaster of Kings School Canterbury, Canon Peter Pilkington
The Vice Dean of Canterbury Cathedral, Canon John de Gausmarez
Mr David Crouch MP for Canterbury

Reserves

Councillor Jim Nock, Leader of Canterbury District Council
Mr R Christopher Ass Sec Cabinet Office
Mr K Jones Ass Sec Treasury

TRANSPORT : Channel Tunnel : Pt 4.

File

MR. POWELL

cc MR NORGROVE

CHANNEL TUNNEL GROUP

Bernard passed me the attached letter from the Channel Tunnel Group, in which they propose a reception towards the end of February to which the Prime Minister, appropriate members of the Cabinet, relevant junior Ministers etc would be invited.

The Department of Transport tell me that the concession agreement is unlikely to be signed by then, though their Secretary of State sees no objection in principle to the Prime Minister joining the reception.

I am afraid that it will, of course, prove difficult to accommodate this in the diary, but if you thought there was a strong reason for the Prime Minister taking this on, it might be possible to offer half an hour look-in one evening. I should be grateful for your advice before I go back to Bernard.

MARK ADDISON
5 February 1986

CJ31

cc FCO

SRW ADB

SUBJECT

cc OPS Master

PRIME MINISTER'S PERSONAL MESSAGE SERIAL No. T24/86

10 DOWNING STREET

THE PRIME MINISTER

5 February, 1986.

Dear Prime Minister,

It was good of you to write to me about the decision to support a rail tunnel link across the Channel to France. I was very glad to hear of your enthusiasm for this project, which I wholeheartedly share. I see its completion as a really exciting goal for both countries for the last decade of this century. I attach particular importance to the fact that the project is to be financed entirely by the private sector. I also believe that it will generate a very substantial number of jobs during the construction phase as well as continuing employment once it is in operation.

Thank you also for your kind best wishes for 1986 which I warmly reciprocate.

Warm regards

Yours sincerely

Margaret Thatcher

The Hon. James F. Mitchell, M.P.
St. Vincent + Grenadines.

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON
SW1

B 1. CDP
2. NBPT.

4 February 1986

Dear David,

CHANNEL FIXED LINK: WHITE PAPER

In Folder At Back.

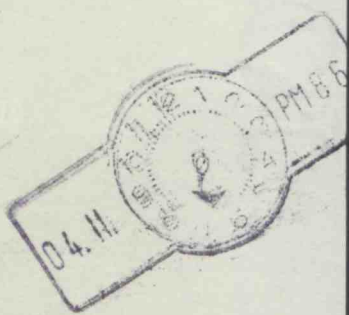
I enclose a copy of the White paper being published today together with a copy of the Land Use Consultants Report on the Environmental Appraisal of the alternative CFL schemes.

Copies of this letter and the attachments go to private secretaries to all Cabinet Ministers, the Solicitor General and to Sir Robert Armstrong.

Yours ever

Sarah Straight

SARAH STRAIGHT
Private Secretary



cc PC

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Charles Powell Esq
Private Secretary
10 Downing Street
LONDON SW1

CF
Please ask FCO to take action as appropriate
CDD 4/2.

4 February 1986

Dear Charles,

CHANNEL FIXED LINK: TREATY SIGNATURE

Colin Budd has sent me a copy of his letter to you of 31 January enclosing a draft programme and commenting on a number of points.

The first of these, (a), concerned travel arrangements from London to RAF Manston (and back). If the Prime Minister agrees that this journey should be made by helicopter rather than by car, my Secretary of State would also wish to accompany her.

Could I also take this opportunity to put forward the proposed Department of Transport party for the lunch and the Treaty signing ceremony. My Secretary of State would like the party to comprise:

Secretary of State for Transport
Minister of State for Transport
Mr Alan Bailey, Permanent Under Secretary of State
Mr John Noulton, Under Secretary, Channel Fixed Link
Councillor Tony Hart, Leader of Kent County Council
Sir Robert Reid, Chairman of British Railways
Private Secretary

I understand arrangements are already being made to invite Sir Nicholas Henderson and M. Parayre as Chairmen of CTG and France-Manche respectively.

In addition there are some 20 people that my Secretary of State would like to invite to the Treaty signing ceremony and to the buffet lunch which I understand will precede it. These include Department officials, Channel Tunnel Group representatives, Members of Parliament whose constituencies

are likely to be most affected by a Link and Kent local authority representatives.

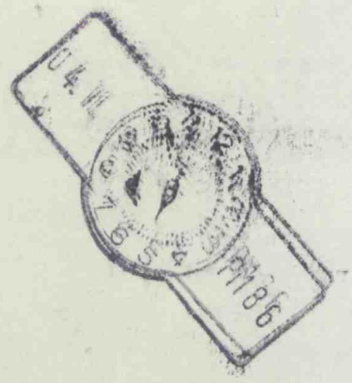
I am copying this letter to Colin Budd at the Foreign Office.

Yours,
Richard.

R A ALLAN
Private Secretary

TRANSPORT PT 4

Channel Tunnel



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SPW

cc PC

10 DOWNING STREET

From the Private Secretary

4 February 1986

Dear Colin,

CHANNEL FIXED LINK TREATY SIGNATURE

Thank you for your letter of 31 January enclosing a draft programme for the signature of the Channel Fixed Link Treaty on 12 February.

Taking the points in your letter in order:

(a) I agree that the Prime Minister should travel to RAF Manston by helicopter rather than by car (though we shall need a back-up plan in case the weather is bad). The choice between a British Airways helicopter and an RAF one must depend on security advice:

(b) it would be preferable to have a full guard of honour at Manston if this can be arranged;

(c) the Prime Minister would prefer the journey from Manston to Canterbury to be by motorcade;

(d) the Prime Minister agrees to the proposed programme;

(e) the Prime Minister is content with lunch for 45 at an E-shaped table;

(f) the Prime Minister would like a Royal Marine Band to play during President Mitterrand's arrival and while she and the President walk to the Chapter House. It would certainly add to the occasion if local school children could line the route.

It does not seem to me necessary to have very lengthy speeches since both the Prime Minister and the President have already said most of what can be said about the Channel Fixed Link during the meeting in Lille. There was a certain amount of material prepared for the Prime Minister's lunchtime speech on that occasion, which was in the event not used, which we could look at again. The additional material you suggest sounds to be on the right lines. We shall need a draft not later than lunchtime on Friday, 7 February. You will wish to bear in mind that the Prime Minister will probably want, once again, to deliver a part of the speech in French.

Finally, given the not very encouraging weather forecast, I think it would be prudent to have a full-scale alternative programme involving the use of Lancaster House prepared to which we could switch with 24 hours to go if holding the ceremony in Canterbury seems likely to pose logistical problems.

I am copying this letter to Richard Allan (Department of Transport).

yours sincerely

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

(1)

PRIME MINISTER

CHANNEL FIXED LINK

There are a number of outstanding points for decision on the programme for signing the Treaty on the Channel Fixed Link on 12 February:

		Yes	No
1.	Agree to travel from London to RAF Manston by helicopter to meet President Mitterrand? What if the weather is bad?	☐	☐
2.	For the journey from Manston to Canterbury - the choices either helicopter (15-20 minutes) or motorcade (25-30 minutes). Would you prefer:		
	- helicopter?	☐	☐
	- motorcade? Would prefer motorcade - for weather reasons.	☐	☐
3.	Since President Mitterrand can arrive only at 1230, given that the French Cabinet meets that morning, the proposal is to start with lunch, then for a têté-â-têté and then for the Treaty signing at 1515. Content with this? Yes	☐	☐
4.	It is proposed that the lunch should be in the Deanery. The maximum number which can be accommodated is 45 at an E-shaped table. Content with this? Yes	☐	☐

5. Would you like a Royal Marine Band in front of the Cathedral to play during President Mitterrand's arrival and while you and the President walk to the Chapter House for the signing ceremony? Yes ☐ No ☐

6. Would you like local school children to line the route to the Chapter House? Yes ☐ No ☐

7. Would you wish to do some of your speech in French again? Yes ☐ No ☐

C.D.P.

(C.D. POWELL)
3 February 1986

SRWANX

RESTRICTED

10 DOWNING STREET

From the Private Secretary 3 February 1986

CHANNEL FIXED LINK:
MESSAGE FROM THE PRIME MINISTER
TO PRESIDENT MITTERRAND

Thank you for your letter of 31 January enclosing a draft message from the Prime Minister to President Mitterrand about the arrangements for signing the Channel Fixed Link Treaty.

I enclose a signed message from the Prime Minister which I should be grateful if you would despatch as soon as possible.

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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TO IMMEDIATE PARIS
TELNO 76
OF 031255Z FEBRUARY 86

CHANNEL FIXED LINK: MESSAGE TO PRESIDENT MITTERAND

1. GRATEFUL IF YOU WOULD TRANSMIT TO THE ELYSEE AS SOON AS POSSIBLE THE FOLLOWING PERSONAL MESSAGE FROM THE PRIME MINISTER TO PRESIDENT MITTERAND:

BEGINS WHEN WE MET IN LILLE TO ANNOUNCE THE CHOICE OF CHANNEL FIXED LINK CONCESSIONAIRE, I MENTIONED THAT I HOPED TO RECEIVE YOU IN THIS COUNTRY ON 12 FEBRUARY TO ATTEND THE SIGNATURE OF THE CHANNEL FIXED LINK TREATY.

I NOW WRITE TO CONFIRM THIS INVITATION AND TO LET YOU KNOW THAT I PROPOSE THAT WE MEET IN CANTERBURY. THE CHAPTER HOUSE ADJOINING CANTERBURY CATHEDRAL OFFERS AN HISTORIC AND APPROPRIATE SITE FOR THE TREATY CEREMONY, AND I HOPE ALSO THAT YOU WILL BE ABLE TO ARRIVE EARLY ENOUGH FOR ME TO OFFER YOU LUNCH.

I LOOK FORWARD TO SEEING YOU.

ENDS.
SIGNED ORIGINAL FOLLOWS BY BAG.

HOWE

LIMITED
HAED
WED
MR O'NEILL

COPIES TO:
MR NOULTON, D/TP.



Subject cc Ops master

DSG

cc FCO

10 DOWNING STREET

THE PRIME MINISTER

3 February 1986

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. TJ1/86

Dear Mr. President,

When we met in Lille to announce the choice of Channel Fixed Link concessionaire, I mentioned that I hoped to receive you in this country on 12 February to attend the signature of the Channel Fixed Link Treaty.

I now write to confirm this invitation and to let you know that I propose that we meet in Canterbury. The Chapter House adjoining Canterbury Cathedral offers an historic and appropriate site for the Treaty ceremony; and I hope also that you will be able to arrive early enough for me to offer you lunch.

I look forward to seeing you.

Yours sincerely

Margaret Thatcher

His Excellency Monsieur Francois Mitterrand

8 pp

PART FOUR ends:-

FCO to CDP 31.1.86

PART FIVE begins:-

PM to Mitterand (T21/86)



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