



cc: [unclear]
✓ PC
DEPARTMENT OF TRANSPORT
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Charles Powell Esq
Private Secretary
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24 April 1987

Dear Charles,

/ We spoke about the Prime Minister's meeting with M. Chirac on 26 April. I attach a short background brief and points to make on current issues in play with the French on the Channel Tunnel. As I explained, as well as the railways issues, we have some indication that the French are beginning to express an interest in the timetable for the Channel Tunnel Bill in the event of a General Election - a point which is also exercising Eurotunnel's new Chairman, Alastair Morton.

I am copying this letter and attachments to Lynn Parker, Murdo Maclean and Rhodri Walters, and Mike Eland.

Yours,

Jan.

J CUNLIFFE
Private Secretary

Points to make

1. HMG fully committed to the project. [Subject to election] Royal Assent to the Bill expected June. Ratification can follow almost at once provided French are ready.

2. In the event of a June UK election, would the French Government be willing to take the necessary steps to enable ratification before the summer break?

3. Welcome the appointment of new UK Chairman (Alistair Morton). He and his French counterpart (Andre Benard) already projecting new businesslike image at Eurotunnel.

4. Pleased there is better understanding in France of British Rail's Southern Region capacity problems. Improvements are possible, but major new rail proposals at this stage would kill the project, as happened in 1974.

5. Eurotunnel say it is vital for the project that both Governments should make a positive interim statement before 8 May about high speed trains (though the final investment decision will not be made till June). Hope that Transport Ministers can reach agreement quickly and that M. Chirac will use his influence to clear the way for his Transport Minister to make such a statement. [NB French Finance Minister is the cause of problem.]

6. Full participation of British industry on an equal basis in the design and construction of high speed trains is politically essential. Project must be seen to benefit UK as a whole especially manufacturing areas in the North.

7. Eurotunnel also argue there will be no project unless rail usage agreement renegotiated, and that Governments must not inhibit the railways. BR free to negotiate a commercial deal. Is SNCF?

[Only if raised:

8. Carriage of arms by French frontier police on UK soil

a very difficult issue for us. We have made very constructive proposals but unlikely to be able to go further.

9. On-train customs and immigration controls are clearly desirable for trains beyond London, but we are not clear why the French feel these would be better for the London services as well.]

CHANNEL TUNNEL: TIMETABLE AND RAILWAY NEGOTIATIONS

Background

The Anglo/French Fixed Link Treaty will be ratified once both Governments have enacted the necessary legislation.

The French legislative process is quicker than ours. Their Bill cleared the Chamber of Deputies on 23 April. They will delay sending it to the Senate until the Channel Tunnel Bill is close to enactment, because they do not want to be ready too far ahead of us. Our Bill is still on course for Royal Assent in ~~mid~~ late June provided there is no election in May or June.

A UK election would delay Royal Assent by ^{about 4} ~~at least 5~~ weeks, a fact which has dismayed the British Chairman. He fears that such a delay would make Eurotunnel's proposed share--placing in the first week of July much more difficult: and that ratification would slip to September because the French Senate rises for the summer in early July.

Two issues which are of crucial importance for Eurotunnel involve the railways. The rail usage agreement which is currently being painfully renegotiated between Eurotunnel and BR/SNCF must be signed by 8 May so that it can be shown to the banking syndicate. Morton (Eurotunnel) alleges that the British and French Governments are tying the hands of their railways in these negotiations. The concessionaires are also hoping for an early positive statement from both Governments that high speed trains will run between London and Paris/Brussels. This is still under discussion between Transport Ministers and there is some way to go before a solution is found to what the French see as an imbalance of investment between the two sides and their insistence that their manufacturers should have the lion's share of constructing the London-Paris trains.

The French are pressing us to have frontier controls (customs, immigration etc) for through train services carried out on the moving trains. We accept the desirability of on-train controls for services beyond London, but, for trains into Waterloo, airport-style controls in the terminal may be just as acceptable and more efficient and cost-effective. Frontier control Departments have reservations about the effectiveness of any degree of on-train control.

Entry and exit controls will be juxtaposed at the 'departure' end of the Tunnel, allowing for free exit at the 'arrival' end. French frontier police and customs men will therefore operate on British soil and expect to be able to carry arms. We have proposed a compromise solution whereby French frontier control officials at Folkestone may be authorised by the Kent police to carry arms in exceptional circumstances, and that French police on trains and involved in terrorist incidents may be armed as far as Folkestone. Customs men would not be armed. We understand that the French are not yet satisfied.



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