



CS/84/140

SECRETARY OF STATE FOR TRANSPORT

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1. Thank you for sending me a copy of your ^{with AT?} minute to the Prime Minister on the publication of the Anglo-French banking group's report on the Channel Fixed Link. I agree with your conclusions and I am content with your proposed arrangements for handling the publication of the report.

 2. Although there may be less enthusiasm for the fixed link in the French Channel ports and within the Ministry of Finance, there can be no doubt of the importance attached to this project by M. Mauroy and M. Fiterman. It is therefore necessary, as you underline in your conclusions, for us to maintain a completely noncommittal stance until the end of the French Presidency. In view of the forthcoming European elections we should also, as you suggest, avoid any negative comment at this stage on the possibility of EC assistance over funding or financial guarantees. The draft Parliamentary statement strikes the right balance by making it clear that none of the banks' proposals meet the Government's stipulation of no requirement for government funding or financial guarantees, whilst leaving it open for any promoters with adequate financial backing to come forward. I continue to have misgivings about the public expenditure implications in paragraph 16(iii), even though it is thought that most of it could be contained within British Rail's current annual investment according to the figures in Annex C. However that may be, I am persuaded that we would lay ourselves open to French charges of perfidiousness, if we appeared at the present time to be undermining any prospect of private promoters coming

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forward by casting doubts on HMG's willingness to facilitate the project by accepting the political commitment and public expenditure consequences which even a wholly private project would entail.

3. I am grateful for the care your officials have taken to keep us informed, so that due account could be taken of French susceptibilities. I am glad that you intend to inform the French beforehand of our initial noncommittal reaction to the release of the report. We shall need to keep in close touch when the time comes for substantive discussions with your French colleagues.

4. Copies of this minute go to the Prime Minister, other members of E(A) and Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

14 May 1984

Transport: Channel Tunnel
Pr 2

14 MAY 1984

