

*Mr Alexander
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Prime Minister

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CHANNEL LINK

I undertook in my minute to you of 27 October to let you know the outcome of any discussion with M Fiterman the following evening.

This and the official discussions which preceded it were very satisfactory.

The French now seem persuaded of the advantages of a short though thorough study leading to a decision by the end of February on whether there should be a fixed link and, if so, on the nature of that link. To this end officials are working towards a first sift of options by December and concentration on a narrow range of options thereafter.

I must record that the French side raised the question of guarantees of various kinds: against political cancellation; to ensure completion in the event of inability of the UK private sector group to complete; in relation to loan finance raised by the UK group. There are problems here undoubtedly. But I am by no means persuaded that they are insuperable. Since I believe there may be possibilities for arriving at a solution acceptable both to the French Government and to us, Treasury officials will be co-operating with mine in an early exploration of the French position so that we can see what options are open to us.



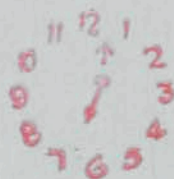
In the light of the progress made with the French, I intend to bring the main issues, for example financing, economic appraisal and timing, to you and our colleagues in the next few weeks, though I recognise that we may not be able to resolve them until the final joint report is available at the end of February.

I am copying this minute to the Chancellor of the Exchequer, the Foreign and Commonwealth Secretary and to the Secretaries of State for Trade and the Environment.

DAVID HOWELL

9 November 1981

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Transport

30 October 1981

CHANNEL LINK

The Prime Minister has seen and taken note of the Secretary of State for Transport's minute to her of 27 October on this subject.

I am sending copies of this letter to John Kerr (HM Treasury); Francis Richards (Foreign and Commonwealth Office); John Rhodes (Department of Trade) and David Edmonds (Department of the Environment).

M. O'D. B. ALEXANDER

Anthony Mayer, Esq.,
Department of Transport.

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Ronnie Amster

Prime Minister

CHANNEL LINK

Amster

The purpose of this minute is to inform you of developments since your meeting with President Mitterand on 10-11 September and to indicate how I see matters developing.

Contact with French officials, including a senior member of M Fiterman's "cabinet", was established very quickly. They have been friendly and constructive - even enthusiastic. But they are not inclined to rush matters. They emphasise - and here they are reflecting the general philosophy of the new administration - the need for a thorough study of regional, employment and other social effects in full "concertation" with local interests. They have made it clear that it is not possible given their late start to reach a decision in principle by the end of the year as my predecessor had hoped. They suggest that, by February of next year, it should be possible to narrow down the options for detailed study but no more.

This would make it difficult to have legislation - probably a rather complex hybrid bill - ready for the 1982/83 session. We shall have a clearer view at official level, of the French position on 28 October. I shall be meeting M Fiterman at dinner the same evening and will pursue this with him further.

Meanwhile on our side we are pressing ahead with our studies on a timescale which would enable us to hold to that objective. I expect to receive a report from Sir Alec Cairncross, my special adviser, in the next few weeks. Complementary studies by my own officials will be completed around the same time. I intend, very shortly



thereafter, to concentrate my own thinking on a very short list of schemes - at least for a first phase in the development of cross-channel links: the French are putting emphasis on the need to build potential for development into any modest beginning.

French ideas on finance for their half of the project are limited at the moment to the public sector, although not to central government. There could be problems here in arranging a proper balance of powers and rights with an exclusively private consortium on this side of the Channel. The prospects of financing the UK half of the project without any risk whatsoever to Government funds remain, both for this and other reasons, less clear than I would like and it will be important to avoid commitment until the issues on this are clarified. Concentrating the thought - and competition - of promoters on a narrower range of schemes should help with this problem.

I will keep you informed of developments and as the next step will let you know the outcome of my conversation with M Fiterman on 28 October.

I am copying this minute to the Chancellor of the Exchequer, the Foreign and Commonwealth Secretary and to the Secretaries of State for Trade and the Environment.

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27 October 1981

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