

Extracts of the Concession Agreement

The Channel Fixed Link

Dated as of 14th March, 1986

CONCESSION AGREEMENT

**UNITED KINGDOM AND FRANCE /
FRANCE MANCHE / CHANNEL TUNNEL GROUP**

WHEREAS

A Treaty between the French Republic and the United Kingdom of Great Britain and Northern Ireland concerning the construction and operation by private concessionaires of a Channel fixed link was signed at Canterbury in the County of Kent on 12th February 1986. Under the aforesaid Treaty the High Contracting Parties undertake to permit the construction and operation by private Concessionaires of a Channel fixed link in accordance with the provisions of the Treaty, its supplementary Protocols and arrangements and of a concession between the two Governments and the Concessionaires. It is the intention of the Concessionaires to raise the funds necessary for realisation of the Fixed Link by way of project financing on the international capital markets.

The main clauses are as follows:

Clause 2: The Project and the Characteristics of the Fixed Link

2.1 Subject to and in accordance with the provisions of this Agreement, the Concessionaires shall jointly and severally have the right and the obligation to carry out the development, financing, construction and operation during the Concession Period of a Fixed Link under the English Channel between the Department of the Pas-de-Calais in France and the County of Kent in England. Subject as aforesaid, they shall do this at their own risk, without recourse to government funds or to government guarantees of a financial or commercial nature and regardless of whatever hazards may be encountered. The Principals shall, in a manner which they will endeavour to co-ordinate between them, adopt such legislative and regulatory measures, and take such steps, including approaches to international organisations, as are necessary for the development, financing, construction and operation of the Fixed Link in accordance with this Agreement and ensure that the Concessionaires are free, within the framework of national and Community laws, to determine and carry out their commercial policy.

Except as expressly permitted by this Agreement, by national and Community laws and by their international engagements including the Treaty, the Principals will not intervene in the conduct or operation of the Fixed Link. They will use reasonable endeavours to carry out the infrastructure necessary for a satisfactory flow of traffic, subject to statutory procedures.

Clause 12: Commercial Policy and Tariffs

12.1 The Concessionaires will be free to determine their tariffs and commercial policy and the type of service to be offered. In particular, laws relating to control of prices and tariffs shall not apply to the prices and tariffs of the Fixed Link.

Clause 13:
Public Order and Operating Rules

13.1 Regulations relating to public order will be prescribed by the competent public bodies and authorities in accordance with national law.

Clause 15:
Safety, Security and Frontier Controls

15.2 The two Principals will arrange frontier controls in a way which reconciles so far as possible the rapid flow of traffic with the efficiency of the controls. In accordance with the relevant Directives of the Council of the European Communities, the Principal will take measures to extend bilateral co-operation on the facilitation of controls and administrative formalities. To this end, the frontier controls which are carried out within the boundaries of the Fixed Link will be juxtaposed near to the portals to the tunnels. This does not preclude the possibility of controls on through trains.

Clause 27:
Relations with the Intergovernmental Commission

27.3 The Intergovernmental Commission shall act in the name of and on behalf of the two Principals. It shall endeavour to facilitate relations between the Principals and the Concessionaires.

27.7 The Principals shall ensure that in the performance of their functions the Intergovernmental Commission and the Safety Authority shall take the necessary steps to facilitate the implementation of this Agreement. The Principals, the Intergovernmental Commission and the Safety Authority shall give due consideration to the reasonable commercial objectives of the Concessionaires, including the avoidance of unnecessary costs and delays.