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MR TURNBULL

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CROSS CHANNEL LINK

Nicholas Ridley is inviting E(A) members' interim comments on various policy issues encountered by the Anglo-French Working Party. You will probably not want to brief the Prime Minister until the consultative process has gone a stage further and, on 25 February 1985, the key issues are considered by E(A). In case she does need a quick impression of the current state of play, I would offer the following observations.

1. The French team seem to be embracing the spirit of the Thatcherite private enterprise solution to construction and operation of the Link with more inspiration and enthusiasm than the British officials. In a sense that is good news, because the lack of positive vision on the home front is easier to deal with than on the French side.

2. We are talking about the frame of mind in which the task of formulating guidelines for would be promoters is approached. On the UK side, there is a tendency towards a frame of mind which sees more pitfalls than potential opportunities - hence, as it were, the need for a man to walk in front of the train waving a red flag. This frame of mind worries about the demise of the ferries and the consequent threat to economic and military security (not

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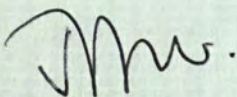
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apparently shared with much concern by MoD). It fears the abuse of monopoly power, and anti-competitive behaviour and contemplates tariff regulation and the possible need for special taxes or levies. It wants the promoter to take all the technical and commercial risks, but feels uncomfortable about allowing him the possibility, if successful, of high reward.

Administrative convenience is put higher than time savings for millions of users.

3. The frame of mind which needs to prevail recognises constraints, but focuses on the benefits of cheaper more efficient cross Channel transport for consumers and British trade. It wants to demonstrate how much can be achieved by private enterprise - without Government financial guarantees - if the commercial climate is favourable.

The underlying question faced by E(A) in two weeks time will be whether or not the guidelines to promoters are framed in this positive spirit.



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