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✓ AW  
JV

(2)

Prime Minister

mt.

This seems  
unexceptionable.

PRIME MINISTER

FIXED CHANNEL LINK - GUARANTEES

MS 17/3

We discussed this in E Committee on 9 February. We agreed that we should not accede to the French request for reciprocal guarantees which could involve us in compensating losses incurred on the French side in the event of a failure on the part of our chosen (private sector) instrument for building the link. We agreed that subject to clearer definition of what they involve, we should be prepared to consider, without commitment, guarantees which would involve compensation in the event of a decision of Government which caused the project to be aborted, compromised or delayed.

When this decision was conveyed to the French it was met with considerable disappointment. But they are ready to work with us to try to find solutions which would meet the underlying concern of both Governments and yet avoid any compromise of principle on either side. They have stressed throughout their understandable concern not to be exposed to any repetition of the events of 1975. They believe that neither country should embark on a fixed Channel link unless both can be confident of seeing it completed.

Against this background we have been pursuing with them solutions which might meet the requirements of both sides. One possibility may be to establish a unitary Anglo/French company to construct and operate the link. The French now seem to be as determined as we are that the project should be financed on a normal commercial basis, using market sources of finance, without commercial guarantees from Government and with only normal commercial agreements with the railways. I am therefore hopeful of finding a way through.

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This is all of course without prejudice to the basic question of whether we should have a fixed link at all and if so what form it should take. The French fully understand that.

The Report of the Anglo/French Study Group will inevitably be delayed while these possibilities are developed. It will be several weeks before I can return to my colleagues with comprehensive recommendations.

I am sending copies of this minute to members of E and to Sir Robert Armstrong.

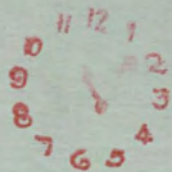
A handwritten signature in blue ink, appearing to be 'D.H.' with a flourish underneath.

DAVID HOWELL  
16 March 1982

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16 MAR 1982



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Transport SW

FILE

bcc. J. Vereker

10 DOWNING STREET

*From the Private Secretary*

22 March, 1982

Channel Fixed Link

The Prime Minister was grateful for your Secretary of State's minute of 16 March about the recent contacts with the French about this project. She has also seen the Foreign and Commonwealth Secretary's minute of 17 March on the same subject.

The Prime Minister has noted these developments without comment.

I am sending a copy of this letter to the other Private Secretaries to members of E Committee and to David Wright (Cabinet Office).

M. C. SCHOLAR

Anthony Mayer, Esq.,  
Department of Transport

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