



Foreign and Commonwealth Office

London SW1A 2AH

24 July 1987

Prime Minister

Dear Charles

Background to your visit
to Paris on 29 July.CDP
24/7.

Channel Tunnel Ratification Ceremony: Prime Minister's
Visit to Paris : 29 July

I enclose a draft programme for the Prime Minister's visit. This may need updating, as further points are clarified with the Elysee. As you will see, the Elysee have now requested that the Prime Minister has an hour with Mitterrand, instead of the half hour originally proposed; this would mean arriving at the Elysee at 1145, instead of 1215.

The only other section of the programme requiring comment is that dealing with the ceremony. As at Canterbury 18 months ago, the Prime Minister will not need to sign anything. She and Mitterrand can look on as M. Raimond and Sir Ewen Fergusson exchange Instruments of Ratification, and as the Secretary-General and Sir Ewen sign the Proces-Verbal recording the exchange. There should then be about fifteen minutes for Mitterrand and the Prime Minister to make brief speeches. The ceremony will take place in front of the press and about thirty guests from each side, including Transport Ministers and the Co-Chairmen of Eurotunnel. (The latter will have signed an agreement relating to arbitration procedures for the Tunnel before the Prime Minister and Mitterrand arrive at the ceremony.) Chirac will not be present at the ceremony.

We shall write separately about issues other than the Tunnel which may come up at the Prime Minister's bilaterals with Mitterrand and Chirac. The Channel Tunnel project itself has been through a difficult period. Several problems, including hiccoughs over the chances for UK legislation and a near crisis on Eurotunnel's board, seemed at one time to threaten its future. The prospects now look set fair. As you know, the Channel Tunnel Bill received Royal Assent on 23 July (the French legislation was passed earlier this summer).

Anglo-French officials have reached agreement on three out of four Protocols for the Treaty. Since Alastair Morton became British Co-Chairman of Eurotunnel earlier this year,

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financial (and public) confidence in the consortium has risen and the mood is now one of optimism. Once the Treaty is ratified, the Concession will come into force; this authorises Eurotunnel to construct and operate the Tunnel.

There are two outstanding issues to be resolved between ourselves and the French. The first is arrangements for through rail services to be operated by the British and French railways (BR and SNCF). The background is as follows:-

(i) Eurotunnel have negotiated a usage contract with British and French railways which gives the latter the right to use half the Tunnel's capacity and regulates the charges to be paid. That contract is a crucial factor in Eurotunnel's fund-raising plans. They hope that the railways will be able to sign it, with Government approval, by the end of July. BR are ready to sign, and have our approval to do so. There appear still to be some difficulties on the French side.

(ii) Eurotunnel also want a joint governmental announcement on 29 July confirming approval of the high speed option, again to help their fund-raising. BR's latest proposals show that high speed trains (no more costly) would in fact give a better rate of return than conventional speed ones: given this, the Government are now prepared to approve a high speed passenger service from London to Paris and Brussels on condition, of course, that the French build a high speed line from Paris to the Tunnel. We are in a position to make an announcement because, after difficult negotiations, BR and SNCF have agreed to a formula for the sharing of receipts from travel through the Tunnel on a basis that gives BR a satisfactory rate of return. We therefore see no obstacle to both governments giving their consent to high speed services and making an announcement, primarily for the benefit of Eurotunnel, next Wednesday. However, the French seem to be dragging their feet. They may seek commitments from us that BR will look at the possibility of a new line from London to the Tunnel. The Prime Minister can give an assurance that we intend to ask BR to carry out a full study of the most cost-effective way of providing extra capacity, without of course implying, still less announcing - so soon after the Channel Tunnel Bill has passed through Parliament - that a new line in Kent is the front runner.

(iii) We want the design, management and manufacture of the high speed rolling stock to be split 50/50 between British and French industries, especially since BR, under the agreed receipts formula, will pay for half the trains. The French have hitherto argued that because they are investing more in total they should get a higher share. We think that our case should be registered very firmly with the French.

/The



The second outstanding issue is French pressure on us to allow French police and customs officers to carry guns at the Folkestone end of the Tunnel. We have resisted this during negotiations on the fourth Protocol to the Treaty, on Policing and Frontier Controls. The two sides now seem close to a compromise solution. British officials are to present our latest proposals to the French on 24 July. Briefly, these provide for an arrangement under which carriage of arms could be authorised by the Chief Constable of Kent, but only in exceptional circumstances. ~~Again~~, I will be in touch next week if there are further developments. But on present plans all the Prime Minister need say if (as seems unlikely) the French raise the subject, is that she hopes they will consider our latest proposals seriously, and that they will appreciate the sensitivity of this issue for British public and Parliamentary opinion.

I am copying this letter and enclosures to the Private Secretary to the Secretary of State for Transport.

Yours ever

(R N Culshaw)
Private Secretary

CHANNEL TUNNEL RATIFICATION CEREMONY : PRIME MINISTER'S VISIT
TO PARIS, 29 JULY

- 0855 Prime Minister's aircraft leaves Northolt
- 1110 Prime Minister's aircraft arrives at Villacoublay
Met by Chirac
Proceed to Ambassador's Residence, where Chirac
will take leave, and then to Elysée
- 1145 - Prime Minister's tete-a-tete with Mitterrand
1245 (Note-takers and M Thierry, interpreter, will
be present)
- 1245 - Ratification ceremony, attended by about 30
1315 on each side, plus the press (M Thierry will be
present)
- French Foreign Minister and British Ambassador
exchange Instruments of Ratification
 - Secretary-General of Quai and British
Ambassador sign procès-verbal
 - speeches by Mitterrand and the Prime Minister
- 1330 Lunch hosted by Mitterrand, attended by c. 10
on each side (M Thierry and extra interpreters
will be present)

1445 Prime Minister leaves Elysée for Matignon,
with brief stop at Ambassador's Residence
en route

1515 - Prime Minister's tete-a-tete with Chirac
1615 (Note-takers and M Thierry will be present)

1615 Prime Minister leaves Matignon for Villacoublay

1640 Prime Minister's aircraft leaves Villacoublay

1655 Prime Minister's aircraft arrives in London

Projet de Déclaration franco-britannique
à l'occasion de l'échange des instruments de ratification
du Traité sur le Tunnel sous la Manche

L'échange des instruments de ratification du Traité de Cantorbéry entre la France et la Grande-Bretagne pour la construction du tunnel sous la Manche constitue une étape décisive de ce projet majeur, qui illustre de façon éclatante le resserrement des relations entre les deux pays et donne un nouvel atout à la construction de l'Europe. Avec les mesures d'accompagnement qui seront mises en oeuvre sur chacun des deux territoires, cet ouvrage accroîtra, d'une façon importante, les moyens offerts aux utilisateurs routiers et ferroviaires du réseau européen de grandes infrastructures de transports.

C'est pourquoi les deux gouvernements ont pris connaissance avec satisfaction de l'évolution positive des discussions relatives à une liaison ferroviaire rapide entre la France et la Grande-Bretagne.

Ils ont marqué leur détermination de résoudre aussi rapidement que possible les problèmes qui, de part et d'autre de la Manche, en conditionnent la réalisation et l'exploitation.

AMBASSADE DE FRANCE
A LONDRES

L'AMBASSADEUR

27th July

Spoken
CWA 20/7.

Dear Charles,

I enclose herewith the draft declaration
we propose to Mr. Thatcher. It has been
discussed this afternoon at an interministerial
meeting in Matignon.

I shall call you tomorrow morning
to hear from you what is the Prime Minister's
reaction -

If it were possible to get such a reaction
by 11 am, it would be very much
appreciated

Yours

Luc d'Neuf

I personally think it could be
strengthened to a more positive tone
to give a better signal to the Bankers

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Foreign and Commonwealth Office

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Prime Minister's Visit to Paris, 29 July

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I am copying this letter to J Cunliffe (Department of Transport).

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(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

PS You may experience déjà vu reading this letter. I approved and signed it (with one minor difference in the last paragraph) last Friday night. But apparently it never arrived, at No: 10 or at DTP

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