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PS  
PS/Lady Young  
MR Derek Thomas  
MR Braithwaite

MR Lyall D/TP  
MR Wybren NO 10 D.ST

**IMMEDIATE**

**ADVANCE COPY**

TELECON LYALL/TIMMS: CHANNEL FIXED LINK

1. A REPORT IN TODAY'S LE FIGARO (RIGHT-WING DAILY) ANNOUNCES THAT THE FRENCH CONSTRUCTION COMPANY, SCREG (SOCIETE CHIMIQUE ROUTIERE ET D'ENTREPRISE GENERALE) HAS JUST SIGNED AN AGREEMENT WITH SHERWOOD'S CHANNEL EXPRESSWAY FOR THE JOINT CONSTRUCTION OF THE 4 TUNNEL ROAD AND RAIL PROJECT WHICH SHERWOOD HAS SUBMITTED TO THE FRENCH AND BRITISH GOVERNMENTS.

2. SCREG IS THE LARGEST CONSTRUCTION COMPANY IN FRANCE AND IS PRIVATELY OWNED. IT HAS EXTENSIVE OVERSEAS EXPERIENCE, ESPECIALLY IN THE MIDDLE EAST WHERE IT IS FOR INSTANCE, INVOLVED IN CONSTRUCTING THSV6.+6R3.00605.5. IT HAS EXPERIENCE OF WORKING WITH BRITISH PARTNERS. ALTHOUGH PROFIT-MAKING UNTIL 1983, IN 1984 IT MADE A SMALL NET LOSS. PERHAPS SURPRISINGLY IN VIEW OF ITS SIZE AND RELEVANT TRACK RECORD, IT IS THE LAST OF THE MAJOR FRENCH CONSTRUCTION COMPANIES TO BE SIGNED UP BY A CFL PROMOTER.

3. THE LE FIGARO ARTICLE GOES ON TO SAY THAT SCREG HAS A PROVEN RECORD IN THE CONSTRUCTION OF ABOUT 200KMS OF BORED TUNNELS IN DIFFERENT PARTS OF THE WORLD, ROAD AS WELL AS RAIL. IF THE SHERWOOD CFL PROJECT IS SUCCESSFUL, THE REPORT SAYS THAT THE POLICY OF THE SHERWOOD/SCREG PARTNERSHIP WOULD BE TO DIVIDE THE CONSTRUCTION WORK INTO RELATIVELY SMALL SCALE PROJECTS SO THAT ENTERPRISES IN THE NORD PAS DE CALAIS REGION WOULD BE IN A POSITION TO COMPETE.

4. DESPITE LE FIGARO'S REPORT, NO CONFIRMATION IS AVAILABLE TODAY IN PARIS THAT A DEAL BETWEEN THE TWO PARTIES HAS BEEN DONE. THE SUGGESTION FROM SHERWOOD'S REPRESENTATIVE IS THAT A FULL ANNOUNCEMENT WILL BE MADE NEXT WEEK. IN THE ABSENCE OF USUAL CONTACTS AT THE MINISTRY OF TRANSPORT, OFFICIALS THERE HAVE NO INFORMATION TO GIVE ON THE SHERWOOD/SCREG PARTNERSHIP, NOR ON THE POSSIBLE APPORTIONMENT OF WORK BY THE GROUP BETWEEN FRANCE AND THE UK.

5. FCO PLEASE PASS IMMEDIATE TO LYALL (TRANSPORT).

FRETWELL