

PREM 19/1991



PART 4.  
SECRET

Confidential Filing

The Channel Tunnel.

Euroroute.

TRANSPORT

Part 1: July 1979

Part 4: January 1986

(In Attached Folder: (A) White Paper.  
2) "Alternative Proposals". DOE <sup>Book</sup>

(In Attached folder (A) Phillip & Drew Market Report Dec 1985)

(B) Full copy of Briefs plus PM's copy)

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>2.1.86</del>							
<del>9.1.86</del>							
<del>12.1.86.</del>							
<del>13.1.86</del>							
<del>16.1.86</del>							
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<del>29.1.86</del>							
<del>31.1.86.</del>							
<del>3.2.86</del>							
<del>7.2.86</del>							
<del>11.2.86</del>							
<del>31.1.86.</del>							
ENDS							



 PART 4 ends:-

FCO to CDP 31.1.86

PART 5 begins:-

PM to Pres Mitterand  
(T21/86) 3.2.86.







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Foreign and Commonwealth Office

London SW1A 2AH

31 January 1986

Dear Charles,

Channel Fixed Link: Treaty Signature

I now enclose a draft programme. These proposals are based on two reconnaissance visits to the area.

There are several points worth commenting on:

- (a) We would propose (in line with your letter of today's date) that the Prime Minister should travel from London to RAF Manston (and back) by helicopter rather than by car. If agreed, the Foreign Secretary would wish to accompany her. We could hire a British Airways helicopter (about £2,500), or use an RAF helicopter (£1,500). The RAF normally prefer their helicopters to be used only when there are operational security reasons, but would provide them on this occasion if the Prime Minister so wished.
- (b) Would the Prime Minister like a full guard of honour at Manston (as was provided in Lille) or simply a ceremonial guard and red carpet?
- (c) The journey from Manston Airport to Canterbury would take 25-30 minutes by escorted motorcade or 15-20 minutes by helicopter. The latter would cost about £8,000; on the other hand the Chief Constable of Kent would prefer it, since it would reduce the pressure on his resources. Given the cost factor, and the marginal time savings, you may like to consider going by road.
- (d) The programme calls for drinks and lunch, followed by tete-a-tete meetings, followed by the Treaty signature. We hope this is acceptable. To hold the tete-a-tete meetings before lunch would require the meal to start at about 1345 hours. President Mitterrand is unable to arrive earlier because of the weekly French Cabinet meeting that morning. A further advantage of having the meetings after lunch is that all but the principals could move to assemble in the Chapter House while they are in progress.

/(e)

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- (e) The dining room can seat 45, but only at an E-shaped table. If the Prime Minister insisted on a U-shaped table (as we understand is usually her preference) we would have to restrict numbers to about 34, which might involve some difficult decisions.
- (f) Would the Prime Minister like:
  - (i) a Royal Marine Band on the Green in front of the Cathedral, to play during arrival and while she and the President walk over to the Chapter House?
  - (ii) local school children to line the route to the Chapter House?

Apart from school children we would restrict, for security reasons, public access to the area. One further point of which you may like to be aware is that there are two possible routes from the Deanery to the Chapter House: the preferred route would involve about 60 yards in the open, past the Green, where the school children would be assembled; but there is an alternative "bad weather" route involving a rather shorter distance without cover.

We would also welcome your guidance on speeches. Am I right in assuming that the Prime Minister would wish to have at the lunch not speeches but simple toasts, as in Lille; and that the FCO should coordinate drafting of the speech to follow the signing ceremony, drawing contributions from other Departments as necessary? On the latter, we would propose that the speech should include passages on Anglo/French relations and on the benefits of the CFL for Kent as well as for the UK as a whole. But we would welcome your suggestions for additional or alternative themes.

I am copying this letter to Richard Allan in the Department of Transport.

*Yours ever,  
Colin Budd*

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

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## CHANNEL FIXED LINK TREATY CEREMONY, 12 FEBRUARY

HRS

1150 Prime Minister leaves London by helicopter

1220 Arrive at Manston Airport

1230 President Mitterrand arrives at Manston Airport

1240 Leave for Canterbury by car

1300 Arrive Canterbury  
approx

1310 Pre-lunch drinks

1325 Lunch

1430 Tete-a-Tete meetings  
Prime Minister - President Mitterrand  
Secretary of State - M. Dumas  
Secretary of State for Transport - M. Auroux

1510 Leave Deanery for Chapter House

1515 Treaty signature

1525 Speeches by Prime Minister and President  
approx Mitterrand

1600 Depart Canterbury for Manston Airport  
approx



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SC PC  
①



Foreign and Commonwealth Office

London SW1A 2AH

31 January 1986

MB

Prime Minister  
Agree to send  
attached message  
to President Mitterrand?

Dear Charles,

Channel Fixed Link: Message from the Prime Minister  
to President Mitterrand

CDP

You confirmed this morning that the Prime Minister had decided that the Channel Fixed Link Treaty ceremony should take place in Canterbury on 12 February. HM Embassy in Paris have recommended that we should inform the French by means of a personal message from the Prime Minister to President Mitterrand. I attach a draft.

31/i

Yours ever,

Colin Budd

(C. R. Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

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CC PC

C. D. Peen

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley TD MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London  
SW1

31 January 1986

Dear Secretary of State

**CHANNEL FIXED LINK:WHITE PAPER**

Thank you for copying to me your minute of 30 January to the Prime Minister with a draft of the White Paper on the Channel Fixed Link to be published on Tuesday, 4 February.

Assuming that the Law Officers are content with the way the crucial disclaimer is put in paragraph 7, I have only the following comments.

In paragraph 3, the third and fourth sentences about financing were not (I believe) in previous drafts. The point in the second sentence about competition with other spending in the economy needs to be put carefully. The point might be made by saying instead: "Financed in this way, the link would not be a claim on public funds. It would provide a major private sector contribution to the national infrastructure."

Secondly, the word "economic" should be added in the list of those aspects of the proposals which were evaluated (paragraph 6 of the draft), and I attach a brief summary of the economic assessment to be inserted in Annex B. The point here is not only that the Government did assess the economic impact of the proposals, but that we should be open to criticism if we had not done so (or were not prepared to say we had done so). This is not to say that our choice of the scheme to go forward was based on a cost/benefit analysis (as it would have been for a publicly funded

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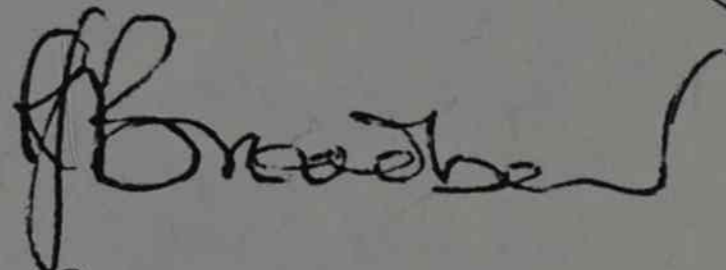
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project). The point is simply that we had a duty to consider whether any of the proposals involved unacceptable economic consequences, just as we had a similar duty in relation to (say) environmental consequences.

Finally, in paragraph 57 the words "in general" should be omitted from the last sentence. The force of this important paragraph will be sufficiently modified by the addition of the words "in general" in the second sentence about objectives. I am willing to accept that. But to repeat them in the final sentence about the law would be to signal to CTG a willingness to contemplate undertakings about tax treatment which would be totally unprecedented. At the very least, our negotiating stance on the various points outstanding ought not to be weakened at this stage in this way.

I am copying this minute to the Prime Minister, to other Members of the Cabinet, to the Chief Whip, to the Solicitor General and to Sir Robert Armstrong.

Yours sincerely



JOHN MacGREGOR

[Approved by the Chief Secretary]

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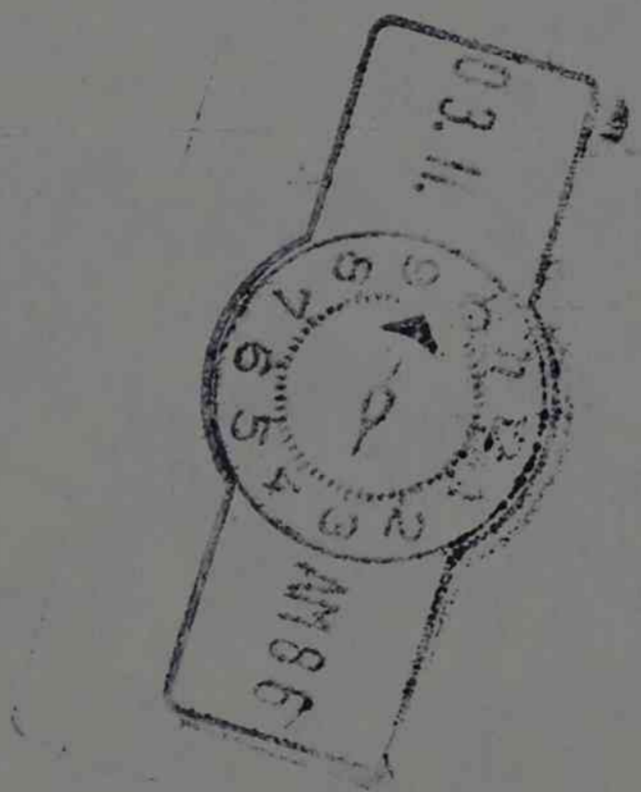
Proposed Addition to Annex B  
(after paragraph 18)

Economic impact

[18A] Once a Link is operating the main direct economic impact would be the saving in costs of carrying passengers and goods across the Channel, together with savings in travel time. These could include large savings in the cost of carrying passengers diverting from air to rail. The greater economic impact comes from schemes which include a through rail element and, of these, from schemes likely to have relatively lower capital costs. The distribution of the benefit between users and shareholders in the Link will depend largely on the tariffs charged.



TRANSPORT  
CHANNEL TUNNEL  
PT 4





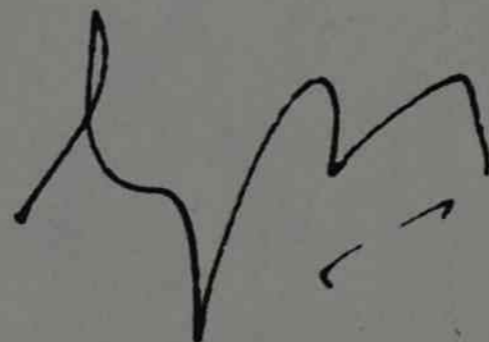


FCS/86/022

SECRETARY OF STATE FOR TRANSPORT

Channel Fixed Link: White Paper

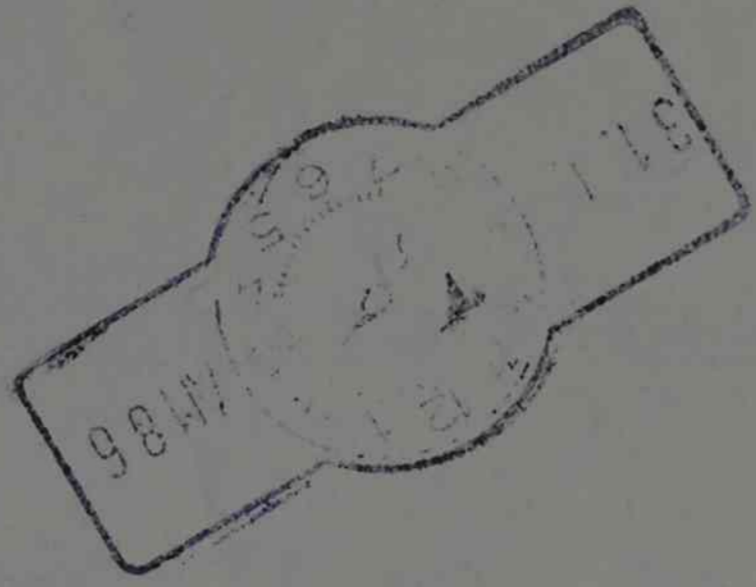
1. In your minute of 30 <sup>WITH CDP</sup> January to the Prime Minister and Cabinet Colleagues you asked for comments on a draft White Paper on the Channel Fixed Link.
2. The draft has, as you said, been discussed extensively at official level and I am generally content with it.
3. I am copying this minute to the Prime Minister, to the other members of the Cabinet, to the Chief Whip, the Solicitor General and to Sir Robert Armstrong.



GEOFFREY HOWE

Foreign and Commonwealth Office  
31 January 1986







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10 DOWNING STREET

*From the Private Secretary*

31 January 1986

**CHANNEL FIXED LINK: TREATY SIGNATURE**

Thank you for your letter of 30 January about the arrangements for Treaty signature for the Channel Fixed Link.

The Prime Minister has confirmed her support for signature in Canterbury and I should be grateful if arrangements for this could be put in hand rapidly. We shall need to arrange for the Prime Minister to helicopter from London to Manston to meet President Mitterrand and then on to Canterbury, and similarly on the return journey. We shall also have to have a bad weather back-up plan in the event of snow or fog.

The Prime Minister will be content for the two Foreign Ministers to sign the Treaty in the presence of President Mitterrand and herself.

I am copying this letter to Richard Allan (Department of Transport).

C D POWELL

Colin Budd, Esq.,  
Foreign and Commonwealth Office

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X  
EUROPEAN PARLIAMENT  
THE SECRETARY-GENERAL

Strasbourg,

30.1.86 -02465  
CC/PC

The Rt Hon.  
Mrs Margaret THATCHER, MP  
Prime Minister

10 Downing Street

SW1 LONDON

*Pl. copy to  
FCO e Transport  
ad adm.  
CDP  
4/2*

Dear Prime Minister,

The European Parliament adopted, following a debate by urgent procedure pursuant to Rule 48 of its Rules of Procedure,

a resolution on the Anglo-French plan to construct a fixed link across the Channel

and decided to forward the text to the governments of the Member States concerned.

On behalf of the President of the European Parliament, I enclose an extract from the minutes of the relevant sitting containing Parliament's resolution.

The minutes will be published in the Official Journal of the European Communities pursuant to Rule 89(4) of the European Parliament's Rules of Procedure.

Yours sincerely,

*Just to this!*  
H.-J. OETZ

Encl.



# EUROPEAN PARLIAMENT

1985-1986

SESSION

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## EXTRACT

OF THE MINUTES  
OF THE MEETING OF

THURSDAY, 16 JANUARY 1986

IN THE CHAIR: Siegbert ALBER, Vice-President



RESOLUTION

on a fixed link across the Channel

The European Parliament,

- having regard to its resolutions of 8 May 1981, 10 June 1983 and 18 April 1985,
  - reiterating the need for the Commission finally to submit proposals for a medium and long term European transport infrastructure programme to be adopted by the Council without delay,
  - stressing once again the historic significance of a fixed link for the Community's transport infrastructure policy and for the creation of an efficient European transport network,
1. Hopes that the President of the French Republic and the Prime Minister of the United Kingdom will be able to announce an agreement on the construction of a fixed link across the Channel during their meeting on 20 January 1986;
  2. Believes that such a link will represent a major step in promoting closer cooperation, human relations and economic development in the Community;
  3. Emphasizes that all possible repercussions must be carefully studied in order to maximize the benefits and minimize the adverse effects on the environment and on employment in the regions which will be affected by the construction of a Channel link;
  4. Reiterates its position of 18 April 1985 when it called on the two governments to consider the possibility of joint financing through the European Investment Bank for this project;
  5. Instructs its President to forward this resolution to the governments of the Member States concerned, the Commission and the Council.

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H.-J. OPITZ  
Secretary-General

Nicole PERY  
Vice-president



cc/rc ①



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Foreign and Commonwealth Office

London SW1A 2AH

30 January 1986

Prime Minister  
 We need to make up our minds on whether to go for Canterbury or play safe with Leicester House.  
 You will also note that it is proposed that Foreign Ministers  
 Dear Charles, should sign the Treaty in the presence of you & President Mitterrand.

Agree to ✓  
 (a) Canterbury; or  
 (b) Leicester House?  
 Agree to signature by Foreign Ministers?  
 Yes EDP 30/1  
 Canterbury  
 mp

Channel Fixed Link: Treaty Signature

Thank you for your letter of 28 January <sup>at 10.15</sup> about the venue for signature. We have, as you suggested, confirmed with the Secretary of State for Transport that he has no objection and we have also consulted Mr David Crouch, the MP for Canterbury, who is content (indeed enthusiastic). We have also obtained agreement in principle from the Church Authorities for the use of their buildings.

I will be letting you have proposals on the programme shortly. There is, however, one point on which you may wish to consult the Prime Minister formally. As I mentioned to you earlier, the French told us at a fairly late stage in the Treaty negotiations that under the French Constitution President Mitterrand was not permitted to sign Treaties. They suggested instead that the Treaty be signed, like the 1973 Treaty, by Foreign Ministers, but "in the presence of the Prime Minister and President". (Mitterrand remains firmly committed to attending the Treaty Signature.) The Foreign Secretary will be attending the Treaty Signature Ceremony and would of course be happy to sign the Treaty with M. Dumas.

We see no overriding reason to press for signature by the Prime Minister and President Mitterrand. There is, despite the rules, a precedent for the French President signing a Treaty: De Gaulle did so with Adenauer for the 1963 Treaty of Economic Cooperation. Mitterrand does not however appear to want to do so. We therefore suggest that we should propose to the French that Sir Geoffrey Howe and M. Dumas should sign the Treaty.

I am copying this letter to Richard Allan at the Department of Transport.

Yours ever,  
 Colin Budd

(C R Budd)  
 Private Secretary

C D Powell Esq  
 PS/10 Downing Street

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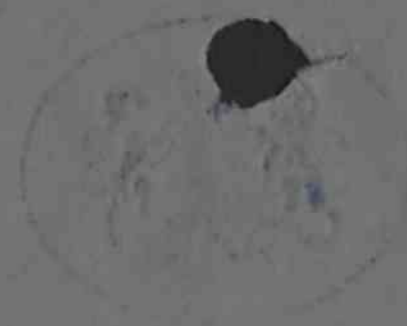


TRANSPORT PTU

UNITED STATES DEPARTMENT OF COMMERCE

Channel Tunnel

UNITED STATES DEPARTMENT OF COMMERCE





Prime Minister

This is a useful suggestion, to make clear that the concessionaires will not be able to exploit excess demand for the first tunnel.

MR NORGROVE

Agree to write as proposed?

30 January 1986

DLV

CHANNEL FIXED LINK - WHITE PAPER

30/1

Subject to a small amendment, I believe that the proposed White Paper is fine. Rightly, it does not look back and make a meal of the assessment process. It looks forward and addresses either the well known areas of concern (environmental impact, the effect on the local economy of Kent, consultation, employment, rabies), or the curiosity of would be users.

My suggested amendment concerns paragraph 16 which deals with the concessionaires' rights and undertakings as regards expansion of the link, including the possibility of a drive-through phase. Presentationally this is important. We need to demonstrate that the Governments' have recognised the need to protect consumers against the possibility of the link becoming increasingly saturated and then exploited as a scarce facility - albeit subject to general competition law. I would suggest moving the final sentence of paragraph 17 up to paragraph 16, the end of which would read as follows:

"CTG-FM has therefore undertaken to the Governments' to submit to them, by the year 2000, a proposal for a drive-through link to be undertaken as soon as its technical feasibility is assured and economic circumstances and the growth of traffic are such as to



permit it to be financed without undermining the return on the original link. This apart, up to 2020, CTG-FM has undertaken to provide a service through the link adequate to meet demand, <sup>they will</sup> if necessary investing to expand capacity, subject to the provisos above. These undertakings will be reflected in the Concession Agreement, to be negotiated."

They don't know whether the investment would be forthcoming

This amendment would make penalty need very oddly.  
— — — — —  
pub JMW

JOHN WYBREW



CEB

30 JAN 1986

PRIME MINISTER

CHANNEL FIXED LINK: WHITE PAPER

Following the announcement of the decision in favour of the Channel Tunnel Group in Lille on 20 January, we have now completed our White Paper on the Fixed Link, and I am circulating copies herewith to colleagues for consideration.

The timetable for the production of this White Paper has been very tight and time is now very limited for its final publication. As you know, the Treaty is to be signed on 12 February, and there is a great deal of Parliamentary pressure for a debate after the issue of the White Paper and before the signing of the Treaty. The Lord Privy Seal and I have concluded that, if we are to meet this, we must issue the White Paper on Tuesday 4 February, with the possibility of a debate very soon after. This means we must go to print tomorrow evening, 31 January. I must therefore ask for any comments to reach me by noon tomorrow (Friday 31 January). If I do not hear from colleagues by this time, I will assume they are content.

Drafts of the White Paper have been thoroughly circulated at official level. Although this final text has not been circulated, there should be no outstanding points. The Solicitor-General has seen an earlier draft, and made a number of suggestions, which my officials incorporated, to ensure that the Government does not appear to be endorsing the viability of the CTG project.

I am copying this minute and the text of the White Paper to other members of the Cabinet, to the Chief Whip, the Solicitor-General and to Sir Robert Armstrong.



NICHOLAS RIDLEY



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Version 7

29.1.86

## THE CHANNEL FIXED LINK

### INTRODUCTION

1. On 20 January 1986, the Prime Minister of the United Kingdom and the President of France issued a joint statement announcing the decision of the two governments to facilitate the construction of a fixed link across the Channel by the Channel Tunnel Group - France-Manche (CTG-FM). This White Paper sets out the reasons for the choice of that proposal, and the consequences for the public, the environment and employment. It describes the continuing arrangements for consultation, and the next steps which the Government proposes to take to give effect to the decision.

2. The Government's policy for international transport is to increase consumer choice and promote efficiency by encouraging competition and innovation. Accordingly, in April 1985, the French and British Governments issued the "Invitation to Promoters" inviting proposals for the development, financing, construction and operation of a fixed link across the Channel between England and France within the framework of a European transport network. In taking this joint initiative the British Government was conscious of the benefits a link would bring to industry in the United Kingdom, to travellers, and to trade between the United Kingdom and continental Europe which now accounts for around 60% of our international trade. Historically, Britain's island status has often been an advantage. Today it is a practical and economic hindrance to closer links with Europe. A fixed link will significantly reduce that barrier with benefits to the nation as a whole and will provide another mode of transport, competing on fair terms with air and sea for the growing traffic.

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3. The Invitation to Promoters indicated the willingness of the two Governments to facilitate the building of a fixed link, and to grant a concession for its operation, if a scheme could be put forward which would satisfy the essential requirements of the two Governments and appeared to offer a satisfactory prospect of attracting finance. The two Governments ruled out all support from public funds or Governmental financial guarantees and required that any link should be constructed and operated entirely at the promoters' own risk within the framework of national (including European Community) law in each country. In joining in this stipulation, the UK Government was conscious of the great quantities of capital available internationally to fund major projects, if investors can be satisfied as to their profitability. Financed in this way such projects do not compete for funds with, and are therefore additional to, domestic public sector spending on such things as defence, housing and education. The Invitation also set out the Governments' requirements in other matters of specific concern to them, such as structural, operational and maritime safety; the marine and inland environments; and matters of national and Community law.

4. In return, the Governments offered a number of assurances to investors in a fixed link project. There would be certain guarantees, once the Anglo/French treaty and necessary national legislation had entered into force, against political interference or cancellation. Also, the promoter would enjoy full commercial freedom to determine his commercial policy including the setting of tariffs for users of the link, subject to domestic and Community competition law, which contain essential safeguards against anti-competitive behaviour including abuse of a dominant market position.

5. By the closing date of 31 October 1985, four promoters had submitted proposals to the two Governments putting up the necessary deposits of 300,000 ECUs (£190,000) in each country. The four proposals are summarised at Annex A. The two

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Governments are very grateful to the promoting groups, who devoted much effort, expense and imagination to producing proposals which were of outstanding quality and reflected great credit on those involved.

THE ANALYSIS

6. During November and December 1985, a joint Assessment Group of UK and French officials, assisted on each side by independent consultants, evaluated all aspects of the proposals - engineering, safety of operation, security, environmental, hydrology, employment, infrastructure requirements, railway investment, maritime, health, financing, insurance, amongst others. The group submitted a joint report to the two Governments on these matters. In addition, the UK assessors made a separate study of those aspects which are of particular importance to the United Kingdom, notably the impact that any likely reduction in the ferry fleet might have on this country's defence capability, and the effect on our trade of a blockage of a fixed link.

7. The conclusions reached by the Government are set out in Annex B, which gives a comparative assessment of each scheme under each heading. The joint assessment reports, upon which the Government's conclusions are based, are not being published in full. They contain much technical and financial information which is commercially confidential to the promoters, and information relevant to national security. The Government has already announced (Official Report for 20 December) that it does not intend to publish its own assessments of traffic volumes, tolls and the revenue which might be earned by each project. Given the wholly private nature of the financing, it is for the Channel Tunnel Group - France-Manche to produce a prospectus in the usual way, with the necessary detailed analysis for potential investors. It will be for investors in a fixed link, on the basis of the promoters' prospectus, to seek their own advice as to the profitability or viability of the project and to decide whether to invest. It would be wrong for the Government to seek to influence in any way the decisions which investors must make. \*(FOOTNOTE: The Government expressly

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asserts that it makes no representation, either express or implied, as to the viability of the project with the intention that such representation be relied upon by any investor. It should be noted that, in this White Paper, estimates of CTG's financing needs are their own, and the impacts of the CTG scheme - on employment, the environment, the merchant fleet etc - are all based upon the promoters' estimates of traffic.)

8. Once due account had been taken of all the detailed conclusions set out in Annex B, the decisive test was to judge which scheme had the most solid financing commitments and was most likely to command investors' support on the scale required. The project that can best attract investment does so first, because it is perceived by investors as the one that can attract customers prepared to pay sufficient in tolls to yield the most attractive return on the capital invested; and secondly, because its financing plan is judged by investors to give it the best capacity to cope with the risks of time and cost over-run, which are inherent in any major project and which will be entirely for the concessionaires to bear. The volume of traffic using the link and the tolls they will pay will depend on many factors, including the commercial and marketing decisions of the link operator, and cannot be predicted precisely. It will be for the market to make an overall judgement of all these factors.

9. Three of the promoters - CTG-FM, EuroRoute and Expressway - produced documentary evidence of support from banks and other financial institutions. CTG-FM's provisional commitments were the strongest and, whilst they fell short of binding undertakings, CTG-FM judged that they covered the whole of their financing requirement. It would in principle have been possible to conduct a further test of the market by inviting promoters to circulate further detailed financial statements to financial institutions inviting totally binding undertakings of support. However there would still have been a number of technical and environmental questions outstanding on which only the Government could take a final view. It is unlikely that a further test of the market, which would have imposed considerable extra costs on the promoters, would have enabled any of the promoters to bring

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forward evidence of unconditional commitments on which a more conclusive judgement of the relative financeability of the schemes could have been based.

10. The Government decided that it must make its own judgement of the projects, drawing on the advice of its merchant bank advisers on the prospects of attracting investment funds, and taking account of essential non-financial factors - above all, impact upon the environment, jobs and the vulnerability of the link to terrorism and sabotage. And it was anxious, if possible, to meet a desire expressed by many people to drive from one country to the other with the independence of a drive-through link.

11. Taking all these factors into account, three of the four proposals were rejected for the following reasons.

12. The Government felt it right to reject Eurobridge on largely technical grounds. Imaginative and forward-looking though the project is, the construction techniques and materials proposed have not yet been proven in comparable applications. This, together with the absence of detailed financing plans with identified backers, made it too speculative for it to be preferred to the other promoters' schemes.

13. EuroRoute, though it was considered by the Government to be a bold and attractive concept, would be environmentally very damaging, on land and at sea; it would create hazards to sea traffic both during and after construction. In the Government's view, it would involve large technical risks; and it would be more vulnerable than a bored tunnel scheme to terrorist attack and sabotage. At the same time, it is expensive and although the project has substantial backing it could, in the Government's view, have more difficulty than CTG-FM's project in raising all the necessary finance. The Government therefore excluded EuroRoute.

14. Channel Expressway would also involve considerable

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technical risks. There was doubt whether the large diameter road tunnels could be bored economically through the difficult geological conditions near the French coast, and other doubts associated with the ventilation system. Without much further investigation, there was greater difficulty in predicting the costs associated with overcoming these risks than in predicting CTG-FM's costs and this, in the Government's view, made for correspondingly greater uncertainty over the willingness of investors to back it. Therefore this project also was rejected.

#### THE DECISION

15. Accordingly, the two Governments have decided to choose, from amongst the projects submitted, that proposed by Channel Tunnel Group - France-Manche. This project -

- offers the best prospect of attracting the necessary finance;
- carries the fewest technical risks that might prevent it from proceeding to completion;
- is the safest project from the traveller's point of view;
- presents no problems to maritime traffic in the Channel;
- is the one that is least vulnerable to sabotage and terrorist action;
- can be made environmentally acceptable.

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16. Consultations leading to the decision on the choice of project have shown, however, that many people would like a drive-through link. In due course, the conditions may arise when such a link would be both technically and financially viable. CTG-FM has therefore undertaken to the Governments to submit to them, by the year 2000, a proposal for a drive-through link, to be undertaken as soon as its technical feasibility is assured and economic circumstances and the growth of traffic are such as to permit it to be financed without undermining the return on the original link. This undertaking will be reflected in the Concession Agreement to be negotiated.

17. To avoid undermining the returns to investors deterring in the initial project, the Governments will undertake not to facilitate any other Fixed Link which would be in operation before 2020. Up to 2020, the concessionaires undertake to provide a service through the link adequate to meet demand.

18. Any new link will have to be submitted to the processes of approval that are applicable at the time. The Government does not intend to prejudge, for example, the environmental acceptability of any proposals for a second link, and the hybrid bill described below will make no provision for works beyond the first CTG-FM scheme.

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THE CHANNEL TUNNEL GROUP SCHEME

19. A great deal of information about CTG-FM's proposal has been made publicly available by the promoters<sup>(1)</sup>. Information

- 
- (1) (FOOTNOTE: - A Summary of the Project (21pp)  
- A Digest of the Project (47pp)  
- CTG's Kent Consultation 1985 (136pp)  
- An Environmental Impact Assessment, consisting of an Overview and 18 specialist reports (1041pp).

All available from CTG (28 Hammersmith Grove, London W6 7EN.).

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about the organisation of CTG-FM and its proposed arrangements for raising equity are given in Annex C.

20. CTG-FM say that their shuttle trains will provide a no-booking, drive-on, drive-off service. Initially, trains will depart at 10 to 12 minute intervals at peak periods, and every 20 minutes for most of the day. Later, as traffic rises and more rolling stock is purchased, the peak frequency will be one train every 5 minutes or less. The minimum frequency, in the middle of the night in Winter, will be one departure every 30 minutes. Trains will carry cars and coaches in tourist shuttle trains, and lorries in special lorry shuttles. Travellers will drive their own vehicles on to the shuttle trains, and will be free to leave their vehicles during the journey which will take about 30 minutes. Frontier controls and security checks will be co-located so that the formalities of both countries are completed before travellers board the trains, and no stop will normally be required after leaving the train on the far side. Appropriate methods of control will also be devised for through trains with the objective of minimising delays for travellers and freight. The Governments will however ensure that these arrangements guarantee that the necessary checks to prevent the spread of rabies and other diseases to humans, animals and plants can be carried out effectively and with as little risk as at present.

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21. CTG-FM's planned initial purchase of rolling stock is for 18 complete trains - 9 car and coach shuttles and 9 lorry shuttles - which will allow up to 1000 vehicles/hour to be carried in each direction at peak periods. (The number of vehicles carried per hour at present from Dover, Folkestone and Ramsgate combined in the summer peak period is believed to be around 750.) CTG-FM plan to purchase further sets as necessary to keep pace with peak demand. They estimate that in the initial years after opening, they will carry on average 3300 private cars and 1000 other vehicles per day in each direction. By 2003 this will have risen to a total of 3900 private cars and 1200 other vehicles per day. CTG-FM envisage that their tariffs will be around 10 per cent less, in real terms, than today's level of ferry fares.

22. The scheme's landfall in England is beneath Shakespeare Cliff, west of Dover. The tunnels continue underground to the flank of Holywell Coombe north of Folkestone. They will then pass across the Coombe in a cut-and-cover tunnel and through the base of Castle Hill in a short bored section before emerging at the main shuttle terminal at Cheriton. This site is bounded by the M20 motorway and the southern escarpment of the Downs, and will contain a partly concealed rail loop for the shuttle trains to run into the loading/unloading platforms. There will also be a toll area, frontier controls, refreshment and other facilities and ramps leading to the platforms. Road vehicles will reach the site from the M20 motorway, but there will also be provision for connection with local roads. Through trains will use the existing railway via Saltwood and Ashford to London.

#### Through Rail Services

23. British Rail plan to operate rail passenger services between London and Paris and between London and Brussels. The provision of other passenger services will depend on BR's judgement of the commercial opportunities. There will have to be close cooperation between BR and the other European railways. BR have already agreed in principle with French Railways (SNCF) that passenger services should be provided and managed by a

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joint venture between them. Decisions will be taken by the two railways on the basis of an equal partnership.

24. BR would prefer to operate these services, in conjunction with SNCF, with specially built high speed trains designed for both British and Continental gauges. These would be capable of running at over 160 mph in France as soon as the projected TGV-Nord line is built. The trains would use the existing line and 3rd rail electrification system between the coast and London, travelling at conventional speeds (not more than 100 mph): because of the environmental disturbance that would be involved, and the cost, there are no plans to build a new high speed line between the coast and London. On this basis journey times between Paris and London would be about 3¼ hours, and between London and Brussels about 3 hours.

25. BR also propose to provide through freight services to the Continent by containers and wagons. The amount of freight carried, and the nature and location of freight facilities will depend on BR's ability to meet industry's needs on a commercial basis. However it should be noted that, the longer the distance, the more rail can compete successfully against road freight. Hence the link, in joining BR to the whole Continental rail network, opens up considerable opportunities for rail to carry the UK's imports and exports throughout the Continent.

26. BR envisage that they would need to invest up to £390m to provide freight services and high speed passenger services. With conventional speed passenger services the cost would be about £100m less. BR propose that the main items of expenditure would be specialised passenger rolling stock, designed to operate on BR and Continental tracks; freight locomotives, terminals and sidings and Freightliner wagons; an international passenger terminal at Waterloo; track and signalling improvements and connections; passenger facilities at Ashford; and maintenance facilities.

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27. It will be for BR to raise the money for this, as for all its investment programmes, out of its own resources or borrowing, and not by way of Government grant. The Government said in the Invitation to Promoters that it would approve BR investment which met the financial tests already applied to their optional investment. BR have been able to show that taken as a whole their proposed investment should be capable of meeting these financial tests and the Government has therefore agreed in principle that BR should provide rail services through the link. BR will consider the case for each of the elements of their proposed investment in the normal way (including the choice between high and conventional speed options). Investment by BR will be largely in the period 1990/91 to 1992/93, when BR's requirement for other investment is likely to have fallen below present levels. The Government recognises that BR's involvement in through rail services will mean that in those years their external finance requirement will be higher than it would otherwise have been.

28. The fixed link will open up a unique opportunity for BR to serve a very large and growing market. International traffic is very important for BR's European counterparts and now BR will have the opportunity to share in the benefits.

The UK Road Network

29. Improvements to the road links to East Kent would be necessary to meet traffic needs whether or not a fixed link were built. The Government has now assessed its plans for the national road network to ensure good access to the tunnel terminal. The present gap in the M20 between Maidstone and Ashford will be closed with dual three-lane motorway, and subject to completion of the statutory procedures, this section should be completed by the end of 1989. Subject to similar procedures the Maidstone Bypass section of the M20 will be widened from two lanes to three in each direction. Together these improvements will provide three-lane motorway all the way from the M25 to the tunnel terminal, making a motorway crossing

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through Kent of adequate capacity to avoid any tendency for tunnel-bound traffic to distribute itself on unsuitable roads through the Kent countryside and villages. The M20 will provide the main traffic artery serving the tunnel, and the M26 and M2 are not expected to need widening in the foreseeable future. Some improvements to the M2 trunk road are already in hand and levels of the traffic on it will be kept under review. Any extra traffic generated by the Fixed Link on the M25 is not expected to be significant in relation to the volume of other traffic using that motorway.

30. The Government deferred work on the improvement of the A20 trunk road from the eastern end of the M20 to Dover - which has been in the road programme for several years - until the fixed link proposals had been evaluated. That delay was unavoidable, because the design of the new road depends on how much traffic it would have to carry, which is in turn dependent on the location of the Fixed Link terminal. Now that the project has been chosen that is much clearer. This road will be important to traffic between the tunnel and Dover and East Kent, and that traffic should have a safer, less tortuous and less congested route when the tunnel opens. The Government will therefore take this scheme forward as quickly as possible.

31. Kent County Council are studying improvements which may be needed to some County roads in the area as a result of the building of the fixed link; and they will be dealing with them under their normal procedures. The Government will give sympathetic consideration to supporting with Transport Supplementary Grant proposals from the County Council arising directly as a result of the Fixed Link project.

#### Environmental Implications

32. Environmental impact was an important factor in the selection of the CTG-FM scheme, and the Government will seek to ensure that the environmental damage will be kept to a minimum. The report on the environmental impact of the four proposals by

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Land Use Consultants (in association with Roy Waller and Roger Tym and Partners) is being published separately.

33. The construction of the tunnels and the terminal site will inevitably have an impact on the surrounding environment. During construction the working platform at the foot of Shakespeare Cliff built for the earlier 1975 project will be used. It will also be the site of some permanent facilities including a ventilation shaft. The promoters' intention is to extend this platform by disposing of spoil within a retaining wall. This would cover a natural chalk intertidal zone of a type now rare in England, supporting a flora and fauna of considerable scientific interest. It would also obtrude on views from the cliff-top on this part of the Heritage Coast. The Government is therefore requiring CTG-FM to review this aspect of the plans with the aim of minimising environmental damage.

34. Holywell Coombe, through which a cut-and-cover tunnel will run, cuts into the North Downs scarp and lies within the Kent Downs Area of Outstanding Natural Beauty (AONB). The sequence of recent geological deposits and the flora of this site are of considerable scientific interest. The proposals in their present form would disturb the floor of the Coombe during excavation of the tunnel and would take the remainder as a working area. Here too the Government will require thorough investigation of measures to mitigate the damage.

35. The Cheriton terminal development will avoid damage to the adjacent Site of Special Scientific Interest (SSSI) although it extends to the edge of Asholt Wood within the SSSI. It will destroy an ancient woodland (Biggins Wood) outside the SSSI. Visual intrusion, looking both to and from the margin of the Kent Downs AONB, is also inevitable. Landscaping at the margins and within the site will be used to minimise this as far as possible, and will also help to reduce noise nuisance. Such measures must be carefully planned in detail. Measures will also be required to ensure that drainage from the terminal does not damage the nearby Seabrook Stream - a proposed SSSI.

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36. Non-saline spoil from the tunnel boring will be used in levelling the Cheriton Terminal site and some saline spoil can be used in the necessary extension of the working platform at the foot of Shakespeare Cliff. Some uncertainty remains over the disposal of the balance of saline spoil - about 1 million cubic metres. CTG-FM's preferred solution would be to dispose of this below Shakespeare Cliff also. However, they have agreed to investigate the possibilities for transporting this by rail to sites away from the area or even of disposing of it at approved sites at sea. CTG-FM has accepted that it must meet the Government's reasonable requirements over spoil disposal.

37. A vital aspect of protection of the environment is the need to protect wildlife from diseases not endemic in the UK, such as rabies. Effective frontier controls (see paragraph 18) are only part of the requirement. All possible measures are needed to exclude stray animals from the link. CTG-FM have already made a number of proposals for this but these and any other possibilities will now need to be considered exhaustively and worked up in consultation with the Governments.

38. Discussions on all these matters have begun, and will be continuing, with CTG-FM, with local authorities and environmental groups.

#### Employment and other Economic Consequences

39. Construction of the Fixed Link will employ many people. CTG-FM expects that, between 1987 and 1993, construction of the Link will generate in the UK some 40,000 man-years of direct employment, or 65,000 to 70,000 man-years after allowing for indirect employment effects, and about the same in France. This does not include work on British Rail's associated investment. Of these jobs, almost half will be in Kent, mainly on direct construction work. Of the remainder, firms in the East and West Midlands will be well placed to compete for contracts to build the shuttle trains, and there are firms in Scotland and the North-East able to supply construction materials.

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40. BR's investment in the acquisition of passenger rolling stock through their joint venture with SNCF will also be significant and will have substantial consequences for employment. At present they estimate that there will be a total initial requirement for about 40 dedicated passenger trains if high-speed services are introduced. The Government will expect its public procurement policies to apply to the acquisition of rolling stock by BR.

41. The picture after the opening of the link is more complicated. Employment in Dover and Folkestone directly and indirectly dependent on Channel crossing services (including seafarers, port employees, associated services and other local employment supported by the expenditure of the directly employed workers) was 14,600 in 1985. Without a Link it could be expected to be some 16,000 jobs in 1992 and some 18,000 in 2003. On the basis of CTG-FM's traffic forecasts, the likely effect of the Link is shown in the table below:-

	<u>1985</u>	<u>1993</u>	<u>2003</u>
With Link			
Ports and ferries	14,600	9,000	11,500
Link	-	4,000	5,000
	<hr/>	<hr/>	<hr/>
Total	14,600	13,000	16,500
Without Link	14,600	16,000	18,000

At the time of opening, the Link will provide fewer direct jobs in East Kent than would be provided without a Link. But as the table shows jobs can be expected to grow on the Link as traffic increases. Moreover these figures ignore the undoubted potential of the link to generate new jobs in ancillary industries. The link in operation will bring direct economic benefits in



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the form of cost savings in carrying goods across the Channel and in the form of savings in travel time for passengers. These benefits can be expected to increase the level of the UK's trade with Continental Europe and contribute to economic growth and employment throughout the UK.

42. Inevitably, with an attractive and efficient link in operation, there will be an impact on the size and capacity of the remaining ferry fleet; but given the likely growth of traffic it is not likely to be such as to create insoluble problems for the ferry industry. Taking account of the spread of the cross-Channel fleet from the Wash to Portsmouth, it is expected that the total ferry capacity once the link is open will be slightly less than it is today and will increase again in later years. The number of ferries will, of course, be smaller as present vessels are replaced by a new generation of larger, more efficient ones. The same pattern of development applies to the UK flag share of the cross-Channel fleet. The following table provides an estimate of the likely change in UK-flag ferry capacity employed on routes between Portsmouth and the Wash:-

	Without Fixed Link		With Fixed Link	
	Vessel numbers	Capacity (pcu's)*	Vessel numbers	Capacity (pcu's)
1984	31	10,900	31	10,900
1993	30	13,500	22	10,000
2003	31	20,000	26	15,750

\*(FOOTNOTE: "pcu" signifies passenger car units: lorries and coaches are counted as 6 pcu's each).

The Government accepts that the level of ferry services will be affected - most significantly on the Dover Straits to France routes - but believes that, on the longer routes in particular, ferry operators will continue developing services to satisfy

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43. After carefully considering projections of the tonnage of the total UK-flag cross-Channel fleet in relation to its existing level, the Government has concluded that there will still be sufficient ferry capacity to fulfil our defence requirements.

44. All forms of cross-Channel transport are susceptible to interruption, whether for technical reasons (including weather), strikes or sabotage, and the fixed link is no exception. When ferries or air services are disrupted, the fixed link, once it is in operation, will take some of the strain. The Government recognises that there are legitimate concerns about the consequences of any possible interruption in the link. But the competing ferry industry is inherently flexible. Whilst there would be unavoidable inconvenience to passengers initially and some disruption to freight, the Government considers it likely that in the event of any prolonged closure, traffic would be accommodated quite quickly on ferries, air and other shipping services.

#### THE NEXT STEPS

45. Before construction of the Link can begin, it will be necessary to conclude a Channel Link Treaty with France, to enter into a concession agreement with the promoters, and to introduce legislation in the form of a hybrid bill (see paragraph 62 below) into Parliament. Only when the legislation has received Royal Assent, the Treaty has been ratified, and the concession agreement has entered into force will it be possible for construction in the UK to start. Meanwhile, the Government is concerned that consultations in Kent, which have so far focussed on the question of which scheme the Government should adopt, shall continue, concentrating upon making the chosen scheme as acceptable as possible, and that there should also be consultations on BR's London terminal arrangements.

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## Consultation with Local Authorities and Other Organisations

46. A period of extensive consultation will now follow the decision of principle. Local authorities, other statutory bodies, environmental groups and other organisations representative of interests affected by the tunnel proposal are invited to make representations to the Government about the details of the CTG-FM scheme, the content of the hybrid bill, and other matters concerning the planning, construction and operation of the tunnel.

47. In close touch with the Government, the Channel Tunnel Group, as the British concession company, has agreed to continue to consult within Kent, and to be in regular contact with the local authorities of the areas affected.

48. The Government intends, in consultation with Kent County Council and the other local authorities concerned, to establish formal machinery for consultation between the Government and local authorities. The consultative committee will be chaired by a Minister. To begin with it will consider the environmental impact on the County of Kent, and possibly ways of ameliorating it. It will also consider the adequacy of the road system in the light of the building of the link. Later, as the completion of the link draws near it can address any specific economic problems that may then arise.

49. As its first task the consultative committee will commission a more detailed study of the potential impact on Kent of the CTG-FM scheme both during and after construction. In the process there will be the widest possible consultation of relevant interest groups in the County.

### The Treaty

50. Negotiation of a Channel Link Treaty has been underway between British and French officials since the summer, and the British and French Governments intend to sign it on 12 February 1986. It will then be made publicly available.

51. The object of the Treaty is to demonstrate the two Governments' commitment to facilitating the project and provide

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the necessary undertakings; to make provision for international machinery to safeguard the Governments' interest in matters such as safety and the environment during construction and operation; to deal with matters of national jurisdiction; and to establish arrangements for arbitration in the event of disputes over interpretation of the Treaty between the two Governments and with the concessionaires. The Treaty will also enshrine the private sector nature of the link and the concessionaire's right to compensation in the event of political interference or cancellation by either Government.

52. The Treaty will be supplemented by a number of protocols and exchange of letters, still to be negotiated, setting out in detail the arrangements outlined in broad terms in the Treaty. Protocols will be required, for example, to cover police, immigration, customs and animal and plant health controls.

53. The Treaty and its protocols will enter into force only when ratified by the two Governments. In the United Kingdom, ratification will be after the hybrid bill has received Royal Assent, probably in the early summer of 1987. However, in the time between signing and ratification of the Treaty, the Governments will need to take a number of decisions on matters affecting the link, including approval of safety aspects of the promoter's plans. Immediately the Treaty has been signed, a Safety Authority and Inter-governmental Commission will be set up by an exchange of letters to deal with these urgent issues. The Intergovernmental Commission will consist of up to sixteen members - eight from each country - representing the two Governments including two representatives of the Safety Authority. The Authority will be made up of experts in such fields as railway safety, civil engineering, health and safety at work and the emergency services.

### The Concession Agreement

54. The purpose of the concession agreement will be to set out in a binding contract the terms on which the promoter is enabled to construct, finance and operate the link. It will be

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a single agreement signed by the two Governments and the British and French promoters, and it will lay down the period of the concession.

55. The concession agreement has been under discussion between British and French officials since the autumn and there were also meetings with the four promoting groups in the period leading up to the announcement of the decision on 20 January. Agreement has already been reached with CTG-FM on a number of important principles including: acceptance by the concessionaire of responsibility for the cost of spoil disposal; allocation of the costs of any supplementary works or modifications required by the Government; and the criteria for the determination of compensation in the event of a breach of the political guarantee the Governments. The exact content of the agreement will depend on the outcome of negotiations with CTG-FM over the next few weeks. It is intended to publish the text of the agreement - which will not come into force until the Treaty is ratified - by the time the hybrid bill is introduced into Parliament.

56. Amongst the other matters that the concession agreement will cover will be the freedom that CTG-FM will enjoy to set its own tariffs and determine its own commercial policy in competition with other modes of transport across the Channel, whilst maintaining the rights of the Governments and the European Community to apply their competition laws to the link and prevent anti-competitive behaviour.

57. Save where, because of the unique nature of the link special provision is made in the hybrid bill, the concession will not affect the application of national laws to the link. The Governments' objective is that in general privileges should not be available to the promoters which are not available to its competitors or would be inconsistent with the status of the Link as a private sector project. In general, changes in the law are part of the risks attaching to any major project.

58. The Governments are anxious that, once the necessary preliminary steps including the passage of the Hybrid Bill

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through Parliament have been completed, the promoters will proceed with the project within an agreed timetable set out in the concession agreement. The agreement will lay down the circumstances in which the promoters would forfeit the concession and their rights under it.

59. The Concession Agreement will allow the Governments the right to require CTG-FM, in certain circumstances including where the concession is terminated through default of the concessionaire, to ensure that any part of the fixed link which is abandoned or unserviceable is made safe and, where appropriate, is removed. The Government will also be able to require the concessionaire to maintain adequate insurance arrangements or other financial provisions for this purpose throughout the concession period.

60. The concession agreement will also be the instrument whereby the Governments ensure that the link is constructed, maintained and operated in accordance with the safety, technical and environmental requirements specified by the Governments through the Intergovernmental Commission and Safety Authority set up under the Treaty.

61. In accordance with the "Invitation to Promoters" the concession agreement will contain the guarantees of the Governments against political interruption or cancellation (the "political guarantee"). Once the Treaty has been ratified and the concession agreement has entered into force, interruption or termination by one or both of the Governments of the concessionaire's right to construct and operate the link, other than for default of the concessionaire as defined in the concession itself, or for reasons of national defence or in certain other exceptional circumstances, will entitle CTG-FM under the concession agreement to compensation from the Government or Governments concerned. In the case of interruption or termination on grounds of national defence, CTG-FM's right to compensation would be determined in accordance with

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national law.

Legislation

62. In the United Kingdom legislation will be needed, in particular, for the following purposes:

- to enable the Government to ratify the Anglo-French Channel Link Treaty;
- to make financial provision for the right to compensation in the event of political cancellation;
- to provide for the application of law and jurisdiction to the Fixed Link and for its regulation;
- to make any necessary provision for customs, immigration and other frontier arrangements, including any provision necessary to allow the frontier formalities of both countries to be carried out before travellers enter the link;
- to give the Government the powers it will require to implement its rights and obligations under the concession agreement, including the powers of compulsory acquisition needed for the project;
- to authorise the construction of the prescribed works by the concessionaire and to confer planning permission;
- to authorise the British Railways Board to acquire land and carry out works to facilitate the introduction of through services to the Continent.

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63. The legislation will be hybrid, that is, it will contain provisions not only of public law, but of private law directly affecting individuals and local interests in Kent. In addition to the normal stages for public bills, there are Select Committee hearings in both Houses of Parliament in which bodies and persons whose interests are directly affected may petition and have their cases heard. The Government is giving urgent consideration to ways in which it can assist individuals and organisations to make full use of these procedures. The right to petition the Committees depends upon the standing ("locus standi") of the petitioner - a matter which is determined by each Committee in accordance with the practice of Parliament. However, the Government, as sponsor of the Bill, will not seek to oppose the right of anyone to appear before the Committees on a petition to secure protection, either for their personal interests, or for the proper interests of any organisation or group when they may have been appointed to represent. Further steps, for example to ensure that potential petitioners receive timely information both on the procedures themselves and on the substance of the legislation, are also being considered.

64. The Government intends to introduce the Bill in the House of Commons in the Spring, with a view to the Select Committee hearing in that House commencing before the Summer Recess. It is expected that the passage of the Bill will take about 12 months, with the aim of obtaining Royal Assent in the Spring of 1987. As French procedures will be completed more quickly, ratification of the Treaty will follow immediately and, with financing in place as proposed, construction should begin in the UK in the summer of 1987.

#### CONCLUSION

65. The fixed link is a challenging and exciting project. It will be the largest civil engineering project for many years and the largest in Europe ever undertaken by the private sector. The rewards, to users and the economy as a whole,

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will be considerable. For the first time Britain will be directly linked with the European rail system. The link will be a physical symbol of our increasing trade and other links with the Continent of Europe.

66. The proposals that were submitted have been examined thoroughly and the Governments have concluded that the project proposed by Channel Tunnel Group-France-Manche is technically feasible and is preferable for the reasons which have been identified in this White Paper to each of the other competing projects. But it remains an enterprise by the private sector. The Governments have decided to facilitate the project, not to compel it or in any way to underwrite it. The Government is committed to the necessary next steps of treaty, concession agreement and legislation and will take these as a matter of urgency.

67. The Government has high hopes of seeing the link built and of it becoming a valuable national asset serving the interests of the nation for many years to come. It is for financial markets to assess this historic opportunity and decide whether these hopes are to be fulfilled.

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THE PROPOSALS

Channel Expressway

1. This proposal was submitted by British Ferries Ltd, a subsidiary of the Sea Containers Group. It would involve twin bored road tunnels running from Cheriton, near Folkestone, to Frethun, near Calais, each tunnel being of 11.3 metres internal diameter carrying a two lane carriageway. There would also be twin bored single-track rail tunnels to connect with the networks of British Rail and SNCF and carry through rail traffic between Britain and the Continent. The promoter's estimated basic cost for this project, at 1985 prices, was £2.6 billion.

Channel Tunnel Group

2. This proposal was submitted by a group of British and French engineering and construction companies and banks. There would be twin 7.3 metre internal diameter single-track railway tunnels, with a separate service tunnel of 4.5 metres internal diameter, running from Cheriton to Frethun. Through these tunnels the Group would provide a drive-on, drive-off vehicle shuttle service using its own specially designed shuttle trains, and would also contract for the passage of through trains operated by the national railways. The promoter's basic cost, at 1985 prices, was £2.6 billion.

Eurobridge

3. This proposal, submitted by the Eurobridge Studies Group, comprises independent road and rail links. The rail link would be a single, 6 metre internal diameter bored tunnel (with a separate service tunnel of 4.5 metres internal diameter) in which through trains operate in "flights" in alternate directions. The road link would be a series of 5 kilometre span suspension bridges supporting a total of 12 highway lanes (on four decks) enclosed in a tube. The promoter's basic cost, at 1986 prices, was £5.2 billion.



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EuroRoute

4. The EuroRoute Group, comprising British and French industrial concerns and banks, also proposed a road and rail project. The road link would consist of two carriageways, each with two traffic lanes. Starting at Farthingloe (near Dover), an initial length of tunnel through the White Cliffs would be followed by an 8.5 km bridge (of seventeen 500 metre spans) crossing the inshore maritime traffic zone to an artificial island at the edge of the main Channel shipping lanes. There would then be a spiral descent into a 21 km long immersed tube on the sea bed containing two 10 metre wide roadways, followed by a further artificial island and spiral leading to a further 7km bridge reaching the French coast at Sangatte (near Calais). The rail link would consist of twin bored single-track tunnels one of which would be divided longitudinally to provide a service gallery. The first of these tunnels would be 8.4 metres in internal diameter, the second 6.2 metres. The first tunnel would be brought into service at the same time as the road link, and the second possibly some 3 years later. In the early years, therefore, the through trains would run in "flights". The promoter's basic cost, at 1985 prices, was £5.0 billion.

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THE ASSESSMENT

1. The Government's assessment, most of which was conducted on a joint basis by the Anglo/French Assessment Group, considered the 3 proposals, Channel Tunnel Group, Channel Expressway and EuroRoute, from every point of view that appeared relevant to the decision. Eurobridge was assessed in a more limited number of areas that appeared to the Assessment Group to be crucial to its feasibility. The following paragraphs summarise the relative merits of the proposals under each heading.

Engineering Feasibility and Design

2. From an engineering point of view none of the projects was found to be completely acceptable to the Governments as presented. In all cases, the Assessment Group identified features requiring modification or further study. However, the extent and seriousness of the uncertainties varied greatly from one project to another.

3. The Channel Tunnel Group-France-Manche scheme was judged, by a considerable margin, to involve the fewest engineering risks, and to require the least extensive changes to the promoter's design. The technology is well proven - the project has much in common, in engineering terms, with that begun in 1973. Extensive geological surveys of the English Channel have indicated the general feasibility of boring tunnels of the diameter required.

4. The Channel Expressway project, although it was judged feasible, would involve considerably more uncertainty. Although the construction techniques are not themselves new there is no precedent for tunnels combining the diameter and length of those proposed. The problems involved in boring twin 12.25 metre external diameter tunnels, particularly through the difficult ground on the French side of the Channel, would have implications for the construction cost and programme which, in the view of the Assessment Group, could not be accurately foreseen. The other major area of uncertainty is the proposed ventilation system,



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which is novel and uses techniques that have previously been tried only in tunnels with much shorter distances between fresh air ventilation shafts. The Assessment Group considered that considerable further study would be needed to determine how far the system proposed could cope with all traffic situations and the nature and extent of any modifications that would be required. Other changes also appeared to be necessary and would have cost implications: for example, the provision of lay-bys for emergency use. The original proposal to run trains through the road tunnels was ruled out by the Assessment Group early in the assessment period. Expressway's alternative proposal for separate rail tunnels was very preliminary and would require development.

5. The EuroRoute project was also considered technically challenging. Much of the construction work, particularly the offshore work, would be at the limits of current technology. Whilst the problems are probably not insurmountable, there would be a small risk associated with each operation and, overall, the risks of incidents and delays during construction were considered to be substantial, with consequences for cost overruns and the financing of the project. As to the structures themselves, they would be required to withstand ship impacts and some improvements were judged necessary in this respect. Some adaptation of the designs of the spirals also appeared necessary to improve traffic flow and safety; and at least one additional cross-over in the immersed tube tunnel to permit contraflow operation was considered necessary. The bored rail tunnel design, like Expressway's, was not fully developed.

6. The Eurobridge project was judged, from an engineering point of view, the most innovative. It is imaginative but futuristic and at, or beyond, the limits of existing technology in almost all its key characteristics. In the length of the bridge spans and in the material envisaged for the suspension cables, the project has no precedent. The assessors did not consider that the use of such materials and techniques should be contemplated on the scale implied without first acquiring a great deal more experience in smaller scale applications.

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Traffic Capacity

7. EuroRoute and CTG-FM have broadly similar capacities for road traffic - more than 3,000 vehicles per hour in each direction, which the Assessors considered would be sufficient until well into the 21st century. Expressway's ventilation system as proposed would limit the capacity to less than 2,000 vehicles per hour - expected to be sufficient, however, until some time after the year 2000. Eurobridge, with its 6 lanes in each direction, would have much higher capacity. As to through rail capacity, EuroRoute (once its second tube was opened) and Expressway would be effectively unlimited in this respect. CTG plans for up to 10 through trains per hour in each direction - more than enough to cope with all the trains that could reasonably be accommodated on British Rail's Southern Regional track. Eurobridge's single tunnel (and EuroRoute's before the second tube opened) would mean restrictions on frequency and an inflexible timetable.

Travel Times

8. For each scheme, total transit times (including frontier formalities and any loading and waiting time) would depend upon the time of day and traffic conditions. Average travel times would be least on the drive-through links:

although road vehicles travel more slowly than CTG's shuttle trains, there would be no loading, unloading or associated waiting time.

Psychological Factors

9. In opinion polls, a majority have expressed a preference for a drive-through Link. The experience of the Transport and Road Research Laboratory (TRRL) suggests that in terms of driver demand and effect of psychological factors on levels of patronage, CTG's rail tunnels should pose no significant problems. The long Expressway tunnels carry the problem of driver monotony, which has been recognised by the promoter, and some travellers would be fearful of using them. The tunnel lighting, performance of the ventilation system and the incidence of congestion would be



important factors. EuroRoute's combination of high level bridges, spirals and tunnel are novel, demanding of the driver and likely to prove stressful for some users.

Safety of Navigation

10. All the schemes except CTG-FM's would potentially affect the safety of navigation in the Dover Straits.

11. Eurobridge, alone of the 4 proposals, would require the placing of structures in the main international shipping lanes. This would require amendment of the Traffic Separation Scheme, which would need to be submitted to the International Maritime Organisation for approval. The IMO would be expected to take some time (a year at the very least) to reach a decision.

12. EuroRoute would require more structures in the sea than Eurobridge - two main artificial islands, a ventilation island and a large number of bridge piers. Although none of these would be located in the main shipping lanes, the presence of the bridges would require the development of special traffic management systems within the national Inshore Traffic Zones. The risks to shipping, both during construction and after completion, would be substantially greater than with the other proposals. Careful planning and effective use of warning devices (and possibly modifications to the structures themselves) would reduce these risks, but could not eliminate them.

13. The two ventilation islands of Channel Expressway raise similar questions to the EuroRoute structures, but on a smaller scale and there would be no maritime traffic management problems.

Environmental Impact

14. In the Invitation to Promoters, promoters were asked to produce Environmental Impact Assessments (EIAs) and to consult with local authorities and statutory conservation bodies. Land Use Consultants (in association with Roy Waller and Roger Tym and Partners) were appointed to advise on these assessments and on how any adverse effects might be mitigated.



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15. The promoters' EIAs differed in their thoroughness, but there was sufficient data for the Government's purpose of making an overall choice. All four schemes would have a local significant impact. They would all involve the loss of agricultural land. But there are major differences between the two proposals involving bridges and those involving bored tunnels only.

16. EuroRoute and Eurobridge would have a substantial impact on the marine environment. EuroRoute's immersed road tubes, laid in a trench dredged in the sea bed, would cause considerable dispersion of sediment. Ashore, both schemes would make a conspicuous landfall through the Heritage Coast (EuroRoute at Shakespeare Cliff) and would require more extensive and visually damaging road construction through the Kent Downs Area of Outstanding Natural Beauty (AONB). EuroRoute would take land for its terminal from within the AONB at Farthingloe, near to areas also important for their natural history. EuroRoute would dispose of spoil at Dungeness which is a conservation site of international importance, and under their original proposals, would also establish a construction site there. Both schemes would have serious environmental consequences which could not be remedied adequately without major changes in design.

17. The Channel Tunnel Group's proposal and Channel Expressway would have much less impact. CTG-FM would not disturb the offshore marine environment at all, and Expressway would only do so through the construction of two ventilation shafts located on small artificial islands. Ashore, both schemes would have some impact on the coastal environment around the foot of Shakespeare Cliff, where CTG's plans to create a working platform by placing saline chalk spoil behind a sea wall could affect intertidal life in the Folkestone Warren Site of Special Scientific Interest (SSSI). There would be damage both to the landscape and to the SSSI at Holywell Coombe, but there would be no other substantial impact on the AONB. Both projects would involve terminal facilities at Cheriton, where the intensive developments planned by CTG-FM would intrude visually as well as affecting adjacent villages and ancient

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woodland. The main uncertainty, and perhaps the greatest difficulty, with both schemes, but with Channel Expressway in particular, is the satisfactory disposal of the large volumes of saline spoil they would generate.

18. However, the Government considers that either CTG-FM or Expressway could be made environmentally acceptable. Spoil disposal sites can be found away from sites of major conservation importance like Dungeness; and the impact on the SSSIs and the important geological area at Holywell Coombe might be reduced by adjustments planned in association with the Nature Conservancy Council.

#### Employment

19. Construction of a Fixed Link would provide jobs for a great many people. EuroRoute, as a much larger scheme than CTG-FM's, would involve more jobs, many of which could be in Scotland, the North-East and Northern Ireland. However, CTG-FM would offer opportunities for a number of jobs in Scotland and the North-East, and very substantial number in the Midlands.

20. Once the Link opens the CTG-FM shuttle operation will require more people to operate it than would the drive-through schemes. It will also tend to divert a somewhat smaller volume of traffic from the ferries and thus cause fewer existing jobs to be lost. Job losses from each Link proposed would in general also be offset by the potential of the Link to attract and create new jobs in ancillary industries.

#### Effect upon the Ferries

21. In the medium term all schemes would reduce the overall level of ferry operations and the size of the UK ferry fleet. The effect would be somewhat greater for the drive-through schemes than for the CTG-FM scheme.

#### Sabotage and Terrorism

22. The Assessment Group concluded that, of CTG-FM, Channel Expressway and EuroRoute, CTG-FM's scheme was the least vulnerable

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to sabotage and terrorism. A security check regime will nevertheless be required.

Frontier Questions and Health

23. CTG-FM, Channel Expressway and EuroRoute all presented proposals which could have formed the basis of an acceptable arrangement of frontier controls - that is one which ensured that the risks from smuggling, unfit food, illegal immigration and the spread of animal and plant diseases, particularly rabies, were no greater than those associated with other means of communication. On balance, however, CTG-FM's proposal (which was the most comprehensive in this respect) offered a number of advantages from a frontier control point of view, compared with the other schemes.

Financing

24. All the promoters presented financial information in their proposals. CTG-FM and EuroRoute presented fully worked-up financial packages and Expressway did so to a lesser degree. All the promoters expressed confidence that the sums required could be obtained, but they differed in their evidence of commitments or interest by potential investors. CTG-FM offered the strongest commitments of the three, covering the full capital sums required. The undertakings by EuroRoute were less strong, and Expressway's were essentially expressions of interest. However Expressway pledged a large equity commitment from within the Sea Containers organisation.

25. Paragraph 7 of the main text explains why the Government's assessment of costs, traffic, revenues, and the overall viability of the project cannot be given. However, the overall conclusion drawn by the Government is that, of all the proposals, CTG-FM's is the most likely to attract the necessary finance.

Public Opinion

26. The substantial volume of correspondence received from members of the public since the assessment period began on 1 November has been almost entirely against a Fixed Link, of any



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kind. However, such opinion polls as have been issued in the last few months, indicated a large majority in favour of some sort of Fixed Link.

27. Public opinion in Kent, as expressed in the consultation process that has been underway with the promoters and the Government since last Summer, is largely determined by the public's perception of the employment and environmental factors. Local opinion in Kent generally has been against a Link. Opinion in Dover was least opposed to EuroRoute since the terminal area would have been nearest to Dover. Kent opinion as a whole, however, is least unfavourably disposed towards CTG-FM which is seen as taking less traffic from the ferries, offering the maximum incentive to encourage goods from road to rail, and having more acceptable environmental consequences generally.

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ORGANISATION OF CHANNEL TUNNEL GROUP FRANCE-MANCHE

1. The Channel Tunnel Group is a consortium of British firms and is mirrored in France by France-Manche. The membership of the groups is as follows:

Channel Tunnel Group

Members

Balfour Beatty Construction Ltd  
Costain UK Ltd  
Tarmac Construction Ltd  
Taylor Woodrow Construction Ltd  
George Wimpey International Ltd  
National Westminster Bank plc  
Midland Bank plc

Associate members

Granada Group plc  
Mobil Oil Company Ltd

France-Manche

Original Members

Bouygues SA  
Dumez SA  
Societe Auxiliaire  
d'Entreprises SA  
Societe Generale  
d'Entreprises SA  
Spie Batignolles SA  
Credit Lyonnais  
Banque Nationale de  
Paris  
Banque Indosuez

Future Agreed Members

Banca Commerciale  
Italiana  
Banque Arabe &  
Internationale  
d'Investissement  
Compagnie Financiere  
de Suez  
Credit Agricole  
Groupe AXA  
Lyonnaise des Eaux  
Societe Generale de  
Belgique/Societe  
Nationale d'  
Investissement



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2. Provided that all the necessary finance is in place as proposed, construction of CTG-FM's project will begin as soon as the Anglo/French Channel Link Treaty is ratified and possession of the necessary land obtained. On the promoter's plans, the link will open in 1993. The promoter's estimated capital cost of £2.6 billion at 1985 prices would give rise to a maximum financing requirement at the time of opening of £4.4-4.5 billion, based on between £650 million and £1000 million of equity. This equity will be raised in three stages:

"Equity 1": Up to £50 million provided or underwritten by the existing members of CTG and France-Manche, during early development phases.

"Equity 2": Approximately £150 million in Spring/Summer 1986 by a widespread international private placement.

"Equity 3": The balance of between £450 million and £800 million will be raised internationally, including public subscription in England and France following ratification of the Treaty and prior to commencement of the main construction work.

All equity will be in the form of inseparably paired shares, each pair consisting of one share in CTG and one in France-Manche. There will also be common membership of the boards of each concessionaire company.

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10 DOWNING STREET

Choyes

yes with

FCO are proposing to  
use Mrs Marie Taylor  
as a translator on 2  
occasions -:

1) 5/2/86 : Senegal Pres  
Visit.

£

2) Press Conference @ Channel  
Tunnel Treaty for simultaneous  
translation not for tête à  
tête with Mitterrand.

Content?

Margo 29.1.86



*File*  
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10 DOWNING STREET

*CAJ ABX*

*CC DT Transp*

*✓ PE*

*From the Private Secretary*

28 January 1986

**CHANNEL FIXED LINK: TREATY SIGNATURE**

Thank you for your letter of 27 January setting out the possible venues for signature of the Treaty on the Channel Fixed Link.

The Prime Minister agrees that signature in Canterbury would be the most imaginative choice and agrees that you should approach the Church authorities quickly to see whether they would be prepared to cooperate. But you may first like to consider arranging for soundings to be taken of the local MP.

You will also wish to confirm with Richard Allen, to whom I am copying this letter, that the Secretary of State for Transport is content with Canterbury.

*RF* | If problems emerge over Canterbury I should be grateful if you would consult me again on whether the fall-back should be Leeds Castle or Lancaster House.

CHARLES POWELL

C. R. Budd Esq.,  
Foreign and Commonwealth Office

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Private Secretary

Charles

CDP  
28/11

We spoke.

Further checks  
on the party net  
are in motion.

Colin Budd

28/11



*Mr Beetham*

*Many thanks.*

FROM: R C Beetham (MAED)

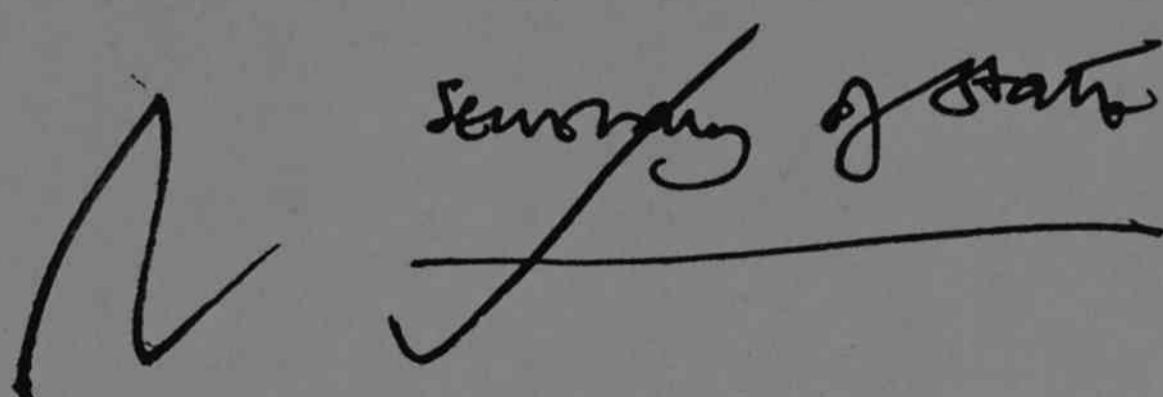
DATE: 27 January 1986

*CFL*

*28/1*

Mr O'Neill

PS

*Secretary of State*  


CFL TREATY SIGNATURE: CANTERBURY

...

1. I attach a minute by Mr Darroch of my Department on the subject of public opinion in Canterbury and its likely effect on the Treaty Ceremony if it is held there.

2. I particularly endorse paragraphs 5 and 6. The possibility of demonstrations if the ceremony is held in Kent has always been on our minds; this was why we first recommended Leeds Castle (in order to be able to keep any demonstrators at bay) and then Lancaster House. It was at the Prime Minister's own request that we embarked on a search for somewhere else in Kent; she specifically wanted somewhere away from London and somewhere where the public would be involved. She must have taken into account the possibility of demonstrations.

3. It is clearly our responsibility to advise if we think that demonstrations are likely to be of an order to mar the occasion; on the basis of last week's reconnaissance and Mr Darroch's minute (the conclusions of which were known to me when I submitted our recommendations on 24 January) I remain of the view that the risks are far outweighed by the attractions of Canterbury.

*R. C. Beetham*

R C Beetham  
Maritime, Aviation and  
Environment Department

27 January 1986

*I agree*

*R. J. O'Neill*  
*27.1*



FROM: K Darroch  
MAED

DATE: 27 January 1986

cc: Mr Jasper, Protocol Dept  
Mr Clarke, WED

*minute*  
*h/27/1*  
Mr Beetham

CHANNEL FIXED LINK TREATY SIGNATURE: PUBLIC OPINION IN CANTERBURY

1. I understand that the letter to No 10 recommending Canterbury or Leeds Castle as venues for the CFL Treaty Ceremony has now issued; but that the Private Secretary has expressed some concern about the Canterbury recommendation since he has heard there is some local opposition to the CFL. You may like to have some comments.
2. First, it must be said that if the signing ceremony is held anywhere in Kent there is a possibility of demonstrations. This is true for any of the possible town venues. It is, for example, scarcely more difficult for protesters from Dover or Folkestone to travel to Maidstone in West Kent than to Canterbury in East Kent. The only way of removing this risk would be to go for an isolated "fortress" like Leeds Castle.
3. Second, Canterbury itself stands to benefit substantially from the Link. Given that one way or another Channel crossing prices seem bound to come down, the tourist industry in Canterbury should boom. The presence of the Link may also encourage companies to move to the area. The environmental impact, on the other hand, should be relatively slight (apart from more tourist coaches) as there is already a good by-pass road system.
4. Despite these apparently clear benefits, opinions in Canterbury on the CFL are mixed. When the Kent local councils were consulted by the DTp before the decision to go ahead with the CFL was taken, Canterbury City Council sent in a thoroughly confused response saying that, on one hand, they were opposed in principle to the Fixed Link because of its adverse effects on employment (although it should in fact reduce unemployment in Canterbury!); but that, on the other hand, they recognised that the Government wanted to have a Link and they thought CTG was the best option. The MP for Canterbury, however, Mr David Crouch (Conservative) is a strong supporter of the CFL and has recently made a speech to this effect in the House.
5. We asked about local reactions to the 20 January announcement when we visited Canterbury last week. We were told that reaction to the announcement had been rather muted; that it was not, on the



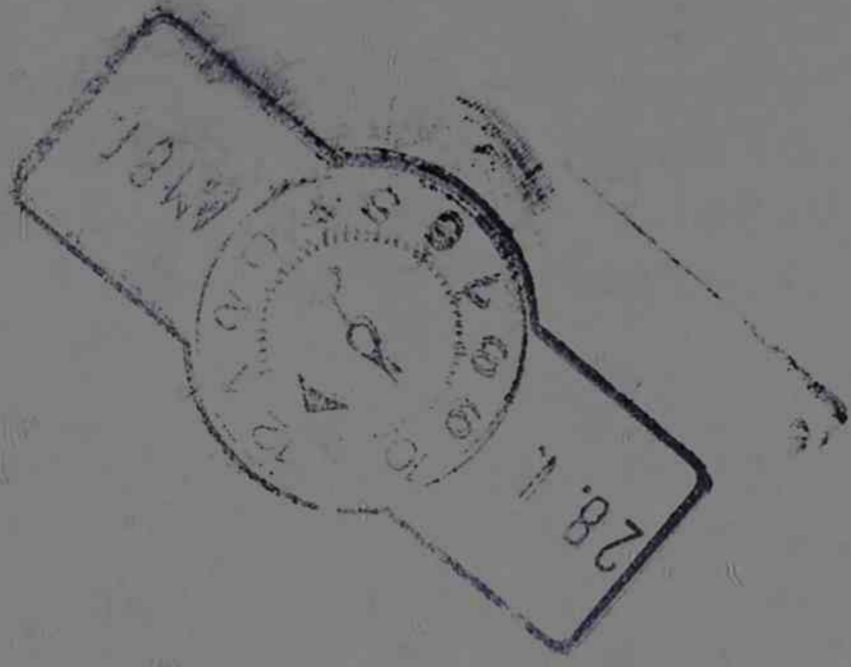
whole, an issue on which local passions had been aroused; and that while there remained some local opposition to the CFL, they did not think the townspeople themselves would be likely to mount demonstrations. This line was confirmed by the Chief Constable of Kent, who accompanied us on the visit. He also said that the restricted access to the Cathedral grounds made security a manageable proposition.

6. Two further points. First, the submission recommending Canterbury or Leeds Castle was cleared with the DTp, so it is not purely an FCO view. The Secretary of State for Transport was consulted. His view was that only Dover and Folkestone should be ruled out on the grounds of local opposition to the CFL. Second, while a visit to Canterbury would inevitably involve some small risk of demonstrations, it would also of course provide an opportunity for the Prime Minister to reassure the people of East Kent that the Government was sympathetic to the need to minimize the detrimental employment and environmental consequences of the Link. If Canterbury was chosen, the Prime Minister's statement to follow the signing ceremony would need to be drafted rather carefully with these points in mind.



K Darroch  
Maritime, Aviation and  
Environment Department







CCP  
①



Prime Minister  
The choice is Canterbury,  
Leeds Castle or  
Lancaster House.  
Canterbury is the most  
imaginative.

Foreign and Commonwealth Office

London SW1A 2AH

27 January 1986

Agree to hold out  
the scene and Chapter? Yes not  
Dear Charles, CCP 27/1

Channel Fixed Link: Treaty Signature

When we spoke last Monday, you said that the Prime Minister would like the signature of the Treaty to take place at a location outside London.

We have considered various possibilities, working within three parameters, the first being geographical. We have largely confined ourselves to Kent, given that it will be the county most affected by the Link. A decision to sign the Treaty outside London but not in Kent would we believe be seen by the Kent authorities and public as a major snub and would fuel the arguments of those in the area who claim that their interests have been ignored in the CFL process.

The second restriction is physical: we have looked for a location that can offer first, a large and photogenic hall that is also appropriate to a solemn Treaty Signature Ceremony; second, a room suitable for the Prime Minister's lunch for President Mitterrand; and third, extra rooms for tete-a-tete meetings, private offices, press facilities etc.

Finally, we have ruled out Dover and Folkestone: given local views on the CFL, one could expect large and hostile demonstrations in either town, and attempts to disrupt the occasion.

Few venues can satisfy all these requirements. A number (Walmer Castle, Hever Castle, and Chartwell) must be ruled out because of their lack of a suitably large room for the signing ceremony. Similarly, Kent County Council suggested the new Crown Court building in Maidstone, but this on examination proved unsuitable. We found ourselves left with two possibilities: Canterbury and Leeds Castle. The pros and cons in each case are as follows:

(a) Canterbury

We would propose that events take place in the buildings surrounding the Cathedral. The signing ceremony might be situated in the Chapter House, a magnificent 13th century hall immediately next to the Cathedral, with seating for up to 200, a 70 ft high

/vaulted





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- 2 -

vaulted oak ceiling (one of the oldest in England) and some splendid stained glass windows. The hall is not a place of worship; it was originally built as an assembly room in which the Abbot would address his monks, and was most recently used for the award of honorary degrees by Kent university. The lunch and tete-a-tete meetings could be held in the Deanery, a large 17th century house immediately adjacent to the cathedral about two minutes walk from the Chapter House via the cloisters. The dining room in the Deanery was most recently used for HRH The Prince of Wales to entertain the Pope. It can seat 40 with ease. The King's School, on the opposite side of the Green from the Cathedral, have offered suitable rooms for private offices, press facilities etc. Proceedings would thus all take place against the backdrop of the Cathedral. Security would be manageable, particularly given the limited access to the Cathedral grounds. Pupils from the King's School and the nearby state schools could be invited to line the routes from the Deanery to the Chapter House.

In short, there are a number of positive aspects to this location. The main problem is a procedural one. There is currently no Dean in occupation; but both the Deanery and the Chapter House are Church property and we would need their agreement to use them. There might conceivably be some local difficulties over obtaining the use of the Chapter House; so if this is the chosen location, there would be a need for an early and discreet high level approach to the Church authorities to clear the path on use of the buildings.

There is one further problem with Canterbury. The nearest suitable airfield is Manston, and the road from there to Canterbury can be slow - a journey of up to 45 minutes. We would assume the Prime Minister would wish therefore to use helicopters; and since the Queen's Flight have none available that day, this would mean using the RAF, and thus some extra expense.

(b) Leeds Castle

In a previous exchange of correspondence we advised against Leeds Castle, principally because of its limitations for press and TV. Given the limited alternatives, however, we have looked at it again and concluded that it should be considered again before being ruled out. From many points of view it is eminently suitable: it has a large attractive dining room and numerous rooms for tete-a-tete meetings. Its main drawback is that the banqueting hall is on the small side and would require attendance at the signing ceremony to be limited to around 120. The Castle is also somewhat isolated; the occasion would be rather more rarified than the Lille ceremony, and there would be no crowds such as gave atmosphere to Lille. From a security viewpoint, of course, it is ideal; and though there is usually a charge for use of Leeds Castle, its facilities are for this occasion on offer at no cost.

/You

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- 3 -

You will note from the above that neither of these options can offer comparable facilities to Lancaster House, which remains a convenient site. If, however, it is felt that the need to go outside London is overriding, then Canterbury is the most attractive location (provided the Church authorities agree) - and it seems to us that it is an imaginative choice which will please the French. A visit to Canterbury would have the additional advantage of providing the Prime Minister with an opportunity personally to reassure the people of East Kent that the Government was not ignoring their interests and was concerned to minimise the detrimental environmental and employment effects of the Link.

Finally, I know you are as seized as we of the urgency of the matter: we already have barely 2½ weeks to get the ceremony organised. Once we have your views on the venue, we will approach the owners of the chosen site and the French and put all the necessary arrangements in train.

I am copying this letter to Richard Allen at the Department of Transport.

*Yours ever,*

*Colin Budd*

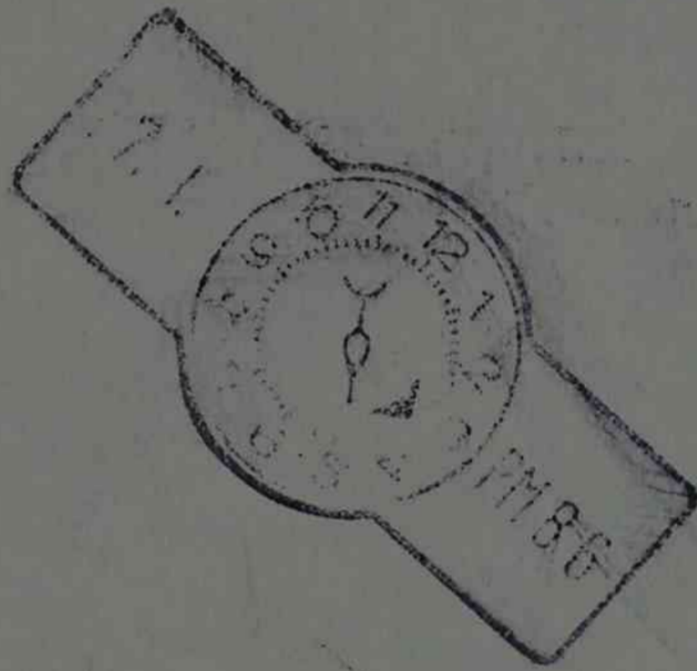
C D Powell Esq  
PS/10 Downing Street

(C R Budd)  
Private Secretary

RESTRICTED



TRANSPORT  
CHANNEL TUNNEL  
PTU





Sir Harold Harding, D.Sc., B.Sc., F.Eng., F.I.C.E.

8281  
37 MONMOUTH STREET  
TOPSHAM EXETER  
EX3 0AJ

Topsham 3281

January 25th. 1986.

to The Principal Private Secretary to the Prime Minister.  
10 Downing Street,  
London. SW1

~~Do~~ You may like to  
draft the reply from Lee?

Dear Sir,

The Channel Tunnel.

I enclose a copy of my letter to the TIMES dated January 22nd which has been overtaken by the strike. As I am a strong supporter of the Prime Minister it is intended to help her over the decision taken. I should like her to take a glance at it if she can spare the time. I was the British Consulting Engineer to the Channel Tunnel Study Group from 1958 until 1972, jointly responsible with my close friend Mons. Rene Malcor for coordinating all our many expert advisers, of international reputation, who joined in the intensive investigations on which all subsequent decisions had to be based.

Yours sincerely

*Harold Harding*

Harold Harding.

Prime Minister +

You may like to  
see the letter, over.

*MS*

*DRS*



Sir Harold Harding, D.Sc., B.Sc., F.Eng., F.I.C.E.

37 MONMOUTH STREET  
TOPSHAM EXETER  
EX3 0AJ

January 22nd. 1986.

Topsham 3281

The Editor  
The TIMES.  
P.O.Box 7.  
200 Grays Inn Road,  
London. WCLx 8EZ

Dear Sir,

Channel Tunnel Again!

The result of our first vital two years work for the Channel Tunnel Study Group was described in our report to the Group in 1960. This was signed by Rene Malcor, as Chef de Delegation to the Group, myself as his constant British collaborator and Charles Ribeyre who worked closely with us.

At the end of the section headed 'General Conclusions' we wrote :-

" If finance is limited to private sources the most realistic solution is to proceed by stages of which the first would be the construction of a railway tunnel with shuttle service for motor cars. The second stage which would be deferred until the traffic and receipts justify it, would consist of one or two highway tubes or better still a road bridge or a combination of bridge and immersed road tunnel. "

After listening to what the Prime Minister and President Mitterand said on January 20th (twenty five years later) would it be immodest to suggest that this is a case of 'great minds thinking alike' and not of a compromise suggested by some commentators.

Yours faithfully,

*Harold Harding*  
Harold Harding.



800  
SUBJECT  
CC Ops  
Master.

CCPC



THE PRIME MINISTER  
ST. VINCENT and the GRENADINES  
WEST INDIES

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T.138/86

23 January 1986

Rt. Hon. Margaret Thatcher  
Prime Minister  
10 Downing Street  
London  
England.

*Dear Prime Minister*

I am pleased to hear that your Government, along with that of President Mitterand, has taken the decision to support the rail tunnel link across the Channel to France.

Having travelled that Channel many times when I lived in England, I was always fascinated with the tunnel idea.

I trust the century old speculation will cease.

Please accept my congratulations and best wishes for the project and for a successful 1986.

*Sincerely*  
*[Signature]*

PRIME MINISTER.



PRIME MINISTER

4

To note.

JCN

23/1

CHANNEL FIXED LINK

Now that the UK and French Governments have announced their decision on the Channel Fixed Link, it is vitally important that we should exercise care in commenting on the future prospects of the chosen scheme.

The fact that the Governments have agreed to facilitate the Channel Tunnel Group project does not in any way imply that we necessarily agree with the promoter's claims about financial viability and traffic growth. Although the schemes were the subject of detailed assessment, including assessment of traffic and revenue projections, we must avoid making statements that could be construed as endorsement of the promoter's figures. It is for investors to make their own judgement about these matters.

I would be grateful if colleagues would take care not to influence these judgements by any public statements they may make about the link.

I am copying this minute to all members of the Cabinet, to the Solicitor-General, and to Sir Robert Armstrong.



NICHOLAS RIDLEY

23 January 1986



Transport, Channel Tunnel Pt 4





Transport, Channel Tunnel



10 DOWNING STREET

CDP

BF

Anglo - French ceremony

12 Feb.

David Monkford rang  
from FCO protocol.

Do you agree to  
using Mr Lederer as  
interpreter again?

Tel. 273 3592.

Vex told them  
21/1.

JB

21.1.86



## Channel Tunnel

3.30 pm

**The Secretary of State for Transport (Mr. Nicholas Ridley):** With permission, Mr. Speaker, I should like to make a statement about the Channel fixed link.

My right hon. Friend the Prime Minister and the President of France, meeting earlier today in Lille, announced the decision of the two Governments to take together the necessary steps to facilitate the construction of a fixed link across the Channel by the Channel Tunnel Group. Copies of the joint statement are being made available in the Vote Office.

We will publish as soon as possible a White Paper that will give the full reasons for this decision. It will also chart the next steps to give effect to that decision. The treaty, the concession agreement and the legislation.

The two Governments were faced with four proposals of outstanding quality which reflect great credit on the firms involved. It is remarkable that such keen competition could develop to provide and finance privately a project of this magnitude. The key factors that led the Government to select the Channel Tunnel Group were as follows.

Eurobridge was eliminated largely on technical grounds. It is an imaginative and forward-looking proposal, but the technical risks make it too speculative for the two Governments to believe that it was likely to be financed and successfully completed.

The choice between Channel Tunnel Group, Channel Expressway and EuroRoute was a more difficult one. They differ widely as to their technical characteristics, their impact on the environment, their effect upon shipping, and their vulnerability to terrorist attack—all factors in the decision. The invitation to promoters made it clear that any fixed link had to be financed, constructed and operated without support from public funds, and without Government guarantees against technical and commercial risks. It is thus for investors ultimately to determine whether a fixed link is built. The Governments had to try to select the scheme which offered the best prospects of attracting investors' support.

Both EuroRoute and Channel Expressway answer the popular desire to drive from one country to the other with the independence and freedom of a drive-through link, but both have large technical risks. CTG's is a well-developed project, relying on well-proven technology and is both less risky and less expensive. It offers a fast and efficient rail shuttle service for road passengers and freight, with very frequent departures and no booking. It presents no problems to maritime traffic in the Channel, and is the least vulnerable to terrorist attack. Its environmental impact can be reduced to an acceptable level. The Government concluded that CTG was the best scheme to go forward to the market.

The Government remain very much aware of the arguments that the public would like a drive-through link. In due course, the conditions may arise when a drive-through link would be viable. We have therefore secured an undertaking from the CTG that it will put forward by the year 2000 a proposal for a drive-through link to be undertaken as soon as its technical feasibility is assured, and economic circumstances and the growth of traffic allow it to be financed without undermining the return on

the original link. At a later stage, the Governments will be free to invite competitive bids for a further link coming into operation not before the year 2020.

I expect the signature of the Anglo-French treaty to take place in February, and the concession agreement between the Governments and the Channel Tunnel Group to be concluded shortly thereafter. The legislation will then be introduced into this House as soon as possible. Construction could begin by summer 1987.

Consultations in Kent have so far focused on the question of which scheme the Government should adopt. We must now concentrate upon making the chosen scheme as acceptable as possible. We will want to minimise the environmental impact, and to consider carefully the employment consequences of this development. We will be sympathetic if problems seem likely to arise in east Kent when the link opens some seven years from now.

We must arrive at satisfactory arrangements with the promoters for the disposal of spoil and on other environmental matters, and we will ensure that the necessary road infrastructure is provided. The White Paper will deal with these questions.

The Channel tunnel is a massive and difficult project. It will be a challenge to our engineers, our technicians and our financial institutions. Equally, I believe that it will be of great benefit to travellers and exporters alike in giving them cheaper, quicker and more reliable access to the continent of Europe.

**Mr. Robert Hughes (Aberdeen, North):** In opting for the Channel Tunnel Group tender, the Government—against the instincts and prejudices of the Prime Minister—have chosen a fixed link which has the potential of matching Britain's needs for an integrated transport policy. However, in rushing this decision through in such a tight time scale, the Secretary of State has broken his promise to Parliament on 9 December that he would publish a White Paper on the same day as the decision was announced. I suspect that this will not be the last of his broken promises.

A number of questions must be answered. Exactly when will the White Paper be published? Will the Secretary of State fight in the Cabinet to get a debate in Government time before the treaty between Britain and France is signed? The right hon. Gentleman said that the White Paper would refer to the treaty and various other things. Will the right hon. Gentleman therefore answer this question precisely: will he fight in the Cabinet to get a debate in Government time?

Will the right hon. Gentleman confirm that no obstacles will be placed in the way of those most affected by the scheme and that their views will be thoroughly canvassed by the Select Committee? What guarantees can the right hon. Gentleman provide that the British share of construction costs will be spent on British goods and that British labour will be employed on the project? As we know that the French are keen to gain the maximum advantage from this fixed link and to have the maximum investment in SNCF, will the right hon. Gentleman produce an investment plan in conjunction with British Rail so that BR can maximise the opportunities which the link may offer?

Will the right hon. Gentleman do what he can to establish customs clearance facilities in major regional centres in order to encourage the carriage of long-haul freight by British Rail? Will he ensure that the terminal



requirements and I took these into account in determining the figure of £25 million for post-abolition funding which I announced on 14 November 1985.

**Mr. Banks:** Is the Minister aware that there has been a reorganisation over at the royal festival hall by the South Bank board, which has resulted in the general administrator, a GLC employee on £23,000 a year, being sacked and the appointment of two general administrators and nine additional directors on salaries ranging from £22,000 to £35,000 a year? Is he further aware that blue-collar workers have not been told what jobs they will have, except that 60 of them will be declared redundant? Does the Minister believe that that is how to handle the situation post-abolition? Does he agree that it is a disgraceful example of the Arts Council creating jobs for itself?

**Mr. Luce:** I have great confidence in the new South Bank board under the leadership of Ronnie Grierson. It is determined to make an exciting job of the future for the South Bank and I believe that there is every prospect of that happening. We are still waiting for figures of the Arts Council's allocation. It is for the board to decide what staff it should have. I ask the hon. Gentleman to remember that its responsibilities are much larger than those of the GLC until 1 April. They include the whole of the South Bank whereas the GLC covers only three concert halls.

**Mr. Buchan:** Does the Minister remember that when the Government took the foolish and malicious decision to abolish the GLC, it was on the grounds that it was undemocratic and costly? The Government have now created a quango of a quango to operate the South Bank and have doubled the cost of administration alone. Does he agree that costs are escalating, that the South Bank has demanded that they be met, and that the only source of funding is the inadequate sum provided to make good the shortfall resulting from abolition of the GLC and the metropolitan counties?

**Mr. Luce:** The hon. Gentleman is ignoring the point that I have just made. The responsibilities that the South Bank board has taken on are wider than those of the GLC, which cover only three concert halls. The board, therefore, has wider responsibilities. It is determined to involve the private sector and the Government in the longer term. That provides a very good prospect.

#### Local Government Reform

25. **Mr. Freud** asked the Minister for the Arts, what is his current estimate of the shortfall in arts funding for

1986-87 in the light of the abolition of the Greater London council and metropolitan counties; and if he will make a statement.

**Mr. Luce:** There should be no shortfall. I am making £25 million available to the Arts Council for post-abolition funding in 1986-87. It is reasonable that the rest of the GLC and metropolitan counties' spending should be taken up by successor authorities, which will be relieved of substantial precepts.

**Mr. Freud:** I am grateful for that reply. Does the right hon. Gentleman realise the extent to which uncertainty exacerbates the misery of arts establishments? Will he address his mind to the fate of the Greater London research library, which has been funded by the GLC and has two months of funding to go but still has had no statement about its future?

**Mr. Luce:** Of course I am aware of the problem of uncertainty, and that was why I tried to make an early announcement about central Government funding to deal with abolition problems. It is now up to successor authorities to play their part and I am glad that Westminster borough council is setting a lead in that respect. The library is principally a matter for the Department of the Environment. I understand that the London residuary body is discussing with the London boroughs proposals for the continuation of a Londonwide service.

#### Eastern Region Arts Association

26. **Mr. Murphy** asked the Minister for the Arts what is the proposed level of funding for the Eastern region arts association for 1986-87; and what percentage change this represents since 1979.

**Mr. Luce:** It is for the Arts Council to determine the level of funding for individual regional arts associations. The 1986-87 funding level for Eastern Arts has not yet been announced.

**Mr. Murphy:** I thank my right hon. Friend for that reply. Does he recognise that, since this Government came to power, the increase in real terms in the eastern area has been 50 per cent.? Does he agree that that gives the lie to Opposition claims about lack of commitment by this Government to the arts?

**Mr. Luce:** I can confirm to my hon. Friend that between 1979-80 and 1985-86 there was a real increase of over 50 per cent. in the allocation to Eastern Arts. As my hon. Friend says, that is a real demonstration of the Government's strong commitment to the arts.



points from which passengers may travel are spread throughout the regions? Will the right hon. Gentleman guarantee that any public expenditure on infrastructure will be new money and will not be taken out of existing budgets?

Now that the Government have taken the decision, it is their duty to ensure that any benefits are evenly spread throughout the country. The Government have a responsibility to the nation as a whole.

**Mr. Ridley:** I was not clear whether the hon. Gentleman was in favour of the link. It is curious that we have had such a grudging response to this statement on the day when the Leader of the Opposition has made a speech—I saw the Tape as I came in—calling for a massive programme to reverse the decline in the British economy.

I shall publish a White Paper giving a mass of the information which the hon. Member for Aberdeen, North (Mr. Hughes) has sought and which other hon. Members will seek. The decision was taken only a day or two ago, so it seems right that I should postpone publication until full details of the decision can be included in the White Paper. I hope that the details will be published within a week or two, or shortly thereafter.

The question of a debate is, of course, one for my right hon. Friend the Leader of the House to consider.

The hon. Gentleman asked me to ensure that objectors to the scheme would have an opportunity to put their views. I confirm that they will be able to present their case as petitioners before the select Committee in this House and in another place, if the Select Committee is prepared to give them status. I shall encourage the Select Committee to be as wide as possible in accepting petitioners.

I can tell the hon. Gentleman—he might even be pleased to hear this—that I believe that a good deal has been done between the British and the French railways, and between those railways and the promoters, which will result in large-scale orders for rolling stock. I am certain that all those who are concerned on the British side will do their utmost to provide as many jobs as they can on this side of the Channel.

We hope to site national customs controls as far as possible next to each other at the entry to the link of each direction of travel so that there will not be duplication or stopping for through passengers, but there still have to be customs and immigration controls.

As to public spending on infrastructure, there will be new money, in the sense that this is a new project. However, whether or not a new link is built, there will still be a need to expand the road system to the channel ports because of the great increase in traffic that is taking place.

**Mr. Geoffrey Rippon (Hexham):** As one of my right hon. Friend's predecessors as Secretary of State for Transport who brought similar proposals before the House more than a decade ago, I congratulate him and welcome his conversion to the project. I express my appreciation at the success of his negotiations and promise my wholehearted support to the scheme.

**Mr. Ridley:** I am grateful to my right hon. and learned Friend for those wise words. In mitigation of what he said about me, I should point out the small difference between his attempt to get his link constructed and mine, which is that on this occasion no taxpayers' money will be involved.

**Mr. Stephen Ross (Isle of Wight):** We welcome the decision that has been made today, and we are grateful for the fact that this project has been chosen and not one of the others.

The right hon. Gentleman said of the chosen scheme: "Its environmental impact can be reduced to an acceptable level."

Does he agree that that can be done only if British Rail has adequate capital resources to make full use of the whole network, including the midlands, the north and Scotland? I realise that this is not in his hands, but will he try to persuade the Select Committee to hold hearings in Dover and Folkestone. This would be the right way forward, because people would be able to make their views heard.

**Mr. Ridley:** I am grateful to the hon. Gentleman for the support that he brings on behalf of the Liberal party for the decision that we have made to choose the Channel Tunnel Group. I am sure that that will be as welcome to Liberals throughout east Kent as it is to the Government. I congratulate him on his courageous support for what he knows to be right. Massive investment will be required by British Rail. A conventional-speed train system will need about £290 million, and a high-speed train system about £390 million, and there will be further investment in the shuttle rail equipment, which will be undertaken by the Channel Tunnel Group. Some large orders from the promoters and the railways are to come for this part of the project. It opens up great new opportunities for extending the railway system right from the north of our country into the farthest corners of Europe. I join the hon. Gentleman in hoping that the Select Committee on the hybrid Bill will be prepared to travel and hear evidence in the affected areas of Kent.

**Mr. Peter Rees (Dover):** Will my right hon. Friend recognise that his statement will not allay the deep and legitimate concern in east Kent about the implications of a fixed link? Therefore, will he accept the need for close and continuing consultation with the local interests likely to be affected? Can he give the House any reassurance that there will be a proper and continuing role for the ferries and ports of Dover and Folkestone? Will he reassure the House that any extra economic activity generated by the fixed link will be retained in east Kent and not be drawn to north-west France?

**Mr. Ridley:** I should like to be as helpful as I can to my right hon. and learned Friend, who has done so much to represent to me the views and fears of his constituents—as has my hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) who, as we all know, cannot speak for himself.

My hon. and learned Friend has made clear, as has my right hon. and learned Friend the Member for Dover (Mr. Rees), the views and fears of constituents on the south-east coast of Kent. As a result of their representations I have decided to set up a joint committee consisting of officials, local authority representatives of the area and the promoters. It will be chaired by my hon. Friend the Member for Hampshire, North West (Mr. Mitchell), the Parliamentary Under-Secretary of State and it will go into all the points of local concern and difficulty, in the hope of improving the impact of the scheme on both the environment and the economics of the affected areas.

I cannot accurately forecast the effect on the ferries to which my right hon. and learned Friend referred.



[Mr. Ridley]

However, I believe that there will be a continuing role for them, even after the link has been opened. Dover has some of the longer distance routes, as well as short sea routes. The growth in traffic is expected to be very great, and I am sure that the ferries will have a share of it. I am also certain that many people will prefer to choose one mode of transport rather than another.

When it is opened, I believe that this huge new artery will carry an immense number of passengers as well as a vast amount of trade between the continent and this country and that it will act as a magnet for new economic development and investment. If the planning policies of the local councils are right, there will be great opportunities for additional development in the east Kent area.

**Mr. Donald Stewart** (Western Isles): Is the right hon. Gentleman aware that some of us view this project as simply the biggest election bribe in history? It is clear that this decision has been arrived at without due consideration of its implications for Scotland and other parts of the United Kingdom and of its effect upon the merchant service. Will the right hon. Gentleman hold up this project until a commission has fully investigated all these aspects?

**Mr. Ridley:** The link will greatly benefit constituents throughout the country, including those in Scotland. If goods can be sent to the continent more quickly, more cheaply and without the risk of delay, and if people can travel to the continent more quickly, more cheaply and without the risk of delay, that will aid the competitiveness and trade of the whole country. These are not Government funds which could be spent in other directions. A great deal of this money will be international money. A great deal of this capital will go only to projects which are chosen internationally. It will not be possible to direct it elsewhere.

**Mr. David Howell** (Guildford): Will my right hon. Friend accept that the Government have made by far the best and most sensible choice by choosing the Channel Tunnel Group's scheme from among the other fixed link options? Will he also accept that this is the only scheme that ensures that a substantial amount of the growth in traffic will still go to the ferry operators? Will he say a word about the plans for streamlining the handling of customs and immigration, in particular the possibility of on-train customs handling, since this would represent an important asset for the project?

**Mr. Ridley:** I am very grateful to my right hon. Friend. I welcome his support because he, too, studied this matter in depth when he had my responsibilities. He is correct in saying that this choice means that the opportunities for continuing the ferry operations are great indeed, although it is difficult to be specific about the precise amount.

My right hon. Friend asked about customs and immigration. We are working hard on this matter. My hon. Friend the Minister of State, Treasury is still hoping to find ways to improve this service. For many reasons, we shall need both customs and immigration. The reasons include the prevention of disease through plants and animals being carried through the link. Controls will therefore be needed.

I am anxious that a special arrangement should not be provided for the through trains which use the link which

would be competitively disadvantageous for the ferries or for any other forms of transport. To concentrate both the French and the English controls at the point of departure in each direction will mean at least that passengers are stopped only once, and that control acts only once.

**Mr. Gordon A. T. Bagier** (Sunderland, South): In making the decision to have a fixed link, I congratulate the right hon. Gentleman on following the guidance of the Select Committee on Transport. I only wish that he had done so on the occasion of the Bill dealing with buses. The courage of the Minister has been mentioned, so I congratulate him on taking the hazardous line of disagreeing with his right hon. Friend the Prime Minister on her reported preference for another scheme. Will the Minister give an undertaking that when the White Paper is published he will make strong representations to his right hon. Friend the Leader of the House to ensure that it is debated and that a decision is taken by the House before the treaty with France is signed?

**Mr. Ridley:** I am grateful to the hon. Gentleman. The report of the Select Committee on Transport was most helpful. I am pleased that we have been able to agree with it entirely. The hon. Gentleman did a quick and expert job, and the Government are grateful to him.

This has been a rather frustrating time for the press, because its members have been unable to discover what has been happening. Some hon. Members may have seen misleading statements in the press, which, I am happy to say, are untrue. The Government are united in their choice, and we agree with the French as well.

Debates are a matter for my right hon. Friend the Leader of the House, but there will be a Second Reading debate on the hybrid Bill.

**Sir Julian Ridsdale** (Harwich): Is my right hon. Friend aware that his optimism about the future of the ferries is not shared by some of the ferry operators? Will he consider the matter carefully, to ensure that this decision has not sounded the death knell for the British merchant marine, which has served this country so well?

**Mr. Ridley:** Some ferry operators are more pessimistic than I have been this afternoon about the prospects. However, it will be seven or eight years before any link can be opened. During that time we expect a massive growth in traffic to the continent, which will result in extra business for the ferries. The extent of the business that they will retain is hard to predict, but I am not pessimistic about the prospects for my hon. Friend's constituency.

**Mrs. Gwyneth Dunwoody** (Crewe and Nantwich): As the transport unions have been especially careful to offer positive co-operation, will the Secretary of State suggest to the chairman of the Channel Tunnel Group that it is unhelpful to give the impression that he would be prepared to use non-union labour on a fixed link?

**Mr. Ridley:** Far be it from me to make suggestions to the chairman of the Channel Tunnel Group after we have made our decision and accepted the final proposals as modified. However, there may be some disagreement about what the hon. Lady has said. The customers using the link will place great reliance upon the fact that it will not be subject to strikes and interruption. The hon. Lady's question is a strange one. To ask to ensure the possibility of unionised activity and strikes is to sound a warning note of the true face of the Labour party.



**Mr. David Crouch** (Canterbury): Is my right hon. Friend aware of how bitter the opposition is in east Kent to the proposition? Is he further aware that although I give the proposition my support on national grounds, I am sorry that I am unable to carry my constituents with me? Will my right hon. Friend offer my constituents and the environmental societies more than a hybrid Bill as a means of registering their complaints? Will he offer them consultation with officers in his Department, so that they will feel that they are being heard and that something is being done about their complaints?

**Mr. Ridley:** I am fully aware of the feelings in east Kent. My hon. Friend and I have visited the area and discussed the matter with local people. I share my hon. Friend's view that there is still much apprehension. In response to this, we shall undertake a major consultative programme in the area and, in addition, my hon. Friend the Under-Secretary of State will chair a co-ordinating committee of the local authorities, the promoters and the Government as problems arise. The procedures of the hybrid Bill Committee will allow almost anyone who is affected to make representations, not just to the Committee in this House, but to the Committee in another place. Those are full and proper arrangements for hearing local objections, and I confirm that the Government and the promoters will do what they can to adapt the scheme to local requirements.

**Mr. Bruce Millan** (Glasgow, Govan): Is the Secretary of State aware that many of us are resolutely opposed to a Channel fixed link, whether this project or any other, for the reason which the right hon. Gentleman acknowledged in answer to a previous question, namely, that this will suck further economic activity into the south-east of England, which is the last place in Britain that needs such stimulus? This is just another project that will widen the north-south divide, and it will be bitterly opposed, especially in Scotland.

**Mr. Ridley:** My hon. Friends who represent Kent have expressed concern about the effect on Kent, although not in the sense that it will suck jobs from Scotland into Kent. I believe that the link will create some growth in jobs. The orders that will be placed for rolling stock and other manufactures will be of great benefit to the entire country. The fact that Scottish exports will be able to reach the continent more cheaply and more quickly should be recognised as a help to the competitiveness of the right hon. Gentleman's constituents and, therefore, to their advantage.

**Sir Hector Monro** (Dumfries): Will my right hon. Friend conduct careful consultations about conservation before producing a White Paper? Will he have discussions with the Nature Conservancy Council, which is the Government's adviser, and which wishes to put strong points to him?

**Mr. Ridley:** We are always keen to take what action we can to assist in improving arrangements for conservation. My hon. Friend will know that geography dictates where the tunnel will come out and where the service area will have to be. It would be difficult to change that now.

**Mr. Roland Boyes** (Houghton and Washington): Is the Secretary of State aware that I and the majority of my constituents completely oppose the building of the fixed

link? We live in an area of high unemployment, and we cannot understand why the Government can encourage the expenditure of billions of pounds on building a hole in the ground, instead of encouraging such expenditure on building structures above the ground. The construction of new schools, houses and hospitals would reduce unemployment in my area. This project will increase unemployment there.

**Mr. Ridley:** This is not Government cash which could be used to build schools, hospitals or other structures in the hon. Gentleman's constituency. It is international capital, which will go to projects only where investors believe they can earn a reward. It is far better that that capital should be used to build a Channel link than to build factories on the continent, which might make the competitiveness of the hon. Gentleman's constituents even worse. I repeat that a most useful benefit to the north of England and Scotland will be the fact that goods will be transported more cheaply to their markets. Transport is an important factor in industrial costs, and anything that we can do to reduce transport costs will help industry.

**Sir John Wells** (Maidstone): Is my right hon. Friend aware of the great opportunities that will be created for new employment in Kent, despite fears of early local unemployment on the ferries and elsewhere? Will he encourage Kent county council and the district authorities to grant planning permission, so that Kent may grow, with great prospects for our people? In north Kent unemployment is as high as it is anywhere in the country.

**Mr. Ridley:** I agree with my hon. Friend that there is great potential for further development arising from the link. However, such development must depend on the planning policies pursued by district councils. I have been in close touch with the chairman of Kent county council, who came to Lille with me early this morning. We have throughout discussed the problems and opportunities which the link presents. I undertake to keep in close touch with the Kent local authorities to ensure that every opportunity is taken to help.

**Mr. John Cartwright** (Woolwich): Given the considerable public interest in having a drive-through link in addition to the rail tunnel, does the Secretary of State accept that the year 2000 seems a long way off? What steps will he take to encourage the CTG to tackle the technical problems involved well before that deadline, and how firmly committed are the French Government to the concept of a drive-through link at a future date?

**Mr. Ridley:** Both Governments would have liked to see a drive-through link, but the problems are fairly formidable, in the sense of a 5 or 6-kilometre stretch near the French coast where the strata are difficult and unknown. It will be of great assistance to drive the bored tunnels of the CTG through those strata, when more information about the possibility of a bigger tunnel for a drive-through link can be gathered. There was always doubt about the ventilation system proposed by Channel Expressway. With further advances in that technology, and with the greater geological information that we hope to obtain, it may be possible to drive a bigger tunnel through at a later stage. The CTG's undertaking, which will be spelt out and put into the White Paper, makes it possible to do that fairly soon, or, in default of that, for a further invitation to be made to promoters so that a drive-through link would come into existence by the year 2,020.



**Several Hon. Members** rose—

**Mr. Speaker:** Order. We must bear in mind that we have an important debate after this. I know that this is an important matter, but many hon. Members who are now rising also wish to take part in the subsequent debate. Therefore, I shall allow questions to continue for a further 15 minutes. However, I ask for brief questions, because that will probably lead to briefer answers.

**Mr. Jonathan Aitken** (Thanet, South): As a non-interventionist Minister, can my right hon. Friend explain why all his busy intervening in the past few days has not achieved the winner for which he and the Government were pressing last week, and instead has resulted in what many hon. Members see as game, set and match to the French? Moreover, in view of the widespread misgivings in all parts of the House about the project does he understand that his Bill now faces a grim uphill struggle through the House, and that Parliament will do the job which, because of the timetable, the Government have not yet been able to do, which is to scrutinise the project thoroughly and defend Britain's and the public interest?

**Mr. Ridley:** I assure my hon. Friend that negotiations with the French were at times quite hard. We achieved what we wanted on a number of matters, particularly in the area of railway finances and railway deals, and in respect of the many matters which will be the subject of the treaty and the concession agreement. I can further assure him that everything that he has read in the newspapers is not accurate, that although we finally agree, there was a good deal of argument with the French, and that the British Cabinet has achieved its preferred objective, which is the Channel Tunnel Group scheme.

Regarding the time scale, it will take more than a year for the hybrid Bill to pass through both Houses of Parliament, and it will be possible to carry it over at the end of the Session, so ample time will be available. It will be up to hon. Members who sit on the Select Committee, and noble Lords, to ensure that all these matters are fully considered and explored in depth. That is the right time to carry out such an in-depth exploration, because we could not possibly have done that with three or four schemes.

**Mr. James Lamond** (Oldham, Central and Royton): If this project, which the Minister has welcomed so enthusiastically today, is to bring fresh employment and renew our economy, it no doubt had a high priority on the list before any prudent Government. Now that the Government's responsibility for financing the project has been taken over by private capital—we hope entirely—may we assume that that has freed a considerable sum which can be used to finance projects in regions which are at present hard hit, for example the through-Manchester rail link, or even the retention of the Oldham-Rochdale rail link?

**Mr. Ridley:** The hon. Gentleman makes a mistake which is typical of the Socialist party, in that he does not understand the difference between Government money and other people's money.

**Mr. Keith Speed** (Ashford): Will my right hon. Friend be as forthcoming as possible about the independent advice that he has received, and in particular give us maximum information about the environmental impact study, which is extremely important to Kent?

**Mr. Ridley:** The environmental impact study will be published with the White Paper. I agree that it is extremely important, and we want to give the maximum amount of information we can, together with the other matters dealt with in the White Paper.

**Mr. Andrew Faulds** (Warley, East): What on earth has possessed the Government to recommend that this expensive, unnecessary and vulnerable project should go ahead, except as a stunt for electoral considerations on both sides of the Channel, without even a public inquiry into the profound environmental effects and the damaging implications for the regions?

**Mr. Ridley:** The Government have been persuaded to go ahead because there appears to be a strong desire for better communication links with the continent. It would be a foolish Government who sought to frustrate that when the link does not cost any public money. For a whole day on a motion from the Opposition Front Bench the House debated whether there should be a public inquiry, and it decisively rejected the idea, in my opinion, rightly.

**Mr. Roger Gale** (Thanet, North): I am thankful for the fact that a scheme has been chosen which will have the least short-term bad effect on north-east Kent, and I am grateful to my right hon. Friend for recognising the need for Thanet to be able to compete on equal terms for cross-Channel traffic. Therefore, I am particularly grateful for his undertaking that, given the consent of Kent county council, he will commence immediately the trunking of Thanet Way. Since his visit to Thanet in December, what further consideration has he given to the communication links between Thanet and the Channel tunnel, so that Thanet and the whole of north-east Kent may benefit, as he suggests, from such a venture?

**Mr. Ridley:** I am grateful to my hon. Friend for what he says, but both Thanet Way and the other routes to which he referred are in the main local, not national, roads. If Kent county council puts forward any of the schemes for priority treatment, we shall do our best to assist under the TSG allocation, but the council must suggest the priorities. My hon. Friend went so far as to suggest trunking Thanet Way. I promised to look into that, and I cannot yet give him a definite answer.

**Mr. Dennis Skinner** (Bolsover): Is the Minister aware that this is another example of Common Market madness, and that all the talk about jobs for people making the products needed for the Channel tunnel is similar to what we were told by his right hon. Friend the Member for Old Bexley and Sidcup (Mr. Heath) when the Tory party was dragging Britain into the Common Market without a vote? Why have the Government come up with this without a mandate from the British people? It is a stab in the back for the north, the midlands, Scotland and Wales, as opposed to the few down in the golden triangle. Why does the Minister not give all the hon. Members who dragged Britain into the Common Market a shovel and let them build the tunnel? We shall never get one then.

**Mr. Ridley:** It is interesting that the hon. Member for Bolsover (Mr. Skinner) is the first hon. Member to mention the Common Market this afternoon. As far as I am concerned, the agreement is an Anglo-French agreement resulting in an Anglo-French treaty to facilitate Anglo-French trade. The vote on this matter in the House in December seemed to be a good mandate for proceeding.



**Mr. Andrew Rowe** (Mid-Kent): Does my right hon. Friend accept that while in the medium and long-term the economy of Kent may benefit from the project, in the short-term places like the Medway towns may find that their already inadequate road systems are grossly overloaded by any additional prosperity coming into the area? Can my right hon. Friend assure the House that he will give sympathetic consideration to proposals to improve the road structure in that area?

**Mr. Ridley:** During the next eight years there will not only be many people employed in constructing the link, but there will be an increase in ferry traffic. In the next eight years, direct employment will continue to improve. I note what my hon. Friend said about roads, and I have made it clear that the Government will be sympathetic and assist with road programmes in Kent which are affected by any fixed link. As projects come forward, they can be considered by the committee to which I have referred. The Government will do all that they can to assist any untoward effects that the link might have upon transport in Kent.

**Mr. Robert C. Brown** (Newcastle upon Tyne, North): Is it not a constitutional outrage that a project of this size and importance should be lumbered on the country following consultation in a Cabinet Committee and a Cabinet meeting, when the building of a power station can call for a public inquiry lasting three years or more? Is that not scandalous. The Minister lectures my hon. Friends about Socialists not understanding the difference between public money and other people's money, but he does not seem to understand that the enormous cost of the project will be met out of national resources. I can think of 1,001 better ways of using national resources in my neck of the woods, rather than using them in south-east England.

**Mr. Ridley:** What is an outrage is to take 10, 20 or sometimes 30 years to make up our minds about major infrastructure projects when other countries can do that in a matter of months. If we are serious about development and jobs, we should of course consider environmental, wildlife and employment aspects, but we ought to be able to do that more quickly than we do. If we really want to see the employment that should arise from the link, we must take action within a reasonable time scale.

**Mr. Mark Wolfson** (Sevenoaks): Is my hon. Friend aware that, in principle and specifically, I welcome the historic decision revealed today? I also welcome the rapidity with which the decision was reached. Nevertheless, is my right hon. Friend aware that, while welcoming the commitments that he has given today, the House will continue to press him and succeeding Governments on two points that he has made? I am referring, first, to the consultation arrangements to take into account the real concerns of people throughout Kent; and, secondly, the commitment by the Government and the promoters that the project will not require public money, now or in the future.

**Mr. Ridley:** I am grateful to my hon. Friend for his comments. It has been suggested that the Government have taken this decision with undue rapidity and that we have been rushed. I assure my hon. Friend that in delivering the decision today, 20 January, as promised, we have not been unduly rushed and that we did not need more time to come to a decision. I agree with my hon. Friend about the importance of consultation with Kent and, as I

have said to several of my hon. Friends, the Government intend to pursue that vigorously. I give a categorical undertaking that, apart from the improvement of road and rail infrastructure, no public funds will be made available for the project.

**Mr. Tony Lloyd** (Stretford): The Secretary of State does not want to be aware of how offensive the project will be to everywhere north of Watford, as he did not mention the unemployment consequences there. Can he tell the House specifically how many jobs will be lost in the northern regions of England, in Wales and Scotland? Can he also tell the House whether the moneys that British Rail will spend, will be spent in two regions, in the south-east, and in the rest of the country?

**Mr. Ridley:** The hon. Gentleman seems to have misunderstood. The vast majority of the investment, both by British Rail, which will be in rolling stock, and by the promoters, which will be in rolling stock for the shuttle service, will provide work for railway workshops and such installations. That work should find its way to many factories in towns and cities in the north of England. It is astonishing that instead of welcoming that the Opposition do not seem even to have understood it.

The hon. Gentleman should withdraw the word "offensive" from his remarks. If providing jobs from the private sector by massive orders of this kind is described as offensive, the hon. Gentleman's claim to be concerned about unemployment in the north is hypocritical.

**Mr. Teddy Taylor** (Southend, East): Why is my right hon. Friend so optimistic about an undersea rail tunnel when the only comparable tunnel in the world, just completed in Japan, has been a total and complete financial disaster? Can he at least assure the House that the prospectus issued to investors will make it abundantly clear that if the money runs out before the tunnel is completed their money will be lost and no Government funds will be made available to complete the project?

**Mr. Ridley:** There is a difference between the Channel fixed link and the tunnel in Japan, in that the tunnel under discussion will go from Britain to the continent of Europe, while the tunnel to which my hon. Friend referred goes from Japan to the north island off the coast of Japan, where very few people live. I believe that there are many people living on the continent of Europe. I repeat the assurance that I gave in my previous reply. No public money will be made available to rescue the project if it gets into financial difficulties.

**Mr. Max Madden** (Bradford, West): Does the Secretary of State not understand that a good many people living north of Watford do not see any long-term benefits flowing to them from Maggie's monument? Does he not understand that that results from the fact that the project has been steamrollered through in the interests of a tiny group of people who will make a lot of money? Does he not understand that as the Government have refused a public inquiry, and have failed to give any guarantees about British orders or British jobs, there is no more faith in the project than there is in the Government's position over Westland?

**Mr. Ridley:** If the hon. Gentleman is correct and a small number of people will make a lot of money from the project, they will make that money out of people coming from the whole of the United Kingdom to use the link,



[Mr. Ridley]

either to send their goods through by rail or to travel themselves. The money will come from his constituents and from constituents in the north of England and Scotland, who voluntarily and willingly decide to spend money on the link because they believe it to be to their advantage to do so. If the hon. Gentleman does not have the good grace to tell his constituents that the project is something that will benefit them, his constituents will find that out for themselves and his advocacy will thereby be devalued.

Several Hon. Members rose—

**Mr. Speaker:** Order, in view of the interest shown, I shall allow an extra five minutes, but only five minutes.

**Mr. Robert Adley** (Christchurch): Is my right hon. Friend aware that many hon. Members give a wholehearted welcome to his courageous decision today? Will he confirm that the decision that he has announced offers the greatest possible benefit to those carrying freight across the Channel and offers the greatest possible benefit to the regions of any of the proposed schemes. Therefore, in his discussions with British Rail about investment, will my right hon. Friend give the maximum time possible to the proposition that the more investment British Rail can place in its regional facilities, the more that will benefit the nation?

**Mr. Ridley:** I am grateful to my hon. Friend for his comments, but I am still waiting to hear whether his co-chairman of the all party Channel tunnel group, the hon. Member for West Bromwich, East (Mr. Snape) agrees that this is one of the best decisions that could have been taken and that he entirely supports it, as my hon. Friend the co-chairman of the group has so rightly done. However, answer comes there none.

It will be a massive opportunity for railways on the direct London-Paris link, and there will be opportunities to travel from further afield to the link, to cross the Channel by means of the link and to go further into Europe. The project will open up a new opportunity for the railways, and I hope that they will take it. We have demonstrated that our attitude to railway investment, provided that it is commercial, is not to stint it. I think that the railways will confirm that they have not been held back by a lack of funds and that they will be able to make a worthwhile investment.

**Dr. John Marek** (Wrexham): Is the Secretary of State aware that there are many of us who believe that he has made the right decision, but who are worried and apprehensive that the eventual benefits to accrue will not find their way to Wales, Scotland and the north of England? Is the right hon. Gentleman aware that the existing track in the south-east of England will not be sufficient to cater for the Channel traffic and the London traffic, and that cross-London links are inadequate? Can he give the House a guarantee that British Rail will be able to do a proper job and provide first-class capacity in the south-east and through London to connect the tunnel to the north of England? Will he assure us that the money will not be made available at the expense of other works that British Rail should be undertaking?

**Mr. Ridley:** The hon. Gentleman takes a reasonable and sensible attitude to the project, which represents a

major opening of opportunities for railways. There is nothing to stop through trains travelling to the link from all parts of the country. The necessary connections can be made where they do not currently exist. These developments will be of benefit to the hon. Gentleman's constituents and to others from the north and west of England and from Wales and Scotland. It is not planned to increase the standard of the track that runs from Folkestone to London to enable it to take very high speed trains. Such work would cause major disruption and would inflict immense damage on the environment. We have made it clear that that will not happen.

**Mr. James Couchman** (Gillingham): I apologise to my right hon. Friend for missing the first few minutes of his statement. I congratulate him on taking a historic decision. I regret that the technical ability to construct a road link is not presently available, but my constituents will welcome the fillip to employment that the project will produce in north-west Kent. However, they will continue to be mindful of the environmental problems that may accrue with the link, especially with the link to the north through the Dartford tunnel, which will have an effect on the whole of north-west Kent.

**Mr. Ridley:** I am grateful to my hon. Friend, and I note carefully what he has said. I hope that we may keep closely in touch with opinion throughout Kent. I am sure that the promoters will want to do so. We shall do all that we can to help meet any problems that are created by the opening of the link.

**Mr. Peter Hardy** (Wentworth): The Secretary of State has referred to the potential for railway development. Does he realise that that will go down very well in Rotherham, where the works producing products for the railway and the ring road were planned for closure last week? His remarks will go down very well also in the light of the thousands of jobs that have been lost in railway workshops during the Government's lifetime. Does he accept that the principal difference between France and Britain is that the land in France that will be adjacent to the tunnel is the area of France that is most in need of development, while the area of Britain that will be immediately adjacent to the tunnel is the one that is least in need of development? The link could scarcely be sited further away from our areas of immense and growing unemployment.

**Mr. Ridley:** I think that the hon. Gentleman says that, fully believing it to be true. Many of my hon. Friends, especially those from north-east Kent, have said that they, too, have high levels of unemployment in their constituencies.

**Mr. Hardy:** Rubbish.

**Mr. Ridley:** These levels are often higher than those in constituencies represented by Labour Members. It is right to consider unemployment levels in a non-partisan way. If the construction of the link brings extra jobs to any part of the kingdom, I think that we must all be pleased.

**Mr. Anthony Beaumont-Dark** (Birmingham, Selly Oak): Will my right hon. Friend accept that the nervousness of many of us stems from the Government's well-known reluctance to spend hundreds of millions of pounds on essential infrastructure in the cities? It seems that there is a great willingness now to spend many hundreds of millions of pounds on ruining that which already exists, and thereafter to spend on what will be



called restructuring. Will he accept that many of us will take it very much amiss if the moneys that are spent on the link come from the hard-pressed cities, which need the moneys to put right what is wrong already?

**Mr. Ridley:** My hon. Friend must know that the Government have a responsibility to build roads wherever there is need for them and to improve roads that are overlaid. We shall have to improve the roads to the Channel ports, irrespective of whether the link is built, because the amount of traffic using them is increasing quickly. The House will be aware that we have built roads to the east coast and south-coast ports, in Glasgow and in the north-east. Currently, and to a large extent, we are constructing roads on Merseyside and in the north-west. We build roads wherever they are needed. We may have to build roads in slightly different places and rather more quickly because of the opening of the fixed link. However, that does not mean that special favours have been given. I am sure my hon. Friend will acknowledge that it is not possible to draw an analogy between that matter and what may or may not be desirable for the inner cities.

**Mr. Peter Snape** (West Bromwich, East): Can the Secretary of State assure the House that the White Paper will provide a detailed assessment of the net effect on jobs of the fixed link project? Will it set out the Government's view of the number of jobs that will be won or lost during its construction and during the operation of the tunnel in each of the affected industries, especially the maritime industries, and in the various regions of the United Kingdom that will be concerned? Will he provide assurances to the House and to British Rail that British Rail's external financing limit will not be allowed to put any constraint on BR's investment in the Channel project?

What effect does the right hon. Gentleman expect his decision to have on the supposed and forthcoming closure of the Swindon railway works, and on the compulsory redundancies at the Glasgow railway works? If the project is to bring benefits to the engineering sector of British Rail, there should be reprieves for the works that are threatened with closure.

I move on to environmental considerations and urge the Secretary of State to keep the Cheriton terminal as small as possible, so as to reduce the environmental impact on the south of England.

As for industrial relations, will the right hon. Gentleman tell the chairman of the Channel Tunnel Group that the recruitment of non-union labour is no guarantee of long-term industrial peace, as any sensible manager in industry will be the first to tell him?

Finally, the Secretary of State asked me about my own attitude to the project. I have always supported the idea of a railway fixed link with the Channel. I voted against the previous Labour Government's cancellation of the project in 1975. I should like to know more about the right hon. Gentleman's attitude towards the four schemes that were submitted. It is fairly well known that he denounced all of them as madness. He said what we heard him say this afternoon because he was told to do so by the Prime Minister. Compared with him, the right hon. and learned Gentleman the Secretary of State for Trade and Industry is a model of courage and consistency.

**Mr. Ridley:** If that was support and a welcome, I have never known a better disguise. I have always voted against Channel tunnels which have had to be financed out of taxpayers' money. We now have a private sector project, and that is a valid difference. I support it, and I have done so since the beginning of the scheme. We shall publish in the White Paper all the information that we can on the job consequences of the link both before and after it opens.

I am grateful to the hon. Gentleman for the confidence that he places in the Government. The bulk of the expenditure on investment by British Rail will take place in about 1989, 1990 and 1991, and I have already approved that investment in principle. It will not be cut by the EFL. The hon. Gentleman's confidence that I shall be presiding over that investment as well as the EFL in 1990 is something that gives me great pleasure. I am always grateful to the hon. Gentleman for the kind and generous way in which he treats me.

As the hon. Gentleman knows, Swindon and Glasgow workshops are maintenance establishments and would not be relevant to the type of new build that will be necessary for the project. Everything possible will be done with the promoters and local authorities to contain the effects of the terminal at Cheriton to the minimum and to that which is most acceptable to the residents.

The hon. Gentleman ended on the same sour note as his hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody). I never knew that they got on so well together in these matters. He insisted that there should be trade union participation in the shuttle train operation. This is a matter for the promoters to decide, and they will doubtless want to make sure that they can provide the maximum of continuity of service. It would be wrong for me or for the hon. Gentleman to intervene in such a matter.

**Mr. Faulds:** On a point of order, Mr. Speaker. About this North sea bubble, when the right hon. Gentleman refers to the benefits to Anglo-French trade—

**Mr. Speaker:** Order. I called the hon. Gentleman to put a question to the Secretary of State. It sounds as though he is putting another one.

**Mr. Faulds:** The terminology is incorrect. When the Minister refers to the advantages to Anglo-French trade, is he being specific about the benefits to England—

**Mr. Speaker:** Order. A point of order is addressed to me, and the hon. Gentleman is now addressing his comments to the Secretary of State. If the hon. Gentleman will address his point of order to me, I will see what I can do to help him.

**Mr. Faulds:** Further to the point of order, Mr. Speaker. It is time that we in the House clarified our terminology in describing the whole of this island. In describing the benefits of this scheme as being to England—

**Mr. Speaker:** Order. The hon. Gentleman is drawing me into country into which I should not be tempted to go.



## Westland plc

**Mr. D. N. Campbell-Savours** (Workington): On a point of order. Mr. Speaker. In light of the fact that we have been told that certain documents are not to be made available to the Select Committees on Defence and Trade and Industry, I would like to raise a point of order following upon your ruling in column 1211 of the *Official Report* of 16 January when, following a point of order raised by my hon. Friend the Member for Middlesbrough (Mr. Bell), in which he referred to quotes from official documents and the need for those documents to be placed in the Library, you said in your ruling:

"I do not think that there was a quotation from a document."

You then went on to say in the same column:

"that if Ministers quote from an official document, as opposed to paraphrasing an official document, it is our rule that that official document should be laid."

You did not include letters and memoranda. In column 1212, the Prime Minister, in an intervention, said:

"The first thing is, therefore, to check *Hansard* to see whether what was said was given as a direct quote from the document. That is the first thing that we must find out. What follows from that is a matter for the House, not for me."

In column 1214, the hon. Member for Woking (Mr. Onslow) said:

"Since a reading of that column nowhere suggests that my right hon. and learned Friend the Secretary of State for Trade and Industry was quoting from any document other than the notes of his speech, this is not a matter that should detain us any longer." [*Official Report*, 16 January 1986; Vol. 89, c. 1211-1214.]

You concurred with that view, Mr. Speaker.

The quotation that was being examined is to be found in column 1167 of 15 January. It reads:

"At that meeting, Sir John Cuckney referred to what he described as the Government's preference for a European minority shareholder in Westland. I said that a European minority shareholder was in both the commercial and political interests of the Government." [*Official Report*, 15 January 1986; Vol. 89, c. 1167.]

That is a quote by the Secretary of State for Trade and Industry. Parts of that statement are from the official document. They are drawn from a letter, which is precluded under the arrangements as outlined in "Erskine May", but equally from a minute. That minute exists. It is known to Members of the House. I quote from that minute where it meets exactly the words as spoken by the Secretary of State. The words are:

"The Government's preference for a European minority shareholder in Westland",  
and, secondly,

"a European minority shareholder was in both the commercial and political interests of the Government".

Those are direct quotes.

I have consulted my hon. Friends, Mr. Speaker, and during the course of the speech by the right hon. and learned Gentleman the Secretary of State he actually referred to documents which were before him. It was clear that he was quoting. It may be that in the *Official Report* it was not printed as a quote, but it was a quote. It may be that the Secretary of State for Trade and Industry sought not to represent what he was saying as a quote, but it was a quote.

In so far as it was a quote—

**Mr. Speaker:** Will the hon. Member come to his point of order, because 33 right hon. and hon. Gentlemen are anxious to get on to the next debate?

**Mr. Campbell-Savours:** I am sure that the House will bear with me. It is a point of order about a matter of great public controversy.

My point of order is simply to establish whether, in the light of what I said, and in so far as the Minister was not paraphrasing, as you suggested to the House that he might be, in so far as he was quoting directly, you would now intervene, Mr. Speaker, and make a ruling as to whether that document should be laid on the Table, as is required in our manual on procedure? This is referred to specifically on page 433 of "Erskine May", where it says:

"A Minister of the Crown may not read or quote from a dispatch or other state paper not before the House unless he is prepared to lay it upon the Table. Similarly, it has been accepted that a document which has been cited by a Minister ought to be laid upon the Table of the House, if it can be done without injury to the public interests. A Minister who summarises a correspondence—

which was not being done in this case; it was being referred to specifically—

"but does not actually quote from it, is not bound to lay it upon the Table. The rule for the laying of cited documents does not apply to private letters or memoranda."

We are referring here to a minute, Mr. Speaker, and I put it to you that you might care, following the fullest consideration, to rule.

**Mr. Douglas Hogg** (Grantham): Further to that point of order, Mr. Speaker. In the end, it is a matter of interpretation. Is it not right that during the debate to which the hon. Member referred no one from the Labour Benches rose to assert that a direct quotation was being made by the right hon. and learned Gentleman?

**Mr. Campbell-Savours:** I did.

**Mr. Tony Marlow** (Northampton, North): Further to that point of order, Mr. Speaker. If a Minister makes a short statement of Government policy, obviously, from time to time and coincidentally, that statement can be found in confidential documents. What the hon. Gentleman is saying is that every document, every secure, confidential Cabinet document should be placed before the House. That is manifest nonsense.

**Mr. Dennis Skinner** (Bolsover): Further to that point of order, Mr. Speaker. You heard what the hon. Member for Grantham (Mr. Hogg) had to say about no one from the Labour Benches rising to challenge the Secretary of State at the time that he was reading from those documents. That statement is not correct because, at the time that the Secretary of State was making that statement, there were several of us—and I was sitting about four places below—shouting from our seats and standing up, calling to the Secretary of State that he was reading. My hon. Friend the Member for Workington (Mr. Campbell-Savours) was also on his feet, making the same point. "Lay it on the Table" is what we were saying. I think that it would be sensible, Mr. Speaker, for you as Speaker to look into the request made by my hon. Friend, so that we can make absolutely sure that the matter is dealt with properly.

**Mr. Alan Williams** (Swansea, West): Further to that point of order, Mr. Speaker. The panic on the Government Benches certainly seems to justify the question that my hon. Friend the Member for Workington (Mr. Campbell-Savours) has raised. It has been referred to previously in the House, and several Members have asserted that they actually saw the Minister reading from a document.



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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

*Cole*

Question  
Press  
CAP  
AN

Tim Flesher Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

20 January 1986

*Dear Tim,*

**CHANNEL FIXED LINK: STATEMENT, 20 JANUARY 1986**

/ I attach the draft of a statement which my Secretary of State proposes to make in the House this afternoon following the decision made by the Prime Minister and the French President in Lille this morning about the Channel Fixed Link. I apologise for the late circulation of this draft: as you know, the final decisions on the project were taken very recently. A draft was circulated earlier today to officials in FCO, Treasury and DOE, and this version reflects their comments. It may be necessary to make further amendments before the statement is made at 3.30.

I am copying this letter, with the enclosures, to the Private Secretaries to all members of the Cabinet, and to the Private Secretary to the Chief Whip.

*Yours,  
Richard*

R A ALLAN  
Private Secretary

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1.

STATEMENT BY THE SECRETARY OF STATE FOR TRANSPORT, 20 JANUARY  
1986

### CHANNEL FIXED LINK

WITH PERMISSION, MR SPEAKER, I SHOULD LIKE TO MAKE A STATEMENT  
ABOUT THE CHANNEL FIXED LINK.

MY RT HON FRIEND THE PRIME MINISTER AND THE PRESIDENT OF FRANCE,  
MEETING EARLIER TODAY IN LILLE, ANNOUNCED THE DECISION OF THE TWO  
GOVERNMENTS TO TAKE TOGETHER THE NECESSARY STEPS TO FACILITATE  
THE CONSTRUCTION OF A FIXED LINK ACROSS THE CHANNEL BY THE  
CHANNEL TUNNEL GROUP. COPIES OF THE JOINT STATEMENT ARE BEING  
MADE AVAILABLE IN THE VOTE OFFICE.

WE WILL PUBLISH AS SOON AS POSSIBLE A WHITE PAPER THAT WILL GIVE  
THE FULL REASONS FOR THIS DECISION. IT WILL ALSO CHART THE NEXT  
STEPS TO GIVE EFFECT TO THE DECISION: THE TREATY, THE CONCESSION  
AGREEMENT AND THE LEGISLATION.

THE TWO GOVERNMENTS WERE FACED WITH FOUR PROPOSALS OF OUTSTANDING  
QUALITY WHICH REFLECT GREAT CREDIT ON THE FIRMS INVOLVED. IT IS  
REMARKABLE THAT SUCH KEEN COMPETITION COULD DEVELOP TO PROVIDE  
AND FINANCE PRIVATELY A PROJECT OF THIS MAGNITUDE. THE KEY  
FACTORS THAT LED THE GOVERNMENT TO SELECT THE CHANNEL TUNNEL  
GROUP WERE AS FOLLOWS.

EUROBRIDGE WAS ELIMINATED LARGELY ON TECHNICAL GROUNDS. IT IS AN

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IMAGINATIVE AND FORWARD LOOKING PROPOSAL, BUT THE TECHNICAL RISKS MAKE IT TOO SPECULATIVE FOR THE TWO GOVERNMENTS TO BELIEVE IT WAS LIKELY TO BE FINANCED AND SUCCESSFULLY COMPLETED.

THE CHOICE BETWEEN CHANNEL TUNNEL GROUP, CHANNEL EXPRESSWAY AND EUROROUTE WAS A MORE DIFFICULT ONE. THEY DIFFER WIDELY AS TO THEIR TECHNICAL CHARACTERISTICS, THEIR IMPACT ON THE ENVIRONMENT, THEIR EFFECT UPON SHIPPING, AND THE VULNERABILITY TO TERRORIST ATTACK - ALL FACTORS IN THE DECISION. THE INVITATION TO PROMOTERS MADE IT CLEAR THAT ANY FIXED LINK HAD TO BE FINANCED, CONSTRUCTED AND OPERATED WITHOUT SUPPORT FROM PUBLIC FUNDS, AND WITHOUT GOVERNMENT GUARANTEES AGAINST TECHNICAL AND COMMERCIAL RISKS. IT IS THUS FOR INVESTORS ULTIMATELY TO DETERMINE WHETHER A FIXED LINK IS BUILT. THE GOVERNMENTS HAD TO TRY AND SELECT THE SCHEME WHICH OFFERED THE BEST PROSPECTS OF ATTRACTING INVESTORS' SUPPORT.

BOTH EUROROUTE AND CHANNEL EXPRESSWAY ANSWER THE POPULAR DESIRE TO DRIVE FROM ONE COUNTRY TO THE OTHER WITH THE INDEPENDENCE AND FREEDOM OF A DRIVE-THROUGH LINK. BUT BOTH HAVE LARGE TECHNICAL RISKS. CTG'S IS A WELL DEVELOPED PROJECT, RELYING ON WELL PROVEN TECHNOLOGY AND IS BOTH LESS RISKY, AND LESS EXPENSIVE. IT OFFERS A FAST AND EFFICIENT RAIL SHUTTLE SERVICE, FOR ROAD PASSENGERS AND FREIGHT, WITH VERY FREQUENT DEPARTURES AND NO BOOKING. IT PRESENTS NO PROBLEMS TO MARITIME TRAFFIC IN THE CHANNEL AND IS THE LEAST VULNERABLE TO TERRORIST ATTACK. ITS ENVIRONMENTAL IMPACT CAN BE REDUCED TO AN ACCEPTABLE LEVEL. THE GOVERNMENT CONCLUDED THAT CTG WAS THE BEST SCHEME TO GO FORWARD TO THE MARKET.



THE GOVERNMENT REMAINS VERY MUCH AWARE OF THE ARGUMENTS THAT THE PUBLIC WOULD LIKE A DRIVE-THROUGH LINK. IN DUE COURSE THE CONDITIONS MAY ARISE WHEN A DRIVE-THROUGH LINK WOULD BE VIABLE. WE HAVE THEREFORE SECURED AN UNDERTAKING FROM THE CTG THAT THEY WILL PUT FORWARD BY THE YEAR 2000 A PROPOSAL FOR A DRIVE-THROUGH LINK, TO BE UNDERTAKEN AS SOON AS ITS TECHNICAL FEASIBILITY IS ASSURED, AND ECONOMIC CIRCUMSTANCES AND THE GROWTH OF TRAFFIC ALLOW IT TO BE FINANCED WITHOUT UNDERMINING THE RETURN ON THE ORIGINAL LINK. AT A LATER STAGE, THE GOVERNMENTS WILL BE FREE TO INVITE COMPETITIVE BIDS. THERE IS NO QUESTION OF GRANTING CTG SOLE RIGHTS FOR THE INDEFINITE FUTURE.

I EXPECT THE SIGNATURE OF THE ANGLO/FRENCH TREATY, TO TAKE PLACE IN FEBRUARY: AND THE CONCESSION AGREEMENT BETWEEN THE GOVERNMENTS AND THE CHANNEL TUNNEL GROUP TO BE CONCLUDED SHORTLY THEREAFTER. THE LEGISLATION WILL THEN BE INTRODUCED INTO THIS HOUSE AS SOON AS POSSIBLE. CONSTRUCTION COULD BEGIN BY SUMMER 1987.

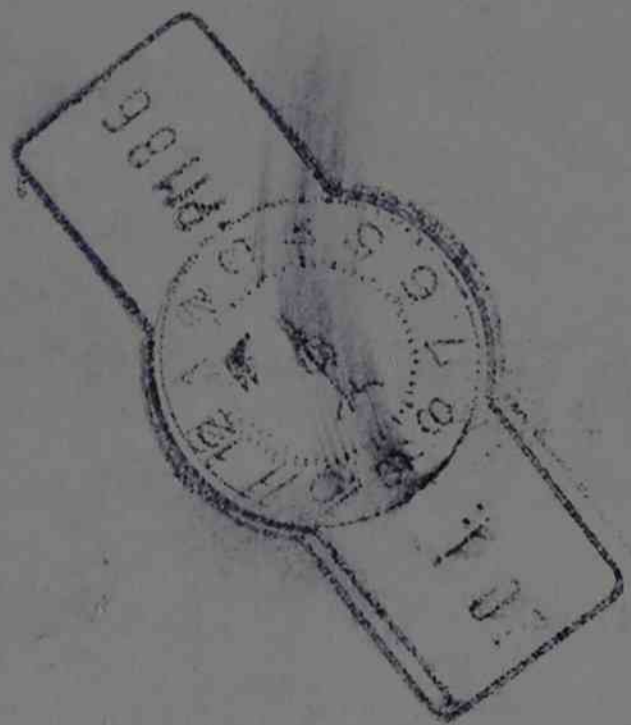
CONSULTATIONS IN KENT HAVE SO FAR FOCUSED ON THE QUESTION OF WHICH SCHEME THE GOVERNMENT SHOULD ADOPT. WE MUST NOW CONCENTRATE UPON MAKING THE CHOSEN SCHEME AS ACCEPTABLE AS POSSIBLE. WE WILL WANT TO MINIMISE THE ENVIRONMENTAL IMPACT, AND TO CONSIDER CAREFULLY THE EMPLOYMENT CONSEQUENCES OF THIS DEVELOPMENT. WE WILL BE SYMPATHETIC IF PROBLEMS SEEM LIKELY TO ARISE IN EAST KENT WHEN THE LINK OPENS 7 YEARS FROM NOW.



WE MUST ARRIVE AT SATISFACTORY ARRANGEMENTS WITH THE PROMOTERS FOR THE DISPOSAL OF SPOIL AND OTHER ENVIRONMENTAL MATTERS AND WE WILL ENSURE THAT THE NECESSARY ROAD INFRASTRUCTURE IS PROVIDED. THE WHITE PAPER WILL DEAL WITH THESE MATTERS.

THE CHANNEL TUNNEL IS A MASSIVE AND DIFFICULT PROJECT. IT WILL BE A CHALLENGE TO OUR ENGINEERS, OUR TECHNICIANS AND OUR FINANCIAL INSTITUTIONS. EQUALLY I BELIEVE IT WILL BE OF GREAT BENEFIT TO TRAVELLERS AND EXPORTERS ALIKE IN GIVING THEM CHEAPER, QUICKER AND MORE RELIABLE ACCESS TO THE CONTINENT OF EUROPE.







SECRET

Subject cc MASTER

file 6.



10 DOWNING STREET

From the Private Secretary

20 January 1986

Dear Colin,

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND  
IN LILLE ON 20 JANUARY 1986

I enclose a record of the Prime Minister's meeting with President Mitterrand in Lille on 20 January, together with an Annex which should be seen by a small number of people only.

Filed on  
LIBYA:  
Relations:  
Part 4.

I am copying this letter to Richard Allan (Department of Transport), Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence), Stephen Boys-Smith (Home Office) and Michael Stark (Cabinet Office). The SECRET Annex is copied to you only.

Yours sincerely,

Charles Powell

C.D. POWELL

C.R. Budd, Esq.,  
Foreign and Commonwealth Office.

JB.

SECRET



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NOTE OF A CONVERSATION BETWEEN THE PRIME MINISTER AND  
PRESIDENT MITTERRAND AT THE PREFECTURE IN LILLE ON MONDAY  
20 JANUARY 1986 AT 1045.

Present:

Prime Minister  
Mr. C.D. Powell

President Mitterrand  
Monsieur Fabius  
Mme. Guigou

Channel Fixed Link

President Mitterrand bid the Prime Minister welcome to Lille. Her visit marked a historic occasion. He was glad that a decision on the Channel Fixed Link project had been reached. Personally he would have preferred to see Euro-route succeed. But a number of his Ministers and officials had misgivings about it on technical grounds. He was perfectly content with the outcome.

The Prime Minister said there was no doubt that the Channel Tunnel Group/France-Manche project was the most fully worked out on every score. She had herself seen attractions in Euro-route at an earlier stage. But on closer study it was clear that the technical, security and environmental problems of it were substantial. Her main concern had been to reach a decision and make the earliest possible start on constructing the fixed link. She was glad that the consortium had been persuaded to submit proposals for a drive-through link by the year 2000.

President Mitterrand agreed that the commonsense view had prevailed even though he had pangs of nostalgia for Euro-route on aesthetic grounds. The Prime Minister said that the aesthetic qualities of Euro-route had not been very apparent from the British side of the Channel. Indeed it would have caused serious environmental problems. She thought that members of the other competing groups might well choose to join in now that a particular project had been selected.

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President Mitterrand said he wondered whether it would not be best to set a deadline for work to start on a drive-through project. He was concerned to ensure that it was a serious prospect not a vague promise. He was very confident about the profitability of the fixed link. The Prime Minister said that she too was confident that the opening of the link would lead to a rapid increase in traffic and that demand for a drive-through link would exist. But we could not be categorical at this stage. We also had to consider the position of the ferries which remained strategically important for us for reinforcing our troops in Europe.

Continuing this discussion over lunch, the Prime Minister invited President Mitterrand to visit the United Kingdom for signature of the Treaty on the Channel fixed link on 12 February. President Mitterrand accepted.

South Yemen

The Prime Minister said that she was pleased with the way evacuation from Aden and South Yemen had been conducted. It was fortunate that BRITANNIA had been in the vicinity. She welcomed the cooperation which had been established with France and, rather surprisingly, with the Soviet Union. She thought that the events in South Yemen had been a new experience for the Soviet Union: a regime which they had established and propped up had broken down.

President Mitterrand expressed gratitude for the help received in evacuating French subjects. The Royal Yacht BRITANNIA had done great service. He believed that all French subjects had now been evacuated. Picking up the Prime Minister's comment about events in South Yemen being a new experience for the Soviet Union, he wondered whether there might not be similar developments eventually in Afghanistan. In reply to the Prime Minister's question, he continued that he was optimistic that a settlement could be found in Afghanistan within a reasonable timescale.



Libya

Recorded in a separate annex.

The meeting ended at 1130.

CDD

C.D. POWELL

20 January 1986



CF  
/

Do - believe it or not - is  
a historic document - It is the  
PM's statement announcing

the choice of the  
Channel Fixed Link project,  
as delivered in Lillo.

It is signed by President  
Attwood & the PM.  
Have file.

CF

20.1.86.



THE UNITED KINGDOM  
AND FRANCE HAVE  
DECIDED TODAY, ON THE  
BASIS OF A REPORT  
BY EXPERTS, TO LINK  
THEIR TWO COUNTRIES BY  
A ~~B~~ TWIN-BORE TUNNEL  
UNDER THE CHANNEL  
FOR RAIL TRAFFIC AND  
~~CAR~~ MOTOR VEHICLE SHUTTLE  
TRAINS

LATER  
~~LATER~~ A DRIVE-THROUGH  
~~SEAFER~~ LINK SHOULD BE BUILT.

Nancy and I write

Francis Mitterand



CHANNEL FIXED LINK - 20 JANUARY

BRIEFING INDEX

- A. BACKGROUND
- B. DESCRIPTION OF CTG SCHEME
- C. THE ASSESSMENT PROCESS
- D. FINANCEABILITY
- E. EMPLOYMENT
- F. EFFECT ON THE FERRIES
- G. ENVIRONMENT
- H. RABIES
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- M. ROLE OF BRITISH RAIL
- N. FRONTIER CONTROLS



CHANNEL FIXED LINK

JOINT BRITISH-FRENCH COMMUNIQUE

Today, the 20th of January 1986, the Prime Minister of the United Kingdom and the President of France agreed to facilitate the construction of a fixed link across the English Channel.

This decision follows the summit meetings of 30 November 1984 and 18 November 1985 and the issuing of the Invitation to Promoters for the financing, construction and operation of a fixed link without support from public funds or Government financial guarantees.

The completion of this major project will be a landmark in the development of relations between the United Kingdom and France and of Europe as a whole.

It testifies to the willingness of the two countries to strengthen their economic, political and cultural ties and to demonstrate to future generations an example of imagination and enterprise for peaceful purposes.

It will represent a vital link in the European transport network. A project of this magnitude will have a significant economic impact in both countries, both in terms of employment and of technological developments.

The quality of the proposals received from all the promoters, drawing upon some of the most important financial institutions and companies of the two countries, has made the Governments' choice of a future link particularly difficult.

The enthusiasm with which each project has been promoted has gone far beyond the simple defence of commercial interests. The symbolic nature of the project has contributed



substantially to the wish of the industrial and financial enterprises of the two countries to be associated with it.

The Governments were advised in their decision by an Assessment Group in which more than a hundred experts on each side of the Channel participated.

The Governments have made their choice on the basis of the criteria set out in the Invitation to Promoters.

They have concluded that the project to be selected must be one that is, <sup>according to expert advice</sup> among other things:

- technically feasible;
- safe and attractive to users;
- environmentally acceptable.

The project chosen is the twin rail tunnel providing for the passage of both through trains and shuttle trains for road vehicles presented by the Anglo-French partnership, Channel Tunnel Group/France-Manche. The two Governments have decided to facilitate this project, <sup>provided that</sup> ~~if~~ it is able to mobilise the investment necessary.

A concession agreement will thus be agreed with this group for the financing, construction and operation of this scheme.

The Governments expect construction to begin in 1987 and the link to be ready for operation in 1993.

Furthermore, the promoters have undertaken to submit to the Governments, by the year 2000, a proposal for a drive through link. It is envisaged that this would be undertaken as soon as the technical feasibility is assured and economic circumstances and the growth of traffic are such as to permit it to be financed without undermining the return on the first link.



The next stage in the project will be the signature of a treaty between the two countries and the conclusion of a concession agreement between the Governments and the concessionaire.

Signature of the Treaty will take place in London in February.



Drafts  
Seen by PM

CHANNEL FIXED LINK

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Balpin Beatty

Tanner

~~\_\_\_\_\_~~

Cowan

Taylor Woodrow

Nat. Westminster Bank

Midland

L 2.55-b

Michael Denton

Fleming

Benjamin Green

Joint venture 50/50 devisa. Felipe  
Revenue stamp arrangement.



CONFIDENTIAL

DRAFTS  
SEEN BY PM

The Prime Minister of the United Kingdom and the President of France have agreed today, the 20th of January 1986, to facilitate the construction of a Fixed Link across the English Channel.

This decision follows the summit meetings between the two countries on 30 November 1984 and November 1985 and the issue in April 1985 of the Invitation to Promoters for the financing, construction, and operation of a Fixed Link to be undertaken without support from public funds or Government financial guarantees.

The undertaking of this major project, the largest of its kind ever to be financed on such a basis, will be a landmark in relations between the United Kingdom and France and in the development of Europe as a whole.

It will not simply represent a vital new link in the European transport network, but it will testify to the desire of the two countries to strengthen their economic, political and cultural ties and demonstrate their imagination and enterprise to future generations.

As a major construction project it will have a significant economic impact in both countries, in terms both of employment and of technological development.

The enthusiasm with which each project has been promoted has gone well beyond the simple defence of commercial interests. The symbolic nature of the project has contributed substantially to the wish of the industrial and financial enterprises of the two countries to be associated with it.



The quality of all the proposals received has made the Governments' choice of a future link particularly difficult.

The Governments have reached their decision on the basis of the criteria set out in the Invitation to Promoters and have been advised by an Assessment Group in which more than a hundred experts on each side of the Channel have participated.

They have concluded that the project to be selected, in the light of the work of the Assessment Group, must be one that is:

- technically feasible;
- safe and attractive to users;
- able therefore to mobilise the investment necessary; and
- environmentally acceptable.

Accordingly the Governments have decided upon the proposal of the Anglo/French partnership, Channel Tunnel Group/France-Manche, for a system of twin rail tunnels providing both for the carriage of road vehicles on shuttle trains, and for the passage of high speed through trains between the railway networks of the two countries.

A concession agreement will now be negotiated with CTG/FM allowing them to proceed with the financing, construction and operation of their scheme. The Governments expect construction to begin in 1987 and the link to be ready for operation in 1993.



Furthermore, the promoters have undertaken to submit to the Governments, by the year 2000, a proposal for a drive through phase of the link. It is envisaged that this phase would be undertaken as soon as the technical feasibility is assured and economic circumstances and the growth of traffic are such as to permit it to be independently financed, without jeopardising the commercial viability of the initial investment.

The next stage in the Fixed Link project will be the signature of a treaty between the two countries and the conclusion of the concession agreement. Signature of the treaty will take place on 12 February 1986 in London.



C O N F I D E N T I A L


CDP 19/11

From: A G Lyall  
Dept of Transport  
Date: 18 January 1986

PS/Prime Minister

CHANNEL FIXED LINK

1. We now have, I believe, an agreed text for the announcement by the Prime Minister and the French President on Monday cleared up to the level of the Elysee. The text is of course still subject to the approval of the Prime Minister. I attach copies in both languages.
2. We have worked on the basis that we get the French to agree what we want. We then leave it to the French to draft a statement. The Prime Minister may find the English text a bit florid. The French recognise that we say our things in our different ways and I do not think they will object if, without departing too far from the substance of the French text, the Prime Minister were to decide to express it in a slightly different way.
3. If the Prime Minister wishes to make changes I would be grateful to know over the weekend. My home telephone number is 0444 454606. I am in touch with our Embassy in Paris and they will be able to contact the appropriate people in France over the weekend. They will also arrange an adequate supply in Lille on Monday of the text finally agreed by the Prime Minister.
4. I am sending copies of this minute PS/Foreign and Commonwealth Secretary, PS/Chancellor of the Exchequer and to PS/Sir Robert Armstrong. I do so with the authorisation of my Secretary of State to whom, of course, I am also sending a copy.

  
A G Lyall



17/01/1985

PROJET.

70 x J/B1

PROJET DE DECLARATION COMMUNE FRANCO-BRITANNIQUE

Aujourd'hui, 20 janvier 1986, le Premier Ministre du Royaume-Uni et le Président de la République Française ont décidés de permettre la réalisation d'un lien fixe reliant leur deux pays à travers la Manche.

Cette décision fait suite aux conclusions des sommets franco - Britannique du 30 novembre 1984 et du 18 novembre 1985 et au lancement d'une consultation de groupements de promoteurs pour le financement, la réalisation et l'exploitation d'une telle liaison fixe, sans apport budgétaire, ni garantie financière des deux Etats.

La réalisation de cet ouvrage exceptionnel, le plus important jamais financé dans ces conditions, marquera l'histoire des relations entre la Grande-Bretagne et la France mais aussi celle de l'Europe.

Il témoigne de la volonté des deux Etats de renforcer leurs relations économiques, mais aussi politiques et culturelles et de donner à leur jeunesse l'exemple du dynamisme et de l'audace mis au service d'objectifs pacifiques.

Il constitue un maillon essentiel du réseau des grandes infrastructures européenne de transport. Un projet de cette importance aura un impact exceptionnel sur l'activité économique des deux Pays, tant en terme d'emplois que d'innovation technologique.

La qualité des réponses obtenues de la part de tous les promoteurs, rassemblant quelques unes des plus importantes institutions financières et entreprises des deux pays, a rendu particulièrement difficile le choix du promoteur de la future liaison par les deux Gouvernements.

L'enthousiasme avec lequel chacun a plaidé pour son projet va bien au delà de la simple défense d'intérêts commerciaux. Le caractère exceptionnellement symbolique de cette liaison a motivé en grande partie l'ambition des industriels et financiers des deux Pays d'y être associé.

Les Gouvernements se sont fait <sup>aider</sup> pour leur choix par un groupe d'évaluation auquel ont participé plus de cent experts de part et d'autre de la manche.

.../...



C'est dans le respect des critères énoncés dans les directives de la consultation de promoteur que les deux Gouvernements ont exercé leur choix.

Ainsi, le projet retenu s'est révélé parmi d'autres choses:

- fiable techniquement;
- sûr et attrayant pour les usagers;
- respectueux de l'environnement des deux Pays.

(Il s'agit du projet de double liaison ferroviaire assurant à la fois le passage de trains directs et de navettes pour véhicules routiers, présenté par le groupement franco-britannique Channel Tunnel Group-France Manche).

Les deux gouvernements ont décidé de permettre la réalisation de ce projet s'il confirme sa capacité à mobiliser le financement nécessaire.

Une concession sera donc confiée à ce groupement pour le financement, la réalisation et l'exploitation de ce projet.

Le chantier devrait commencer en 1987 et la liaison devrait être mise en service en 1993.

Par ailleurs, le futur concessionnaire s'est engagé à présenter aux Gouvernements d'ici l'an 2000 un projet de liaison routière continue sans rupture de charge qui pourra compléter le premier ouvrage quand les conditions techniques et économiques de réalisation d'une telle liaison le permettront et l'augmentation du trafic le justifiera. Cette réalisation ne devra pas remettre en cause la rentabilité de l'investissement initial compte tenu du niveau de risque correspondant à ce projet pris dans son ensemble.

L'étape suivante du développement du projet est la signature du traité entre les deux Etats confirmant les conditions de concession de la future liaison fixe et la conclusion d'un acte de concession entre les Etats et les concessionnaires.

Cette signature aura lieu le (12 février à Londres.)



Channel Fixed Link: French Amendments.  
Joint British-French Commission

Today, the 20th of January 1986, the Prime Minister of the United Kingdom and the President of France agreed to facilitate the construction of a fixed link across the English Channel.

This decision follows the summit meetings of 30 November 1984 and 18 November 1985 and the issuing of the Invitation to Promoters for the financing, construction, and operation of a Fixed link without support from public funds or Government financial guarantees.

0524TR

The completion of this major project, ~~the largest ever financed in such conditions~~, will be a landmark in the development of relations between the United Kingdom and France and of Europe as a whole.

generation

It testifies to the willingness of the two countries to strengthen their economic, political and cultural ties and to ~~offer~~ <sup>demonstrate to future</sup> their young people an example of ~~courage and dynamism put to peaceful use~~ <sup>imagination and enterprise for</sup> ~~use~~ <sup>purposes</sup>

It will represent a vital link in the European transport network. A project of this magnitude will have a significant economic impact in both countries, both in terms of employment and of technological developments.

The quality of the proposals received from all the promoters, drawing upon some of the most important financial institutions and companies of the two countries, has made the Governments' choice of a future link particularly difficult.

The enthusiasm with which each project has been promoted has gone far beyond the simple defence of commercial interests. The symbolic nature of the project has contributed substantially to the wish of the industrial and financial enterprises of the two countries to be associated with it.

The Governments were advised in their decision by an Assessment Group in which more than a hundred experts on each side of the Channel participated.

The Governments have made their choice on the basis of the criteria set out in the Invitation to Promoters.



They have concluded that the project to be selected must be one that is, among other things:

- technically feasible;
- safe and attractive to users;
- environmentally acceptable.

The project chosen is the twin rail tunnel providing for the passage of both through trains and shuttle trains for road vehicles presented by the Anglo/French partnership, Channel Tunnel Group/France-Manche. ↗

The two Governments have decided to facilitate this project, if it is able to mobilise the investment necessary.

A concession agreement will thus be <sup>agreed with</sup> granted to this group for the financing, construction and operation of this scheme.

The Governments expect construction to begin in 1987 and the link to be ready for operation in 1993.

Furthermore, the promoters have undertaken to submit to the Governments, by the year 2000, a proposal for a drive through ~~phase~~ of the link. It is envisaged that this ~~phase~~ would be undertaken as soon as the technical feasibility is assured and economic circumstances and the growth of traffic are such as to permit it to be ~~independently~~ financed without <sup>undermining the ~~con~~ of the first link.</sup> ~~impairing a~~ return ~~which is~~ reasonable on the initial investment having regard to the ~~degree of risk involved in the project as a whole.~~

The next stage in the project will be the signature of a treaty between the two countries and the conclusion of a concession agreement between the Governments and the concessionaire.

Signature of the Treaty will take place <sup>in</sup> ~~on~~ 12 February in London. ↗



David

•

Channel Fixed link

The communiqué needs to be placed in the House early on Monday afternoon. If there are any changes made to the text during the course of Monday morning's meeting could you please have them phoned through to me.

Thanks

Nicky.

17.1.86.



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Department of Transport  
Room S10/06  
2 Marsham Street London SW1P 3EB  
Telex 22221 Direct line 01-212 8182  
Switchboard 01-212 3434  
GTN 212

R Beetham Esq  
MAED  
FCO  
King Charles Street  
LONDON SW1

*DN to all*

17 January 1986

*am*

*Dear Roger*

CFL : PARLIAMENTARY STATEMENT

1. In great haste, I am copying to you the draft Parliamentary Statement on the Fixed Link which is being submitted to my Secretary of State over the weekend. He has indicated that he will wish to work on it himself, so you should not assume that it will eventually issue in this form.

*Yours,*

*Chris.*

C M WOODMAN

cc

F K Jones Esq  
J Colley Esq  
D Norgrove Esq ✓  
D R C Christopher Esq

PS/Secretary of State  
PS/Mr Mitchell  
PS/Lord Caithness  
PS/Mr Bailey  
Mr Holmes  
Mr Lyall  
Mr Coates  
Mr Noulton  
Ms Hopkins  
Mr Glover  
Mr Jordan  
Mr Saunders  
Mr Webber



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CHANNEL FIXED LINK

DRAFT PARLIAMENTARY STATEMENT, 20 JANUARY 1986

1. My rt hon. Friend the Prime Minister and the President of France, meeting earlier today in Lille, announced the decision of the two Governments to take together the necessary steps to facilitate the development, construction and operation of a Fixed Channel Link by the Channel Tunnel Group. Copies of the joint Statement are being made available in the Vote Office.

2. The Fixed Link will be an exciting and challenging project for the constructors and the nation and it will bring rewards to users and to the economy as a whole. In making its decision, the Government was faced with four proposals of outstanding quality, which reflect great credit on the firms involved.

3. The Government intends to publish, as soon as possible, a White Paper that will not only give the full reasons behind its decision, but will also chart the way ahead in terms of the Treaty, the Concession Agreement and the legislation that will be needed to give effect to the decision. However, the House will wish to know now the key factors that led the Government to select the successful project.

4. The joint Anglo/French assessment covered all aspects of the proposals. Much of the appraisal work was essentially technical, and one project, Eurobridge, was eliminated largely on technical grounds. Eurobridge is an imaginative and forward-looking proposal, but the technical risks make it too speculative for the Governments to select it with any confidence that it would in fact be completed.



5. The remaining 3 projects, differed widely in terms of their technical demands, their impact on the environment, their capacity to interfere with shipping, and their vulnerability to terrorist attack, but none could be eliminated outright on these grounds. The choice between the Channel Tunnel Group, Channel Expressway and EuroRoute was therefore an exceptionally difficult one. But it is not ultimately a choice for Governments alone. The Invitation to Promoters made it clear that a Fixed Link, if it were to be built, would be developed, constructed and operated without support from Government funds, and without Government guarantees against technical and commercial risks. Thus it will be for investors ultimately to determine whether a Fixed Link is built. The task of Government is to select the scheme which offers the best prospects of attracting investors' support, in the knowledge that the scheme which attracts investment does so because it is judged by the markets to be best able to attract customers prepared to pay the necessary tolls for the project to pay its way.

6. All three projects provide facilities for both road and rail travellers and freight. EuroRoute and Channel Expressway are technically advanced projects. They would answer a popular desire to be able to drive from one country to the other with the independence and freedom that a drive-through link would offer. By contrast, CTG's is a well-developed project, relying on well-proven technology. It is less risky, and less expensive. But it offers a fast and efficient rail shuttle service, for road passengers and freight, with very frequent departures and no booking. It will open up the possibility of direct travel by fast through trains from London to Paris, Brussels, and points beyond. It presents no problems to maritime traffic in the Channel and is least vulnerable to terrorist attack. It can be made environmentally acceptable. Faced with the excellent quality of service offered by CTG, the Government concluded there could be no justification, at this time, for putting an alternative scheme to



the market in the knowledge that there would be a significantly greater chance of it not being completed.

7. The Government is convinced that the Channel Tunnel Group's project represents the best way forward. We remain, however, very much aware of the arguments that the public would like a drive-through link. In due course, and if the apparent demand persists, the conditions for a drive-through link may be right. We have therefore informed the promoters that if, after some years of operation, the technology clearly exists and there is a prospect that the private sector could finance it, we must be free to invite proposals, either from the Channel Tunnel Group or from other potential groupings. There is no question of granting CTG sole rights for the indefinite future.

9. The next steps are the signature of an Anglo/French Treaty, to take place on 12 February; the conclusion of a Concession Agreement between the Governments and the Channel Tunnel Group; and the introduction of legislation in this House, if possible before Easter. It is our intention that construction should begin by Summer 1987.

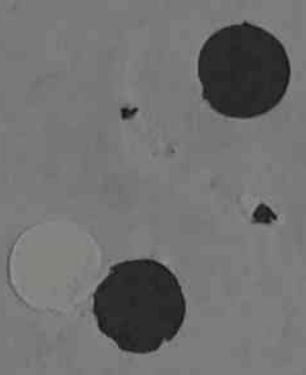
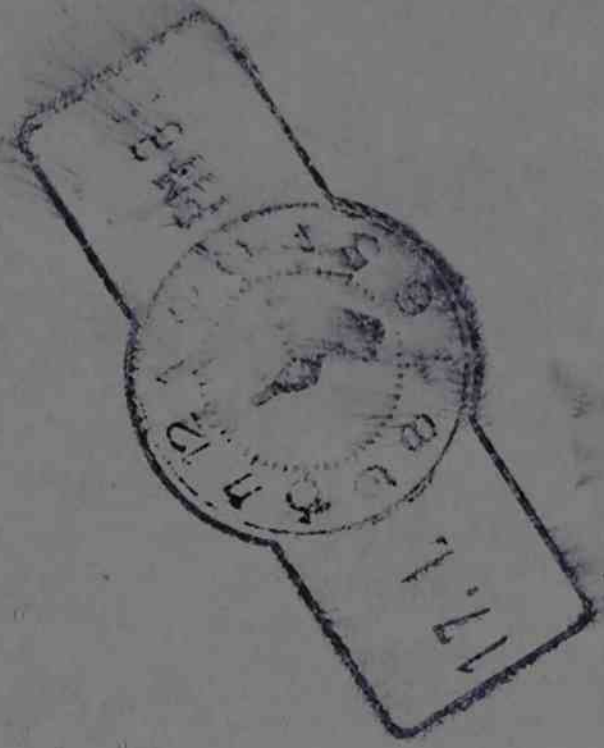
10. But these are just the essential legal steps. There is in fact a great deal to be done. Consultation in Kent which so far has concentrated on the question of which scheme the Government should adopt, has to continue, but now to concentrate upon making the chosen scheme as acceptable as possible. The appropriate machinery, some of it joint with the French, has to be set up to deal with such matters as the approval of detailed plans, whether for engineering design, operation, or the control of incidents; with the need to minimise environmental impact and arrive at satisfactory arrangements for disposal of spoil; with the application of employment legislation; with frontier arrangements, health controls, traffic regulations, policing and all the other arrangements that a project of this magnitude will require. The Government will keep this House fully informed about



these arrangements, in the usual way, as they are developed, starting with the White Paper that we shall issue within the next week or so.

11. The Government is conscious that the decision that it has taken is a historic one which in the years to come will affect the whole population and future generations. I am sure that when our decision in due course comes before this House for approval, it will command decisive support.







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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Charles Powell Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

17 January 1986

*EMH*

*Dear Charles,*

CHANNEL FIXED LINK: LILLE, 20 JANUARY 1986

We spoke. Following my Secretary of State's discussion with M. Auroux in Paris last night, officials of this Department have discussed with their French opposite numbers the text of the communique to be issued in Lille on 20 January announcing the two Governments' decision about the Channel Fixed Link. These discussions are not yet complete, but we thought you should have the current provisional draft. The enclosed text incorporates a comment made by the Treasury, and is satisfactory from our point of view. But it is still subject to change, in the light of further discussions with French officials. We will let you have revisions over the weekend.

I also attach a draft for the short speech which the Prime Minister might make following distribution of the communique.

I understand that the FCO are drafting the speech for the Prime Minister to make at the luncheon.

A detailed question and answer briefing for the press conference has been sent to the FCO at official level.

I am copying this letter, with the enclosure, to Robert Culshaw (FCO), and to Rachael Lomax (Treasury) and Michael Stark (Cabinet Office).

*Yours,*

*Richard.*

R A ALLAN  
Private Secretary

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CONFIDENTIAL

17.186

CHANNEL FIXED LINK - 20 JANUARY

DRAFT SPEECH FOR PRIME MINISTER TO FOLLOW DISTRIBUTION  
OF COMMUNIQUE

Mr President, we are agreed this is a historic occasion. After well over a century of discussion and hesitation our two Governments have now decided to facilitate the construction and operation of a Channel Fixed Link.

We have decided that the Channel Tunnel Group/France-Manche scheme should go forward to the markets and I am sure we have chosen wisely.

Today's decision is a dramatic step in Anglo/French co-operation. The project we have agreed upon will have immense significance for trade and communications more generally between our two countries. It is also significant for the enormous opportunity we are giving to the private sector in our two countries to demonstrate their abilities in a project of the utmost public importance. We are calling upon a wide spread of construction expertise. We are also offering the opportunity for lenders and investors, not only in France and in the United Kingdom but worldwide, to support the project.

I am sure they will do so. The Channel Tunnel Group/France-Manche scheme offers a quick and attractive means of crossing the Channel. We are confident that it is technically feasible and can be constructed at reasonable cost and within the timetable envisaged by the promoters. I have no doubt that this will make it a most attractive investment proposition.

I also believe our decision will be seen by the British and French public more generally as a far-sighted one on the part of our Governments. I know that in the areas which will be most directly affected - Kent in the United Kingdom and the Nord/ Pas de Calais in France - there has been genuine concern about the benefits a Link will bring. Let me assure the people of those areas that we have looked with the greatest possible care at the environmental consequences of a Link - and we are confident that the Channel Tunnel Group/France-Manche scheme can be

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~~CONFIDENTIAL~~

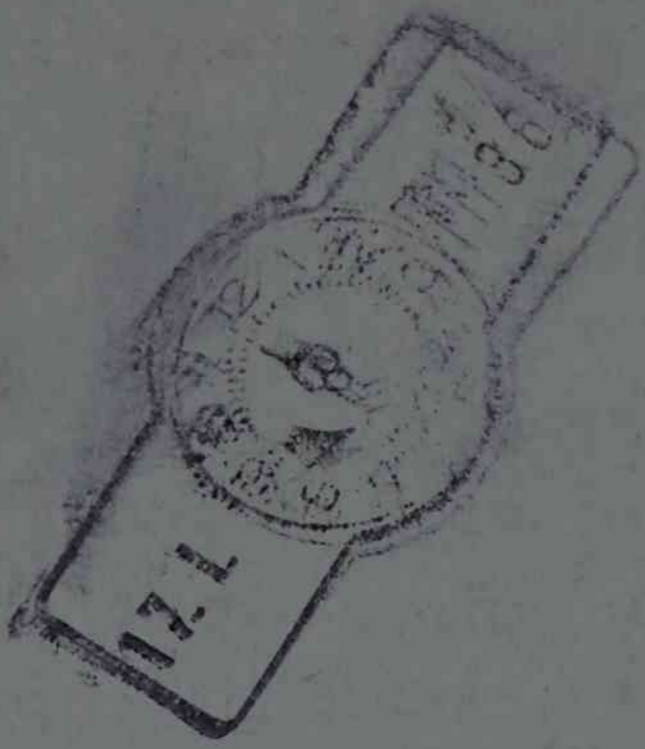
-2-

accommodated without damage to these areas. Let me also assure them that the question of local prosperity has been at the very front of our minds - not only will construction of a Link provide significant employment, I have no doubt the Link in operation will act as a magnet to these areas.

Finally let us all welcome the boost to national prosperity for the future which we are giving by our decision today.

~~CONFIDENTIAL~~







CHANNEL FIXED LINK

DRAFT COMMUNIQUE

The Prime Minister of the United Kingdom and the President of France have agreed today, the 20th of January 1986, to facilitate the construction of a Fixed Link across the English Channel.

This decision follows the summit meetings between the two countries on 30 November 1984 and November 1985 and the issue in April 1985 of the Invitation to Promoters for the financing, construction and operation of a Fixed Link to be undertaken without support from public funds or Government financial agreements.

The undertaking of this major project, the largest of its kind ever to be financed on such a basis, will be a landmark in relations between the United Kingdom and France and in the development of Europe as a whole.

It will not simply represent a vital new link in the European transport network, but it will testify to the desire of the two countries to strengthen their economic, political and cultural ties and demonstrate their imagination and enterprise to future generations.

As a major construction project it will have a significant economic impact in both countries, in terms both of employment and of technological development.

The enthusiasm with which each project has been promoted has gone well beyond the simple defence of commercial interests. The symbolic nature of the project has contributed substantially to the wish of the industrial and financial enterprises of the two countries to be associated with it.

The quality of all the proposals received has made the Government's choice of a future link particularly difficult.



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The Governments have reached their decision on the basis of the criteria set out in the Invitation to Promoters and have been advised by an Assessment Group in which more than a hundred experts on each side of the Channel have participated.

They have concluded that the project to be selected must be one that is, among other things:

- technically feasible;
- safe and attractive to users;
- environmentally acceptable.

Accordingly the Governments are prepared to facilitate, if it is able to mobilise the investment necessary, the project proposed by the Anglo/French partnership, Channel Tunnel Group/France-Manche, for a system of twin rail tunnels providing both for the carriage of road vehicles on shuttle trains, and for the passage of high speed through trains between the railway networks of the two countries.

A concession agreement will now be negotiated with CTG/FM allowing them to proceed with the financing, construction and operation of their scheme. The Governments expect construction to begin in 1987 and the link to be ready for operation in 1993.

Furthermore, the promoters have undertaken to submit to the Governments, by the year 2000, a proposal for a drive through phase of the Link. It is envisaged that this phase would be undertaken as soon as the technical feasibility is assured and economic circumstances and the growth of traffic are such as to permit it to be independently financed, without impairing a reasonable return on the initial investment, having regard to the degree of risk involved in the project.

The next stages in the Fixed Link project will be the signature of a treaty between the two countries and the conclusion of the concession agreement. Signature of the Treaty will take place on 12 February 1986 in London.

CONFIDENTIAL



17.1.86

DSR 11 (Revised)

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

Private Secretary

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

PS/No 10

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SUBJECT:

.....In Confidence

PRIME MINISTER'S VISIT TO LILLE: 20 JANUARY

CAVEAT.....

During her visit to Lille on Monday (programme attached) the Prime Minister is due to have 45 minutes tête-à-tête with President Mitterrand. This letter is intended as briefing for this and for any conversation in the margins. It ~~will be~~<sup>is</sup> supplemented by a scene-setting telegram from Sir John Fretwell (copy attached)

Separate briefing will be provided on the Channel Fixed Link. Although this is at the centre of the proceedings, we foresee (on the assumption that the draft communique



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Other subjects likely to arise in discussion with Mitterrand are:

- the French internal situation
- Westlands/European military aircraft
- East/West relations and Arms Control
- Libya/terrorism
- Tin
- Eureka
- Launch vehicles for Skynet
- International Forestry Conference

I enclose a checklist. Sir Geoffrey Howe will be discussing European Community issues with M Dumas.

Mitterrand will probably expect the Prime Minister to ask him about the prospects for the 16 March legislative elections and what will happen thereafter. Mitterrand has intervened more prominently in recent weeks in support of his Socialist Party. This, helped by good end of year economic results (unemployment down slightly in 1985, inflation dropping below 5%), has contributed to some recovery for him and the Socialists in the opinion polls. The traditional British



17.1.86

DSR 11 (Revised)

DRAFT: ~~XXXXX~~ letter/teletype/teleletter/despatch/rolex

TYPE: Draft/Final 1+

FROM:

Reference

Private Secretary

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Private Secretary, No 10

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CHANNEL FIXED LINK : LILLE SUMMIT MEETING, 20 JANUARY

CAVEAT.....

1. As foreshadowed in my letter to you of 16 January, I attach a briefing folder for the Prime Minister for the Summit Meeting in Lille on 20 January. This comprises :-

A

a) the text of the draft joint communique ;

B

b) a draft statement for the Prime Minister to make following the announcement of the choice of CFL project and President Mitterrand's statement ;

C

c) briefing for the press conference that will follow the statements by President Mitterrand and the Prime Minister ;

Enclosures—flag(s).....

D

d) draft speaking notes prepared by the FCO for the Prime Minister's speech at the lunch hosted by President Mitterrand.



2. I am afraid that one or two points in the draft communique are still being negotiated with the French and the attached version is not a final draft. The DTp will communicate any amendments to you direct, copied to us, as soon as they are available.

3. You will have received separately a scene-setting letter as briefing for the Prime Minister's tete-a-tete meeting with President Mitterrand.

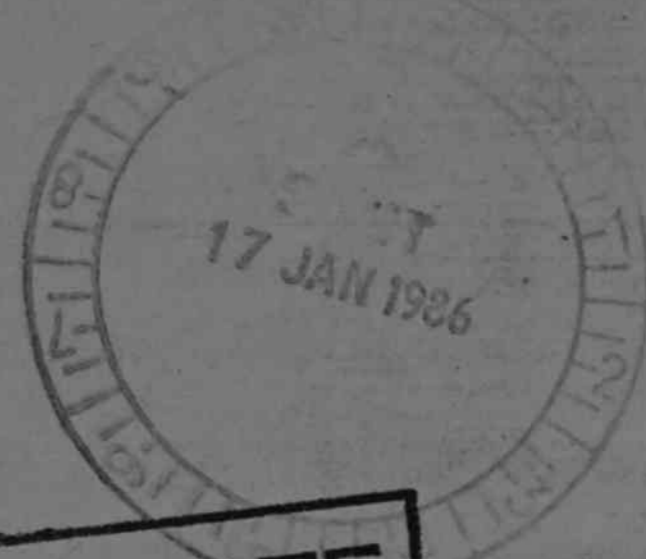
4. We have received some last minute instructions from the French for the announcement ceremony. The idea now is that at the beginning of the ceremony, President Mitterrand will announce, in French, the two governments' choice of concessionaire. The Prime Minister will then make a similar brief announcement in English. President Mitterrand will then make his 5-minute explanatory statement, followed by a similar statement from the Prime Minister. The ceremony will then transform itself into a press conference.



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TO IMMEDIATE DESKBY 170930Z FCO  
TELNO 54  
OF 170936Z JANUARY 86

ADVANCE COPY

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M O'NEILL  
PS/NEOJ-S.  
PS/RIDLEY } DTP  
woodman

CHANNEL FIXED LINK : RIDLEY/AUROUX TALKS, 16 JANUARY 1986

SUMMARY

1. AGREEMENT WITH FRENCH ON CHOICE OF PROJECT IS NEAR, BUT FINAL DECISION RESERVED TO HEADS OF GOVERNMENT ON 20 JANUARY. FURTHER DISCUSSION ON RAIL ISSUES WITH THE FRENCH AND WITH RAILWAY COMPANIES TO TAKE PLACE IMMEDIATELY.

2. MR RIDLEY MET AUROUX IN PARIS ON THE EVENING OF 16 JANUARY. EXPLAINING THAT CABINET HAD CONSIDERED THE CFL DOSSIER AGAIN THAT DAY, HE SOUGHT CLARIFICATION FROM AUROUX OF THE FRENCH POSITION ON CERTAIN ASPECTS OF THE PARTICIPATION OF BR AND SNCF IN THE CFL PROJECT WHICH HAD TO BE SETTLED BEFORE THE WINNING SCHEME COULD BE ANNOUNCED ON 20 JANUARY. THESE INVOLVED THE TERMS ON WHICH THE TWO COMPANIES WOULD SET UP A JOINT VENTURE FOR THE OPERATION OF THE LONDON - PARIS SERVICE, THE DESIGN AND PURCHASE OF ROLLING STOCK, AND THE SHARING OF OPERATING REVENUE BETWEEN THEM. MR RIDLEY ALSO POINTED OUT THAT SO FAR AS THE UK WAS CONCERNED, INVESTMENTS BY THE JOINT VENTURE COMPANY WOULD BE SUBJECT TO THE PRIOR AGREEMENT OF HMG AS WITH ALL BR INVESTMENTS AT PRESENT.

3. AUROUX ASSURED MR RIDLEY OF THE FRENCH GOVERNMENT'S COMMITMENT TO A BR/SNCF JOINT VENTURE ON A 50:50 DECISION-TAKING BASIS. HE SAW NO DIFFICULTY WITH CONTINUATION OF PRESENT INVESTMENT APPROVAL PRACTICE IN THE UK, OR WITH ARRANGEMENTS FOR PROCURING ROLLING STOCK WHICH WOULD RESULT IN SIMILAR SHARES FOR BRITISH AND FRENCH MANUFACTURERS, THOUGH IT WAS IMPORTANT TO BUY ON A COMPETITIVE BASIS TO SECURE KEEN PRICES. AUROUX WAS HOWEVER DOUBTFUL WHETHER THE TWO GOVERNMENTS COULD LAY DOWN A PRECISE REVENUE-SHARING FORMULA FOR BR AND SNCF. MUCH WOULD DEPEND ON THE EVOLUTION OF TRAFFIC ON THE DIRECT PARIS - LONDON RAIL LINK AND THE EXTENT OF INVESTMENT BY EACH SIDE. MR RIDLEY POINTED OUT THAT IT WAS CRUCIAL THAT THE TWO COMPANIES RESOLVE THIS MATTER IMMEDIATELY, SINCE ANY CHANGE IN THE PRESENT 60:40 SHARING AGREEMENT WOULD CALL INTO QUESTION THE BASIS ON WHICH THE FINANCING OF BRITISH RAIL'S INVESTMENT ASSOCIATED WITH THE EVENTUAL LINK HAD BEEN CALCULATED. IT WAS AGREED THAT EXPERTS ON THE TWO SIDES WOULD CONSIDER THE QUESTION URGENTLY, TOGETHER WITH REPRESENTATIVES OF BR AND SNCF, IN ORDER TO CONCLUDE HEADS OF AGREEMENTS ON THE JOINT VENTURE AND REVENUE SHARING BEFORE 20 JANUARY.



AGREEMENTS ON THE JOINT VENTURE AND REVENUE SHARING BEFORE 20  
JANUARY.

4. THE TWO MINISTERS AGREED THEY WERE NOT IN A POSITION THEMSELVES  
TO REACH A FINAL DECISION ON CHOICE OF PROJECT. A COMMUNIQUE WOULD  
BE DRAFTED FOR HEADS OF GOVERNMENT FOR ISSUE AT THEIR LILLE MEETING  
ON 20 JANUARY. IT WOULD SET OUT THE CRITERIA DETERMINING THE CHOICE  
OF PROJECT, ITS IMPORTANCE IN TERMS OF NATIONAL AND EUROPEAN  
TRANSPORT NETWORKS, ITS ECONOMIC IMPACT, ENVIRONMENTAL  
CONSIDERATIONS AND LIKELY DATES OF OPERATION. IF HEADS OF GOVERNMENTS  
DECIDED UPON THE SELECTION OF CTG/FRANCEMANCHE, AN INDICATION WOULD  
BE GIVEN OF CONDITIONS AGREED WITH THE PROMOTER ON A POSSIBLE SECOND  
LINK ON A DRIVE-THROUGH BASIS.

5. DRAFT COMMUNIQUE BY HAND OF WOODMAN (TRANSPORT).

6. FCO PLEASE PASS IMMEDIATE TO NO10, PS/MR RIDLEY, AND WOODMAN  
(TRANSPORT).

FRETWELL

CONFIDENTIAL  
FCO/HR/0533  
3030

1830

13/12/73

*[Handwritten mark]*

*[Faint handwritten notes]*



GRS 770

[COLLAR]

CONFIDENTIAL

FM PARIS

TO DESKBY 171800Z FCO

TELNO 055

OF 171619Z JANUARY 86

INFO SAVING BRUSSELS, BONN, CG'S LILLE, BORDEAUX, LYONS, MARSEILLES

CFL CEREMONY AT LILLE: PRESIDENT MITTERRAND'S CURRENT  
PREOCCUPATIONS.

SUMMARY.

1. WITH ELECTIONS BARELY 8 WEEKS AWAY, MITTERRAND IS MUCH PREOCCUPIED BY THE CAMPAIGN, IN WHICH HE IS NOW PLAYING AN ACTIVE ROLE. FOREIGN AFFAIRS FORM PART OF HIS STRATEGY. INTERESTS OF VOTERS NOT VERY DIFFERENT FROM BRITISH, THOUGH IMMIGRATION A MORE IMPORTANT CURRENT THEME. OPPOSITION CAMPAIGNING FOR ECONOMIC MEASURES, INCLUDING PRIVATISATION, WHICH WILL BE HARD FOR MITTERRAND TO SWALLOW.

DETAIL.

2. WHEN THE PRIME MINISTER COMES TO LILLE FOR THE CFL ANNOUNCEMENT ON 20 JANUARY, SHE WILL BE MEETING A MITTERRAND WHO HAS THE LEGISLATIVE ELECTIONS NOW LESS THAN TWO MONTHS AWAY, VERY MUCH AT THE FOREFRONT OF HIS MIND. IT BECAME CLEAR DURING DECEMBER THAT HE HAD DECIDED TO STEP DOWN FROM THE ELYSIAN HEIGHTS OF HIS OFFICE TO LEAD THE SOCIALISTS INTO BATTLE. THE MAIN REASON WAS THE FAILURE OF HIS PRIME MINISTER (FABIUS) AND THE PARTY SECRETARY GENERAL (JOSPIN) TO PROJECT THEMSELVES CONVINCINGLY THROUGH THE MEDIA. IN THE LAST MONTH, MITTERRAND HAS SET THE THEME FOR THE SOCIALISTS' CAMPAIGN, UNDERLINING THEIR ACHIEVEMENTS IN OFFICE AND URGING THE VOTERS NOT TO PUT THESE AT RISK BY VOTING FOR THE RIGHT. HE SEEMS TO HAVE PUT HEART INTO THE PARTY TO MAKE A FIGHT OF IT. MOREOVER, ALTHOUGH THE SOCIALISTS ARE DOOMED TO GO DOWN (HAVING NO ALLIANCE WITH THE COMMUNISTS) MITTERRAND'S OWN POPULARITY HAS RECOVERED A LITTLE FROM THE LOW POINT IT REACHED IN THE SUMMER. THERE ARE ALSO SIGNS, ALTHOUGH OPINION POLLS PRODUCE CONFLICTING EVIDENCE, THAT THE PS WILL GAIN SOMETHING OVER 26 PER CENT OF THE VOTE WHICH MIGHT POSSIBLY YET LEAVE THEM AS THE SINGLE LARGEST PARTY.

3. HOWEVER, MITTERRAND'S MORE ACTIVE CAMPAIGNING ROLE RISKS STORING UP DIFFICULTIES WHEN, AS SEEMS INEVITABLE, HE HAS TO "COHABIT" AFTER 16 MARCH WITH A PARLIAMENT DOMINATED BY THE RIGHT, AND A RIGHT-WING PRIME MINISTER. IT WILL MAKE IT HARDER FOR HIM TO MAINTAIN THAT HE IS THE PRESIDENT OF ALL THE FRENCH, ABOVE MERE PARTY RIVALRIES. HE HAS BEEN CAREFULLY STAKING OUT THE GROUND TO DEFINE THE AREAS WHERE HE AIMS TO RETAIN CONTROL OR AT LEAST CONSIDERABLE INFLUENCE (EG DEFENCE, FOREIGN AFFAIRS, SENIOR APPOINTMENTS). BUT A LEADING ROLE IN THE CAMPAIGN WILL MAKE THE POST-MARCH IN-FIGHTING ALL THE MORE BITTER.

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## CONFIDENTIAL

4. THE ELECTION CAMPAIGN IS NOW OVERSHADOWING OTHER ISSUES. MITTERRAND IS USING FOREIGN AFFAIRS TO POINT UP THE SUCCESS OF THE SOCIALIST GOVERNMENT: THE TIMING OF TWO MAJOR INTERNATIONAL CONFERENCES IN PARIS NEXT MONTH (ON FORESTRY, AND ON ''FRANCOPHONIE'') IS NO COINCIDENCE. THE SAME GOES FOR HIS MEETING WITH KOHL YESTERDAY AT BADEN BADEN (ALTHOUGH ITS RESULTS ARE AGAIN REPORTED HERE AS DISAPPOINTING). IN THIS CONTEXT, THE CFL IS A BONUS, SINCE IT IS A PROJECT WHICH IS GENERALLY CONSIDERED BY THE FRENCH PUBLIC AS POSITIVE AND WHICH ATTRACTS VIRTUALLY NO CRITICISM. MOREOVER, IT IS IMPORTANT FOR THE REGION OF NORD/PAS DE CALAIS, A TRADITIONAL SOCIALIST STRONGHOLD, NOW UNDER CHALLENGE FROM THE RIGHT, AND WHERE UNEMPLOYMENT IS ABOVE THE NATIONAL AVERAGE. MAUROY (THE SOCIALIST MAYOR OF LILLE) STILL REPRESENTS A POWERFUL CURRENT INSIDE THE PS: MITTERRAND WILL BE CONTENT TO GIVE HIM THIS OCCASION TO SHINE.

5. THE SUBJECTS MOST PREOCCUPYING THE FRENCH VOTERS (AND NO DOUBT MITTERRAND) ARE FAMILIAR ENOUGH IN THE UK. THEY INCLUDE UNEMPLOYMENT, PURCHASING POWER, AND PERSONAL SECURITY. ONE ISSUE WHICH HAS A HIGHER PROFILE THAN IN BRITAIN IS IMMIGRATION. THIS IS LARGELY RESPONSIBLE FOR THE APPEAL OF LE PEN'S NATIONAL FRONT WHICH LOOKS SET TO SCORE 7-9 PER CENT IN THE ELECTIONS.

6. ALSO ON MITTERRAND'S MIND WILL BE THE OPPOSITION'S JOINT PROGRAMME, ISSUED YESTERDAY. (WHICH I SHALL REPORT SEPARATELY). ALTHOUGH THIS SPRINGS NO GREAT SURPRISES, IT COMMITS THE TRADITIONAL RIGHT (THE ALLIANCE OF THE RPR AND UDF) TO A FAR-REACHING PROGRAMME OF ECONOMIC LIBERALISATION (INCLUDING DENATIONALISATION OF BANKS, INSURANCE AND INDUSTRIES, THE SCRAPPING OF PRICE CONTROLS, PROGRESSIVE ABOLITION OF EXCHANGE CONTROLS, ETC). THE AMBITIOUS PROGRAMME OF PRIVATISATION WILL BE HARD FOR MITTERRAND TO SWALLOW.

FRETWELL

FCO PASS SAVING BRUSSELS AND BONN  
PCLNAN 0252

(REPEATED AS REQUESTED)

EUROPEAN POLITICAL

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ECDS

PLANNING STAFF

## CONFIDENTIAL



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CONFIDENTIAL

# Confidential

FM PARIS [KOLLAR]

TO IMMEDIATE FCO

TELNO 060

OF 171750Z JANUARY 86

INFO IMMEDIATE BONN

INFO ROUTINE MODUK

INFO SAVING UKDEL NATO, ROME

KOHL/MITTERRAND MEETING: 16 JANUARY.

## SUMMARY

1. PRESENTED IN PARIS AS A LARGELY SYMBOLIC OCCASION, WITH POSSIBLY SOME PROGRESS ON CONSULTATION ON FRENCH TACTICAL NUCLEAR WEAPONS. FRENCH PRESS GENERALLY DOWN-BEAT.

## DETAIL.

2. THE JOINT REVIEW AT BADEN BADEN BY KOHL AND MITTERRAND OF FRENCH FORCES IN GERMANY PROVIDED GOOD TELEVISION PICTURES LAST NIGHT, BUT THE WRITTEN PRESS IS UNENTHUSIASTIC. NEWSPAPERS SEE THIS AS ANOTHER IN THE SERIES OF UNPRODUCTIVE FRANCO-GERMAN ENCOUNTERS, WITH HEADLINES LIKE 'MESSENTENTE CORDIALE'. ONE HEADLINE READS 'CHANCELLOR KOHL REFUSES TO COMMIT HIMSELF ON HERMES', AND THIS IS A RECURRING THEME. THE PRO-GOVERNMENT LE MATIN DESCRIBES FRANCE AS MAKING ALL THE POSITIVE MOVES (ON MILITARY COOPERATION) BUT GETTING NOTHING BACK FROM THE GERMANS, PARTICULARLY ON HERMES.

3. THE MAIN POSITIVE OUTCOME IS SEEN AS BEING MITTERRAND'S AGREEMENT TO WORK OUT A SYSTEM OF CONSULTATION WITH THE GERMANS ON THE USE OF FRENCH TACTICAL NUCLEAR WEAPONS, ALTHOUGH HE REITERATED THAT THE DECISION TO USE THEM COULD NOT BE SHARED. LE MONDE COMMENTS THAT IT WOULD ALSO BE IMPOSSIBLE TO DECIDE JOINTLY ON TARGETTING, SINCE THIS DEPENDS ON WHAT TARGETS OF OPPORTUNITY PRESENT THEMSELVES IN A CONFLICT. LE FIGARO DRAWS ATTENTION TO TWO POSITIVE REFERENCES TO NATO BY MITTERRAND AT HIS PRESS CONFERENCE (FULL TEXTS BY BAG).

## COMMENT

4. THERE DOES NOT SEEM TO BE ANYTHING NEW IN ALL THIS, UNLESS THERE HAS IN FACT BEEN SOME PROGRESS ON TACTICAL NUCLEAR WEAPONS BEYOND THE AGREEMENT IN DECEMBER TO HOLD BILATERAL DISCUSSIONS ON THEM. NO-ONE IN THE QUAI, FROM MOREL DOWNWARDS, HAS BEEN ABLE TO GIVE US A STEER ON THIS TODAY, BUT WE ARE PROMISED AN ELYSEE BRIEF TOMORROW.

FRETWELL

YYYY

FCO PASS SAVING UKDEL NATO, ROME

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# Confidential





10 DOWNING STREET

*From the Principal Private Secretary*

16 January 1986

**CHANNEL LINK**

I am writing to thank you for your letters of 15 and 16 January. I have brought them to the Prime Minister's attention, and you will not expect further comment at this stage.

(N. L. WICKS)

Sir Nicholas Henderson, G.C.M.G.

K





# The Channel Tunnel Group

8 Suffolk Street, London SW1Y 4HG

Telephone: 01-930 8828/29 Telex: 915553

Fax No: 839 4204

SIR NICHOLAS HENDERSON G.C.M.G.  
Chairman

Nigel Wicks Esq  
Private Secretary to the Prime Minister  
10 Downing Street  
London SW1

16 January 1986

*DN completed  
PM signed Cabinet  
this + letter of  
15 Jan  
NCH  
16.1*

*Dear Nigel*

CHANNEL LINK

We have been asked to approve a formula (the text of which I believe has been sent to the Prime Minister) providing for an increased capacity for the link, or a new link, including a Drive-Through, should traffic warrant it and technology permit.

There is only one clause in the suggested formula that creates difficulties and we are in touch with the Department of Transport about this, suggesting alternative wording, but otherwise, in principle, we and our French partners are prepared to accept the formula, and I wanted to inform you of this straight away.

*Yours ever,*

*Nicholas*



Sir N. HENDERSON 20/1 W



70

10 DOWNING STREET

*From the Private Secretary*

15 January, 1986.

I enclose, as we discussed, a copy of a letter from Sir Nicholas Henderson to Nigel Wicks about the Channel Tunnel Group's proposals.

I should be grateful for a draft reply as soon as possible which Nigel might send in response to the letter, which may amount to no more than an acknowledgement.

I am sending copies of this letter to Colin Budd (Foreign and Commonwealth Office), Rachel Lomax (HM Treasury), and Michael Stark (Cabinet Office).

(Mark Addison)

Richard Allan, Esq.,  
Department of Transport.

VC





## The Channel Tunnel Group

8 Suffolk Street, London SW1Y 4HG

Telephone: 01-930 8828/29 Telex: 915553

Fax No: 839 4204

SIR NICHOLAS HENDERSON G.C.M.G.  
Chairman

Nigel Wicks Esq  
Private Secretary to the Prime Minister  
10 Downing Street  
London SW1

15 January 1986

*Dear Nigel,*

As there is so much speculation about what our organisation proposes for the Channel Link and as decisions may have to be taken shortly, I would be grateful if you could let the Prime Minister know the following:-

1. The project of the Channel Tunnel Group and France Manche contains the promise that we will build a drive-through bored tunnel when:
  - a) The technology for the construction and operation of wide tunnels is proven.
  - b) The problems of ventilation have been thoroughly examined and practical solutions suggested.
  - c) There is sufficient traffic to make a drive-through financeable.

None of these apply now, as we know from the thorough examinations carried out in the UK and France both in the past and again in the early part of last year by the ten leading construction companies in the two countries who are members of our consortium together with international consulting engineers, Mott, Hay and Anderson, and comments received from Japanese railways and Mitsui.

2. In the meantime, we will begin with tunnels to provide:
  - a) A shuttle which can carry up to 4,000 vehicles an hour in each direction (more than the capacity of a two lane motorway), taking 30 minutes for the journey and departing, if need be, every 2½ minutes - i.e. a "rolling road" onto which vehicles can be driven by their drivers with no risk of breakdown or accident or disorientation.

.../2



Nigel Wicks Esq  
15 January 1986  
Page 2

- b) A through rail service for passengers and freight: 3 hours journey time between London and Paris/Brussels; economic freight carriage from all parts of the UK to all parts of the Continent.
  - c) A project that can be financed from the private sector (loan and equity finance have already been secured - and there will be no resort to public money or governmental guarantees).
3. Our consortium comprises construction companies on the British side with a turnover of over £5 billion per annum and on the French side the equivalent of £7.2 billion per annum. The assets of the two participating banks on the British side total £133 billion and of the three participating French banks the equivalent of £185 billion.

*yours ever,*

*Nigel Wicks*







La meilleure solution

# EURO ROUTE

The best solution

30/35 Pall Mall,  
London SW1Y 5LS.  
Tel: 01-930 4321.

15th January, 1986

The Rt. Hon. Margaret Thatcher MP  
10 Downing Street  
London SW1

Dear Prime Minister,

## Channel Fixed Link

In view of tomorrow's Cabinet discussion on the fixed link between the UK and France I consider it might be appropriate to inform you of some of the major issues affecting the choice of fixed link.

EuroRoute, both in the UK and France, has been promoting the only viable road scheme for the fixed link between Britain and France. In addition to offering choice - both road and rail - EuroRoute would create 20,000 jobs each year for five years in the depressed regions of Scotland, North East England and Northern Ireland. It is the largest and most exciting civil engineering project this century and, with the additional advantage of being entirely financed by the private sector, could mark a turning point in European economic co-operation and development. EuroRoute has powerful financial support and no less than 15 independent technical consultants have participated in the design and validation of the scheme.

EuroRoute has had some reservations on the way the assessment process has been handled in the U.K. but in each case where specific points such as security have been raised these have, we believe, been satisfactorily dealt with and we are unaware of any major unresolved issues.

While Channel Expressway has been put forward by the Department of Transport as the means of meeting Ministers' desire for a road link, it is now recognised that the French Government will not countenance Expressway, not only because it is insufficiently French but because they feel it is not a serious scheme, either technically or financially.

EuroRoute is the trading name of EuroRoute Limited,  
Registered in England, No. 1548964.

Registered Office:- 30/35 Pall Mall, London SW1Y 5LS. Tel: 01-930 4321, Telex: 892684 THOG G. Fax: 01-839 1837.

CC/BG

Ackd  
15/1

Prime Minister

CDD  
15/1

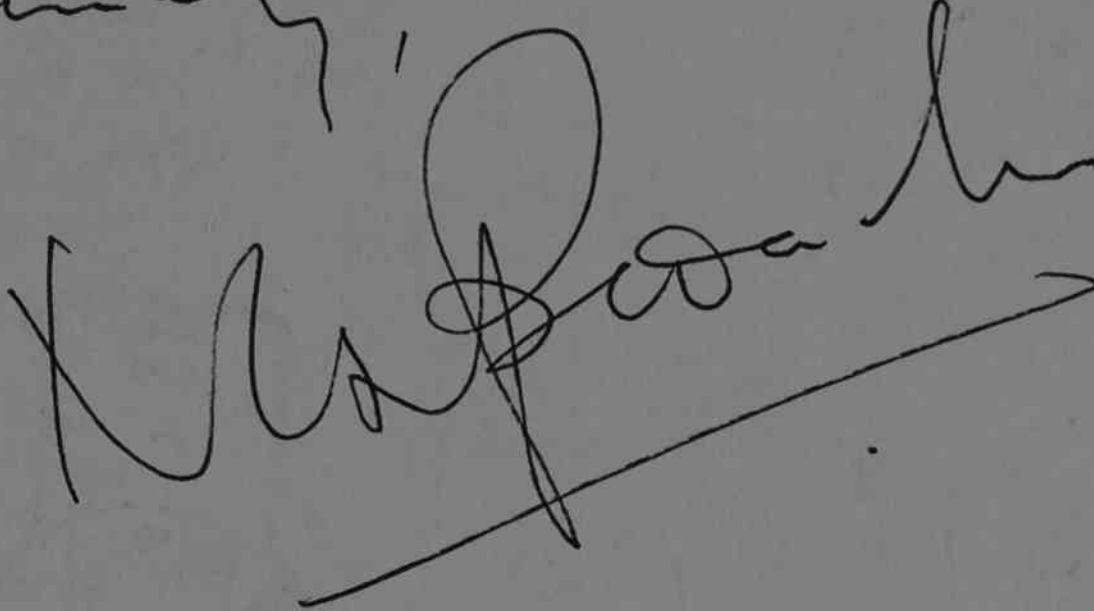
MT



The opportunity still exists for you to agree with the French President on the road link but any such agreement can only be on the basis of a EuroRoute-type scheme. The alternative would be to reach the wrong decision - to settle for a rail-only link which, apart from its vulnerability to industrial action, does not meet either the public's preference or the transport needs of the 21st century. To opt for the CTG scheme would effectively rule out any form of road link until well into the next century.

The French Government, after its own assessment, is enthusiastic about the EuroRoute scheme. EuroRoute's financial advisers, Barclays and Kleinwort Benson, have reaffirmed in the last few days that the project can be financed entirely from the private sector and their confidence should give the U.K. Government increased comfort in respect of the EuroRoute scheme. However in the interest of providing further assurance to Government we are prepared to consider co-operating with other groups to provide road and rail links and I have already indicated this in a separate letter to the Secretary of State for Transport.

Nigel Broackes

Yours sincerely,  








PRIME MINISTER

## CHANNEL FIXED LINK

Mr. Ridley wants to continue to insist on Channel Expressway.

There is a risk that he is beginning to carry this to lengths which could be damaging. He is reinforcing the public perception that the Government would strongly prefer a drive-through scheme. The CTG scheme increasingly looks to be Hobson's choice and if this decision is made in a way which appears to be forced upon the Government it will be the more difficult to present the Channel Tunnel project as exciting and worthwhile - which it undoubtedly is.

*R. Norgrove*  
*Duty desk*  
PP (David Norgrove)

15 January 1986



5

SECRET

Ref. A086/155

PRIME MINISTER

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Channel Fixed Link  
FLAG A C(86)3

Note by the Secretary of State for Transport

BACKGROUND

You are to meet President Mitterrand in Lille next Monday (20 January) to announce the choice of scheme for the Channel Fixed Link.

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2. E(A) agreed on 3 January that the Channel Tunnel Group (CTG) was the favoured option but that the possibility of a drive through scheme should be further explored. At its second consideration on 8 January E(A) authorised the Transport Secretary to explore with the promoters, particularly CTG and Channel Expressway (CE), the possibility of collaboration between their schemes. CTG remained a viable fall-back option.

---

3. The Transport Secretary's note concludes that there is no scope for bringing the various groups together. Both Sir Nicholas Henderson (CTG) and Sir Nigel Broackes (Euroroute) have refused to collaborate with Channel Expressway. Sir Nigel Broackes in a letter to the Transport Secretary of 14 January states "Our misgivings about Expressway's costs, ventilation problems and the length of their drive are re-confirmed and therefore we cannot associate with them".

---

4. At his meeting with M. Auroux on 13 January Mr Ridley somewhat surprisingly said that CE was the favoured option of the British Government. M. Auroux said the French, including President Mitterrand himself, preferred Euroroute, but indicated that CTG would be an acceptable fallback. No headway was made at the Ministerial talks, but subsequent discussion between officials and M. Auroux and a later meeting in Paris led to French agreement that certain undertakings giving the two Governments (rather than CTG if it were chosen) the



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initiative for insisting on the construction of a drive through second phase of the Link at a later stage should be explored. A text (copy attached) has been sent to the French which they are expected to agree, and a meeting with CTG (and with others if necessary) is envisaged in Paris on 17 January. It is, however, unlikely that CTG would be able to agree the text before 20 January.

MAIN ISSUES

5. The following three main options now face the Cabinet:-

(a) To insist, as recommended by the Transport Secretary, on CE;

(b) To seek a delay of the meeting in Lille for one or two weeks;

(c) To make an announcement on 20 January in favour of CTG but specifying that the choice depends on the satisfactory outcome of negotiations on the Concession Agreement, particularly regarding future development of a drive through facility.

Discussion of Options

6. Option (a) (insisting on CE) raises all the objections which were explored in discussion by E(A). These concern:

(i) the geological feasibility of boring four parallel tunnels, two of them very large (12 meters diameter) in a stratum of chalk which on the French side is only 15 meters thick;

(ii) the ventilation of a 25 mile tunnel by means of two airshafts and electrostatic precipitators which have proven application in Japan only over 3.5 kilometers;



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(iii) the under estimation of Expressway's costs by a factor of 35 per cent (in the view of UK assessors ) or 75 per cent (in view of French assessors );

(iv) the possible conflict of interests if Mr Sherwood, who already owns British Ferries, were given control of both the road and rail crossings of the Channel;

(v) the seemingly implacable opposition of the French, which my conversation with M. Schweitzer has confirmed.

Given the very strong reaction which the choice of CE would bring from both Euroroute and CTG (which might in due course lead them to publish the Joint Assessment if they could obtain a copy) it would be very difficult for the Government to defend and sustain a decision in favour of CE on the basis of the Assessment.

7. The objective of Option (b) (one or two week's postponement of the announcement) would be to buy more time for negotiating the terms of the Concession Agreement before the final announcement places the chosen promoter in a particular strong position. It would also allow for further limited exploration of ideas for collaboration between Euroroute and CTG recently put forward by Sir Nigel Broackes. It seems clear, however, that the French would not agree to such a delay which they would regard as psychologically disastrous and putting at serious risk the momentum of the whole project. These objections would also apply to any suggestion that the issue should be left open to test the reaction of the financial markets, which could not be achieved in two weeks.

8. Option (c) (a conditional announcement on 20 January in favour of CTG) would effectively keep open the possibility of a drive through facility (even within the first few years of operation of the CTG scheme) and, if presented positively, should thus go some way to satisfy public and Ministerial preference. By announcing their



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decision on schedule the Governments would be expressing their confidence in the ability of the Link to be financed by the private sector, without recourse to Government guarantees, on the basis of the scheme which, on all counts, stands the best chance of being financed. I recommend this option and, if the Cabinet approve it, suggest that you should invite the Department of Transport to pursue negotiations urgently with the promoters and the French on this basis in preparation for a final decision to this effect to be taken and announced by yourself and President Mitterrand next Monday.

#### HANDLING

9. You should invite the Transport Secretary to introduce his note and to bring the Cabinet up to date on the state of the negotiations. The Foreign and Commonwealth Secretary should comment on the implications of the Transport Secretary's recommendation for our relations with the French; the prospects of building the Link at all if we insist on CE; and the prospects of French agreement to a short delay. The Chancellor of the Exchequer should comment on the financeability of the scheme.

#### CONCLUSIONS

10. You will wish the Cabinet to decide whether to accept the Transport Secretary's recommendation that we should insist on CE or whether to agree on a modified version of his alternative proposal (his paragraph 6(a)), namely, to seek a conditional announcement on 20 January in favour of CTG (linked to satisfactory outcome of negotiations on the Concession Agreement, particularly regarding future development of a drive through facility).

*REA*

ROBERT ARMSTRONG

15 January 1986



1. The Governments recognise that the concessionaires and lending institutions funding the project will need assurance that the ability to repay debt and to secure a return on equity that is reasonable taking account of the degree of risk <sup>(1)</sup> will not be eroded by the construction of a second link during the period of the concession.

2. The Governments undertake that throughout the whole of the concession period they will not facilitate any second fixed Channel link built with support from public funds or with government guarantees against technical or commercial risk.

3. On the other hand the Governments cannot deny themselves the right to facilitate such a link in circumstances in which it is clear that the existing link is failing to cope satisfactorily with increasing demand [CTG only] [including demand for a drive through facility] or where it seems evident that such a situation will be reached during the period of the concession.

4. In order to hold an appropriate balance between these considerations, the following concession terms will apply:

a. the Governments undertake not to facilitate before the year 2010 any second fixed link except on the basis that operation will not commence before the year 2020, other than one proposed by the concessionaires or one to which they raise no objection.

b. they will not seek to oppose or obstruct in any way, throughout the concession period, any measures [within the structure of the existing link and its curtilages] proposed by the concessionaires to improve capacity or quality of service, subject to conformity with whatever may be at the time general law and subject to the right of the Governments to refuse any consequential expenditure of public money, eg on related inland infrastructure.

c. up to and including the year 2005 the concessionaires shall be entitled to submit proposals on their own initiative or at the request of the Governments for expansion of capacity by creating new structures outside the existing structures or their curtilages on the understanding that, subject to generally applicable law and Parliamentary processes, the

(1) 16.2 of Invitation to Promoters



Governments will facilitate these developments as necessary provided that in the opinion of the Governments, they take adequate account of developments in technology, in the nature of user demand and of any constraints on the supply of energy in various forms and subject, as in b. to the right of the Governments to refuse consequential expenditures of public money.

d. In the period 2005-2010 the Governments may, at their discretion, treat any proposal received from the concessionaire as in c. above but will not be bound to do so.

e. After 2010, the Governments will be free to issue a general invitation to promoters to construct a second fixed link provided that, unless the original concessionaires agree, that link will not come into operation before 2020.



PROVIDED THAT

f. [first preference]

If, in the opinion of the Governments at any time prior to 2010 there is a need or a foreseeable need for greater capacity which the concessionaires decline to provide or decline to provide in a form which the Governments consider appropriate, the Governments will be free <sup>subject to para 2 above</sup> to proceed to a general invitation to promoters and to facilitate such project as they consider appropriate.

f. [alternative]

If, on the basis of objective criteria to be specified in the concession agreement, it is apparent to the Governments at any time prior to 2010 that there is a need for greater capacity which the concessionaires decline to provide or decline to provide in a form which the Governments consider appropriate, the Governments will be free to proceed to a general invitation to promoters and to facilitate such project as they consider appropriate.

PROVIDED ALSO

that they shall be entitled so to proceed if they form the view that such indications are not present by reason of abusive use of differential pricing. [Provision for arbitration]

[In the case of CTG/FM only]

5. The concessionaires will give an undertaking that they will be ready at all times during the concession <sup>period</sup> to expand capacity, including the construction of a drive through link if commercial and technological constraints permit (2)

(2) Sir Nicholas Henderson's letter of 13 January to Mr Ridley



~~Prime Minister~~This is summarized  
in paragraphs 11 and 12.JLW  
18/1

Ref. A086/153

PRIME MINISTER

Channel Fixed Link

At the request of the Secretary General to the President of the French Republic, I agreed to see an emissary from the Elysée, who visited London for the purpose this afternoon. The emissary was Monsieur Louis Schweitzer, the Directeur du Cabinet of the French Prime Minister, Monsieur Laurent Fabius (Monsieur Schweitzer is the son of Pierre-Paul Schweitzer, the former Managing Director of the International Monetary Fund).

2. Monsieur Schweitzer said that the personal position of the President was a strong preference for the EuroRoute project, based on two considerations:

- i. He would much prefer to have a "drive through" link;
- ii. The EuroRoute rates highly as a conspicuously exciting, imaginative, advanced but practicable project.

The President had the impression from speeches and remarks made earlier by you that you too favoured EuroRoute; he would be interested to know whether you had changed your view and, if so, for what reasons.

3. I said that you, and your colleagues, would much prefer a drive-through link; that was also the view of British public opinion. I thought that at an early stage you had made publicly observations which made the preference clear, and (given that there were then only two projects, EuroRoute and Channel Tunnel Group (CTG) in the field), that implied a preference for EuroRoute. When the time came to consider EuroRoute in relation



to the other three projects (Eurobridge and Channel Expressway (CE) as well as CTG) you, and your colleagues, thought very seriously about EuroRoute and recognised its merit; but it had the most serious environmental disadvantages of all the projects, both in the Channel and at the English end of the link, and the greatest financial risk. Accordingly you <sup>had</sup> favoured CE: you recognised that CTG was a more fully developed and costed project and offered the safest solution to the technical and geological problems, but CE provided a drive-through link and, with the proposed addition of two rail tunnels, presented an attractive proposal at a reasonable cost, provided that the geological and ventilation problems could be solved.

4. Monsieur Schweitzer made it clear that CE was a non-starter so far as the French Government was concerned. This would have been true even if French participation were greater. They thought that CE had not been at all thoroughly researched and that the forecasts of viability and the estimates of cost were totally unreliable. The French contractor in the CE partnership (SCREG) was not a contractor of the highest standing, and had done no serious work on the project. The estimates were based on a tunnelling process which would be the cheapest if everything went smoothly but was the most vulnerable to unforeseen tunnelling or geological problems. There would be a high risk of such problems arising with tunnels of 11 metres diameter or more in the Sub-Channel strata. The French Government did not believe that the ventilation problem was in sight of a solution. The system would be highly vulnerable to vehicle breakdown or accident which could lead very quickly to a build up of 10 miles of stationary vehicles in the tunnel. In theory drivers would obey signals to switch off their engines and wait patiently: we might have confidence in British drivers but Monsieur Schweitzer was not convinced that French drivers would be so orderly and phlegmatic.



5. Monsieur Schweitzer went on to say that the French Government were deeply suspicious of the motives for the CE proposal. It had come so late, and was so ill-researched, that the implication was that the authors did not seriously expect that they would have to deliver. If they were chosen, they would be able to delay the development and completion of the project to the benefit of the ferries (owned by Mr Sherwood): if the project ran into technical or other problems which led to greatly increased costs, no Government ~~would~~ be able to say that the project ~~should~~ be halted and the two Governments would be obliged to come in with the extra finance required.

6. I suggested that one possibility would be for the President and you, when you meet at Lille, to announce a firm commitment of the two Governments to a bored-tunnel solution, but to leave open the choice between CE and CTG to the judgment of the market. Monsieur Schweitzer said that the French Government did not believe that the market would, at any rate in a reasonably short time, be able to make such a judgment. They did not consider this a serious possibility. Moreover they thought that such an announcement would be seen not only as an anticlimax but as in effect a decision to delay a decision, certainly for months, perhaps for years, quite possibly for an unforeseeable period. The two Governments were committed to announcing a choice on 20 January: an announcement that was not a clear choice, or the postponement of a decision, would have a very damaging psychological effect on the public and on the promoters, and we should have missed a window which might not open again for sometime.

7. Monsieur Schweitzer acknowledged that domestic political considerations entered into the wish of President Mitterrand to stick to the announced plan for a definite announcement on 20 January. The President did not think that a limited postponement was a political possibility: if a decision was not taken and announced on 20 January, it would have to wait until



after the French elections, and after an election a new Government (particularly if it was of a different political persuasion from the present Government) would probably think it necessary to review the project fundamentally. That would not be likely to be first order business for a new Government.

8. I asked whether, if CE was ruled out on the French side and EuroRoute was ruled out on the British side, the President would be prepared to contemplate a decision in favour of CTG. Monsieur Schweitzer said that CTG was Monsieur Fabius's personal preference, and he thought that the President could be persuaded to decide for CTG, subject to two points:

i. it should be presented positively, as an historic and exciting choice and not as the safest option;

ii. the possibility of a drive-through link some time in the future should be kept as firmly and positively alive as possible.

9. I said that Ministers were due to review the matter tomorrow. I did not know what the outcome of their consideration would be. I thought, however, that, if they were prepared to consider deciding in favour of CTG at all, they would want to insist upon similar conditions. Indeed CTG had already been invited to firm up their tentative commitment to consider adding a drive-through link if traffic forecasts and technical developments made a drive-through link financeable. I understood that there had been discussions between the two Departments of Transport about the conditions that might be sought: Monsieur Schweitzer was shown a draft that had emerged from those discussions and indicated that the draft looked all right to him.

*The draft is attached to the Cabinet Office brief.*



10. On procedure, Monsieur Schweitzer and I agreed that our discussion was not a negotiation: that was a matter for Mr Ridley and Monsieur Auroux. I suggested that after tomorrow's Cabinet meeting Mr Ridley and Monsieur Auroux might need to meet once more, with a view to making further progress towards a conclusion which the President and you could finally reach and ratify at Lille on 20 January. Monsieur Schweitzer agreed; but said that Monsieur Auroux might not be in a position to reach a conclusion at such a meeting: the President might wish to reserve that for his meeting with you.

11. I came away from my talk with Monsieur Schweitzer with the following impressions:

- i. The President has kept and still retains a strong preference for EuroRoute.
- ii. The French Government will under no circumstances accept Channel Expressway (CE).
- iii. The French Government will not be interested in a postponement of a decision, or in any decision on 20 January which is not a clear decision in favour of one project.
- iv. The President will be told that there is no chance of the British Government accepting EuroRoute and that the British Government has been told that there is no chance of the French Government accepting CE.
- v. The President will endorse or accept a decision for CTG, so long as it is presented in a positive and exciting way, and so long as the possibility of adding a drive-through link is kept open and alive as firmly as possible.



vi. The President will not accept any decision or formulation that puts EuroRoute behind CE: for instance, if one of the conditions attached to a decision in favour of CTG were to be a commitment to the possibility of adding drive-through later, the commitment would have (from the President's point of view) to be <sup>to</sup> a drive-through link and not a drive-through tunnel.

vii. Mr Ridley has probably given his French counterpart the impression of a stronger commitment to CE than is justified by the conclusions of (E(A) (E(A)(86) 1st Meeting) where you summed up to the effect that Mr Ridley should tell Monsieur Auroux that the British Government favoured the CTG proposal but would like to keep open the options of CE and CTG for further analysis and indication of preference from the financial markets.

12. Monsieur Schweitzer will have taken away from me the impression that:

- i. EuroRoute is not on for us.
- ii. We want drive-through.
- iii. We think that serious consideration should be given to keeping open the CE and CTG options for market judgment.
- iv. We have not ruled out a decision in favour of CTG, subject to keeping open the possibility of a drive-through link later on.

He left me in no doubt that the President would not be able to go along with iii.: he would think that it would ~~be regarded as~~ in effect a victory for those who did not want a decision because they did not want a fixed link of any kind. I said that Monsieur Schweitzer should be under no misunderstanding: the



consensus in Cabinet was in favour of proceeding with a fixed link, and that remained your position.

13. I think that there needs to be one more exchange with the French Government before you meet the President at Lille. It could be between Mr Ridley and Monsieur Auroux; but, if Monsieur Auroux would be likely to be under instructions to hold back from a conclusion, it might be better (given the press interest there would be in any such Ministerial meeting) for the exchange to take place between the leaders of the two official teams.

RTA

ROBERT ARMSTRONG

15 January 1986



✓ ced. Wypraw

W0893

PRIME MINISTER

15 January 1986

CHANNEL FIXED LINK

If Cabinet chooses the Secretary of State for Transport's Option (a) (CTG) then I believe there are no technical issues which need concern Ministers at this stage.

2. If, however, the choice is Option (b) (CE), then my advice of 2 January is relevant. On the assumption that such a decision would necessarily be conditional on proof of financability, I would advise adding a second condition of proof of technical feasibility at affordable increase in cost. Then, as I advised in my earlier minute, it would be necessary to commission a further and independent engineering assessment of the ventilation and tunnelling problems and the likely maximum cost of overcoming them. This would provide comfort for both Governments that the financing of the project would not come unstuck at an early stage due to unanticipated cost increases caused by technical problems.

3. I am copying this minute to Sir Robert Armstrong.

RPN

SIR ROBIN NICHOLSON  
Chief Scientific Adviser



CONFIDENTIAL

PRIME MINISTER

15 January 1986

CHANNEL FIXED LINK

First, one or two comments, then some conclusions:

Comments

1. The French establishment is united in its implacable hostility to James Sherwood and his Expressway Scheme. In French eyes, Expressway has no technical or commercial credibility and there are misgivings about Sherwood and his motives. The Elysée is less exercised by the technical and commercial issues, but sees overriding political difficulties in backing Expressway without satisfactory French partners, and without secure arrangements for the French content of the work to be close to 50%.
2. Setting aside French opposition, if the concession is awarded to Expressway, it is unlikely that CTG and EuroRoute will feel inclined to pull their punches in seeking to discredit the assessment process and Nicholas Ridley's part in pushing Expressway. This could be acrimonious, messy and unhelpful to the passage of sensitive legislation.
3. Good progress has been made with the French in defining the basis of concession arrangements which would allow

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- 2 -

the Governments to claim that even the basic CTG rail shuttle scheme is forward looking; provision is made for additional phases of capacity - hopefully, drive-through - as soon as the foreseen traffic would justify the additional investment on a commercial, private sector basis.

4. Even at this eleventh hour, interesting new ideas are coming out of the melting pot: for example, a variant of the EuroRoute proposal, which would obviate the bridge and island on the British side and thereby overcome environmental objections. Against this background, there are hints from the French that they might be prepared to postpone the 20 January 1986 deadline a week or two to explore further whether there is scope for a joint venture between CTG, EuroRoute and Expressway to undertake a combined road/rail scheme.

Conclusions

1. The French will not budge on Expressway. This is not a tenable option. Nor is the variant of devising a market selection between Expressway and CTG. The only true market test is the preparedness of risk-investors and their bankers to commit real money.
2. If we drop Expressway, the French may be prepared to postpone the final decision a week or two. This time could be used to good effect, either to resolve important

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- 3 -

aspects of the concession with CTG, or - as a long shot -  
to explore whether a joint venture of the three promoters  
is achievable on the basis of a road/rail link with the  
road element being a variant of the EuroRoute Scheme.

3. The only tenable basis for a firm decision on Monday is  
CTG. It should now be possible to present this as the  
first phase of a more ambitious ultimate scheme which, in  
time, should include a drive-through element.



JOHN WYBREW

CONFIDENTIAL





Foreign and Commonwealth Office

London SW1A 2AH

15 January 1986

Dear Charles,

CDP 15/1

Anglo/French Summit Meeting in Lille on 20 January

A 3 attached

The Embassy in Paris have now obtained further details from the Elysée of the arrangements for speeches etc at the Channel Fixed Link Summit meeting.

The French propose that the President and Prime Minister speak briefly (for about 5 minutes each) at the opening of the press conference to announce the decision on the Link: this is in line with what I believe we have been assuming.

In their original proposal the French mentioned that the press conference would be followed by lunch "with speeches". The Elysée have now said that President Mitterrand does not envisage these speeches being long and formal; he will probably "take something out of his pocket". The Prime Minister would therefore be expected to speak rather more briefly than we had previously been contemplating.

The foregoing has already been passed on to the Department of Transport at working level, and officials are taking the new proposed arrangements into account in their preparations. I am nevertheless copying this letter to Richard Allan in the Department of Transport.

Yours ever,  
Colin Budd

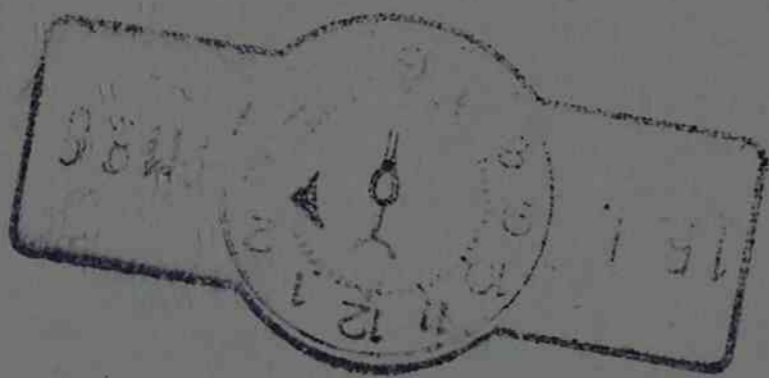
(C R Budd)  
Private Secretary

C D Powell Esq  
No.10 Downing Street



Transport: Channel Tunnel Pt 4.

British Rail  
London SW1A 3AH





Prime Minister

Ref. A086/137

MR POWELL

I'm not sure  
it's a good idea  
to see him without  
telling Mr. Redley.  
But RTA says that he

Channel Fixed Link

I have received a request from the Secretary General at the Elysée to see Monsieur Schweitzer as a personal emissary from the Elysée tomorrow. It was made clear that, though he was being sent to see me, he would be ready to be taken to see the Prime Minister if I thought that that was appropriate. He is coming tomorrow afternoon, and I have made it clear that there is no possibility of his seeing the Prime Minister then.

will  
simply  
listen  
&  
report  
eDP  
14/1

2. I understand that Monsieur Auroux, the French Minister of Transport, knows that there is to be such a mission but does not know who is conducting it or when it is taking place. I have not therefore informed the Secretary of State for Transport or his officials of Monsieur Schweitzer's visit. Monsieur Schweitzer is coming on his own.

ms

3. I will of course report what he has to say to the Prime Minister as soon as possible.

RTA

ROBERT ARMSTRONG

14 January 1986



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P 01874

COMMERCIAL IN CONFIDENCE

MR NORGROVE

cc Sir Robert Armstrong  
Mr Wiggins  
Mr Christopher

Channel Fixed Link

The Prime Minister is to meet President Mitterrand in Lille next Monday (20 January) to announce the choice of scheme for the Channel Fixed Link. Since the proposed meeting of E(A), which might usefully have cleared the ground before Cabinet, has had to be cancelled, I thought you might find the following report on latest developments helpful. The Secretary of State for Transport aims to put a paper to Cabinet, but events are moving fast and he will probably have to supplement this orally.

2. At its meeting on 3 January E(A) agreed that the Channel Tunnel Group (CTG) was the favoured option but that the possibility of a drive-through scheme should be further explored. At the second meeting on 8 January the Sub-Committee authorised the Transport Secretary to explore with the promoters, particularly CTG and Channel Expressway (CE), the possibility of a merger of their interests and the construction of a rail and road drive through scheme. CTG was accepted as a viable fallback option.

3. The Transport Secretary's discussions with Sir Nicholas Henderson (CTG) and Mr Sherwood (CE) have not been productive. Their approach to construction and the schemes they propose are fundamentally different and, as Sir Robert Armstrong's minute of yesterday to Mr Wicks made clear, Sir Nicholas Henderson is not prepared to cooperate with CE. The Transport Secretary is therefore trying to use the current uncertainty to improve the terms of any Concession Agreement which might be signed with CTG. He is particularly concerned to minimise the period of exclusivity which CTG might enjoy and to include provisions which would leave in the hands of the two Governments, rather than the promoter, whether and when additional drive through tunnels might be

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added subject to their being commercially viable. It is envisaged that such provisions would leave the two Governments free (subject to the crucial viability test) to require CTG either to undertake the road tunnel phase or to take part in a competitive tender for it. Discussions on this at official level are taking place in Paris today.

4. At his meeting with M. Auroux yesterday in London Mr Ridley somewhat surprisingly told the French that CE was the favoured option of the British Government. M. Auroux said the French (including President Mitterrand himself) preferred Euroroute, but indicated that CTG would be acceptable as a fall back. No headway was made in the Ministerial talks although subsequent discussion between officials and M. Auroux led to French agreement that the proposal in the previous paragraph regarding CTG should be further explored. French Ministers meet tomorrow and Mr Ridley plans to have a further meeting with M. Auroux either tomorrow evening before he reports to Cabinet on Thursday or after Cabinet.

5. The main task for Cabinet on Thursday will be to decide whether a particular scheme is to be announced on 20 January. The support which the Transport Secretary has given to CE appears to have upset the French, who continue to regard it as an undercosted proposal posing acute engineering problems (both the size of the tunnels and the proposed ventilating system) and having insufficient French backing. It seems most unlikely that they would ever accept the Expressway scheme.

6. If a single scheme is to be chosen in time for the announcement on 20 January it looks increasingly as if it will have to be CTG. If the negotiations over the Concession Agreement effectively keep open the possibility of a drive through addition for the future this should presumably go some way to satisfy public and Ministerial desire for a drive through scheme - while the immediate choice will be seen to fall to the proposal that stands the best chance of being financed.



J B UNWIN

14 January 1986  
Cabinet Office









MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

CCPC  
MH

From the Minister

CONFIDENTIAL

The Rt Hon Nicholas Ridley MP  
The Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London SW1P 3EB

DN to see  
✓

13 January 1986

*Nicholas Ridley*

NBRM

CHANNEL FIXED LINK: TREATY

There is one point arising from your letter of 25 November 1985 to Geoffrey Howe on which I wanted to register my interest.

In the section dealing with inter-Governmental machinery, you proposed the setting up of an inter-Governmental Commission. I entirely support your view that this body should be small and that there should, therefore, be some flexibility in the Departmental representation. Nevertheless, we have a considerable interest in the operation of a Channel Fixed Link in relation not only to the general movement of foodstuffs in both directions but also to the controls we have to exercise in relation to food hygiene and to animal and plant health. At this stage, therefore, I would merely like to record that I shall need to consider nearer the time whether it would be necessary for my Department to be represented on the Commission on a permanent basis.

I am sending copies of this letter to the Prime Minister, Geoffrey Howe, Douglas Hurd, George Younger and members of E(A) and to Sir Robert Armstrong.

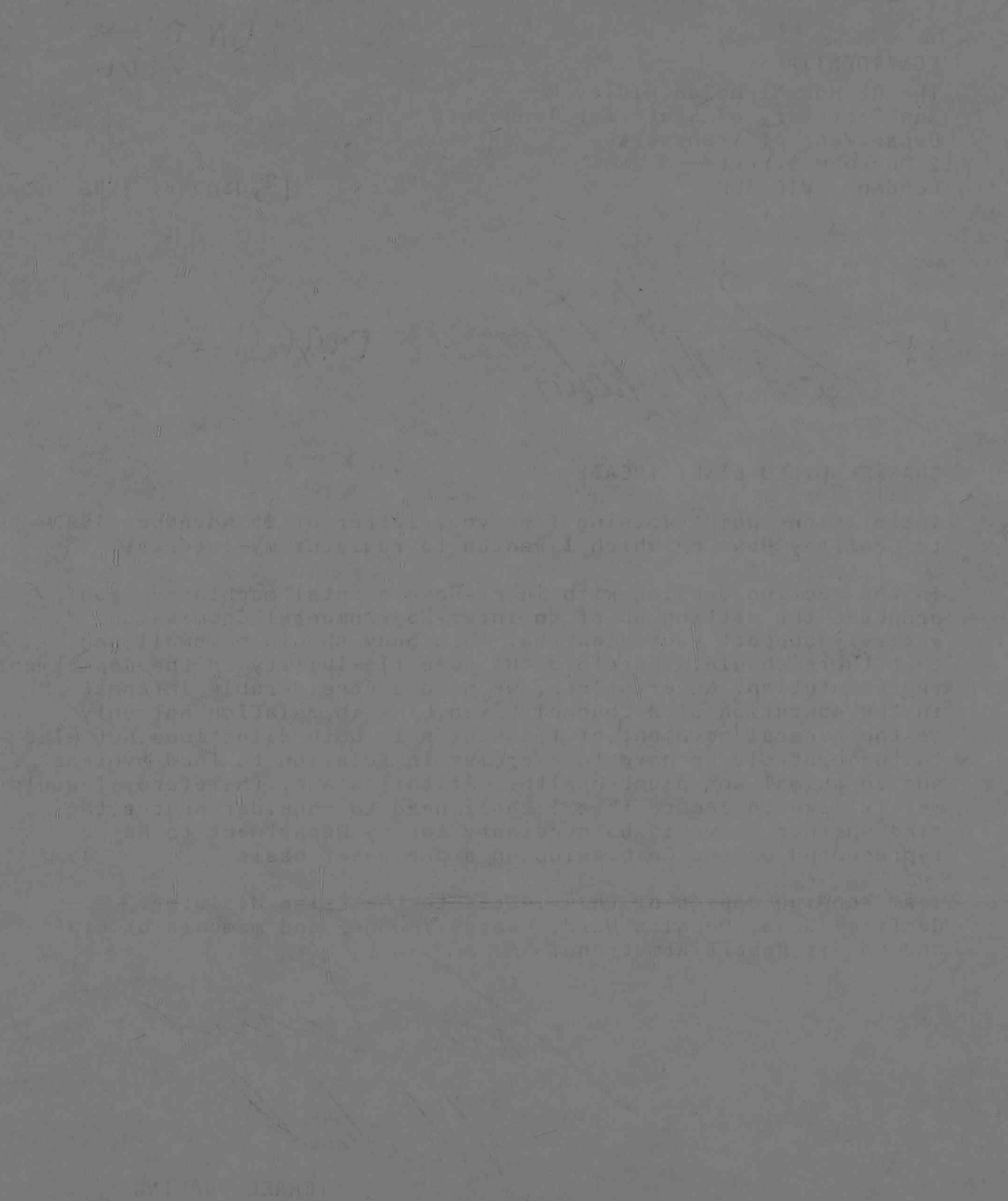
*Michael Jopling*

MICHAEL JOPLING



TRANSPORT PTU

CANNON TUNNEL





B/F tomorrow  
15/1 pae

Ref. A086/111

MR WICKS

NBM

Channel Fixed Link

at top

Sir Nicholas Henderson has sent me a copy of his letter to the Secretary of State for Transport responding to the Secretary of State's proposal that Channel Tunnel Group (CTG) should consider joining forces with Channel Expressway (CE) for a four-bore (two rail, two road) tunnel link.

2. I understand that, when the Secretary of State for Transport reported to E(A) last week that he had a message from Sir Nicholas Henderson indicating willingness to approach and work with CE, he was misinformed. The message actually was to the effect the CTG would be prepared to undertake to develop a drive-through tunnel at a later stage - after the rail shuttle tunnel had been completed - if the traffic justified it, if the geological and technical (ventilation) problems could be satisfactorily solved, and if it could be financed. That is the proposition in the last paragraph of this letter.

3. Given the fact that the Secretary of State's assessors broadly confirmed CTG's estimates for its own twin-bore scheme, it is interesting that CTG's estimate for a three-bore tunnel, at £4.2 billion, is higher than CE's estimate (£2.9 billion) and the <sup>UK</sup> assessors estimate (3.9 billion) for a four-bore scheme.

4. I am left with a strong impression that the Secretary of State was making too light of the geological and technical difficulties of a drive-through tunnel of 11 or 12 metres diameter, and therefore of its viability and financeability.

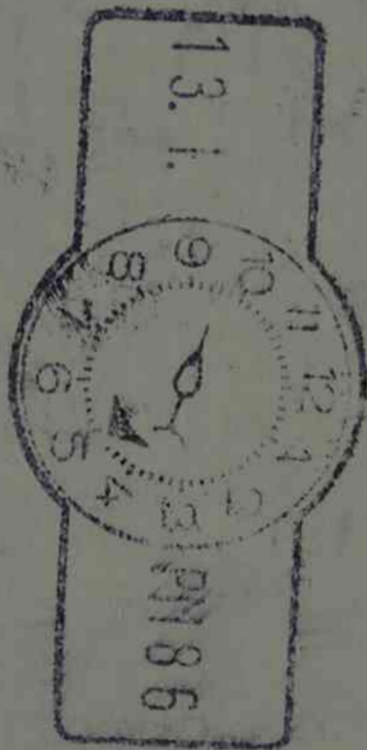
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ROBERT ARMSTRONG

13 January 1986



Channel Tunnel,  
Transport;  
P+4





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COMMERCIAL IN CONFIDENCE

CC/BG



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London  
SW1P 3EB

~~DN~~ to rel  
CDP, 14/11

Dear Nick,

13<sup>th</sup> January 1986

**CHANNEL FIXED LINK: CONCESSION AGREEMENT WITH PROMOTERS**

As we discussed in the margins of Cabinet last week, in dealing, under time pressure, with the basic choice for a Channel Fixed Link, we must not lose sight of the terms and conditions under which a promoter will be able to proceed. It is important that before a consortium is named it accepts the substance of the terms and conditions under which the promoter will be able to proceed. Otherwise we shall find ourselves in a very weak bargaining position on important issues.

There are two matters on which I understand it is already clear there will be problems.

First, there is the promoters' wish to have a commitment by Governments about discriminatory laws. I understand that promoters have been concerned, for example, that they might be adversely affected by future changes in taxation. It would be very hard to draft a suitable formula, and a sweeping exemption of the kind proposed would almost certainly be unprecedented. To take away the risk of legislative action to which a commercial undertaking is ordinarily subject could lead to the difficulties mentioned in Nigel Lawson's letter of 15 February last.

Second, as I mentioned in E(A), and again to you on Thursday, the promoters appear to want an indemnity against the cost of supplementary works required by the governments. Channel Expressway's lawyers want compensation for any change in specification once the concession has been finalised. That is clearly unacceptable, and the Governments must avoid any possibility of carrying the technical risk of the project. Nor can we take any responsibility for the cost of safety requirements or for the cost of complying with future legislation. In the case of precautions against terrorist activity, any form of indemnity to the owners of the link would conflict with established policy.

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I understand that officials will be dealing with both these issues when they meet the French on 15 January to discuss promoters' responses to drafts of the concession agreement. But insofar as the French may be more sympathetic than we to the promoters' case, there will then be very little time to reach a satisfactory position. I therefore hope that you will be able to secure these points with the French when you next meet M Auroux.

Before a promoter is named, we should also try to ensure there is an understanding on other major terms of the concession, including its duration and the extent to which there will be exclusive rights. I look forward to hearing your proposals.

I am sending copies of this letter to the Prime Minister and other members of E(A) and to Sir Robert Armstrong.

*Yours,  
JH*

JOHN MacGREGOR



COMMERCIAL IN CONFIDENCE



*Pte*

*SH*



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*SL3A0A*

10 DOWNING STREET

From the Private Secretary

12 January 1986

*Dear Richard,*

CHANNEL FIXED LINK

The Transport Secretary had a brief discussion with the Prime Minister this evening about his meeting tomorrow with the French Minister of Transport on the Channel Fixed Link.

Mr Ridley said that it would be necessary to bring his discussions with M. Auroux virtually to the point of decision tomorrow if everything was to be in place for an announcement of the successful project on 20 January. From his contacts with the various groups, it was clear that none of them were prepared to amalgamate. The French Government appeared to have warned off the French banks and Elf-Aquitaine from joining Channel Expressway. The situation was therefore that the French were blocking Channel Expressway: we were refusing to accept the Euroroute proposals: with the result that agreement could be reached only on the Channel Tunnel Group's project. In some ways this would be a rather disappointing result, in that it meant settling for second best. An alternative would be to go on insisting on the Channel Expressway project and see if the French would crack before 20 January. This would lead to a considerable diplomatic row and possibly to indefinite postponement of the whole project. Mr Ridley concluded, therefore, that while he would not finally clinch matters tomorrow, the result of his meeting was likely to be a clear perception on both sides that the CTG proposals would succeed.

Mr Ridley mentioned that it was unlikely that the White Paper on the Channel Fixed Link could be completed in time to issue on 20 January. He was determined to make a first-rate job of it and would tell the House on 20 January that it would be published within the following few days.

I am copying this letter to Joan MacNaughton (Lord President's Office), Rachel Lomax (H M Treasury), Len Appleyard (Foreign and Commonwealth Office), Richard Broadbent (Chief Secretary's Office), John Mogg (Department of Trade and Industry), Robin Young (Department of the Environment) and Sir Robert Armstrong.

*yes sir,*  
*C D POWELL*

Richard Allan, Esq.,  
Department of Transport

*TM*





# The Channel Tunnel Group

8 Suffolk Street, London SW1Y 4HG

Telephone: 01-930 8828/29 Telex: 915553

Fax No: 839 4204

3

SIR NICHOLAS HENDERSON G.C.M.G.  
Chairman

C. D. Powell, Esq.,  
Private Secretary to the Prime Minister,  
No. 10 Downing Street,  
London, S.W.1.

Prime Minister

CDP  
"1"

9th January, 1986

Dear Charles,

I mentioned to you on the telephone this morning the misunderstanding that appears to have arisen yesterday when it was alleged, erroneously, that Channel Tunnel Group and France Manche were prepared to join Expressway.

The Secretary of State for Transport put this proposal to me yesterday. The subject has been discussed by the Board of the Channel Tunnel Group and by France Manche and we reject without any hesitation any proposal for joining Expressway. I attach a copy of a letter that I have addressed to Mr. Ridley on the subject.

I am also taking the liberty of attaching two other letters that I have addressed to Mr. Ridley, one about certain false allegations regarding the intentions of the banks; the other about alleged possibilities of trade union obstruction.

Yours ever,

Nicho

Sir Nicholas Henderson

DN to see  
CDP  
"1"

Encl.





## The Channel Tunnel Group

8 Suffolk Street, London SW1Y 4HG

Telephone: 01-930 8828/29 Telex: 915553

Fax No: 839 4204

SIR NICHOLAS HENDERSON G.C.M.G.  
Chairman

The Rt Hon Nicholas Ridley MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London SW1P 3EB

9th January, 1986

*Dear Nicky,*

When I saw you yesterday you put to me the suggestion that the Channel Tunnel Group/France Manche should get together with Expressway with a view to submitting a joint proposal for a fixed link to the French and British Governments.

We had considerable discussion on the subject, the outcome of which was that I undertook to consult the Channel Tunnel Group Board and France Manche about it.

The Channel Tunnel Group Board have asked me to notify you in the most categorical terms that they are not prepared to enter into any arrangement of the kind proposed. France Manche are in agreement with this decision.

As regards the idea of a drive-through scheme the Board requested me to inform you that Channel Tunnel Group and France Manche examined the possibility of a drive-through bored scheme during the Spring of 1985. They considered the idea of twin 11½ metre diameter road tunnels, together with a 6 metre diameter rail tunnel - i.e. a scheme very similar in concept to the one that Expressway is now proposing, but with one rail tunnel less.

This project was explored in some detail on both sides of the Channel. Technological, traffic and financial aspects were all probed but the conclusion arrived at was that such a scheme would be extremely costly (about £4.2bn in 1984 prices) and that the risks of construction, the uncertainties of providing adequate ventilation and the problems of driver psychology and safety were such as to make impossible the financing of such a scheme in the private sector. Further discussion of this subject is contained in the Appendix of this letter.

The Channel Tunnel Group and France Manche therefore decided upon and worked out in great detail a project providing for the transit of both vehicles and rail; and this was incorporated in their Submission to the two Governments of the 31st October.



We have taken particular trouble to ensure that the plan for a shuttle to carry vehicles is based on the most up-to-date technology. We have also insisted that the project as it has been worked out will ensure that vehicle users will be able to make the journey between the U.K. and the Continent as quickly as they could under any scheme envisaged at the moment for driving; without any undue delay at either end and in conditions which will provide for rest and comfort during the thirty minutes journey.

It is difficult at the moment to be categorical about the scale upon which traffic is going to develop; however if the traffic warrants it, if there is a demand for a drive-through and if the various problems and uncertainties of a drive-through, referred to above, can be met in a way compatible with market financing, Channel Tunnel Group and France Manche will be prepared to develop and implement a drive-through tunnel as an expansion of our scheme. It is not possible to say when this might occur because, as indicated, it depends on developments both in traffic and technology. However, the Channel Tunnel Group and France Manche are prepared to give this undertaking now and consider that account should be taken of it by the two governments in considering the Cross Channel Link.

*yours sincerely,*

*Nicholas Henderson*

Sir Nicholas Henderson

Encl.



The following is further information relating to the requirements of a drive through bored tunnel scheme:

1. Construction

For a drive through scheme large diameter tunnels of at least 11 meters in diameter are required. The tunnels will have to be bored at a lower level than that of the 7 meter diameter tunnel and in going lower it would be necessary to bore into the gault clay which lies beneath the lower chalk. The large tunnels in fact would have to be bored, for a significant portion of their length, in both the lower chalk and the gault clay which poses considerable problems both of design and construction.

On the French side of the Channel there is a substantial risk of penetrating the underlying greensand with its artesian water pressure. The gault clay is not a good tunnelling medium because it is over-consolidated.

These conditions greatly increase the risk of cost over-runs and delays in construction.

2. Ventilation

The only satisfactory scheme for providing ventilation for a bored drive through tunnel which could cope with substantial traffic volumes, crawl conditions and accidents is one that is based on transverse ventilation. There is no other satisfactory way of getting fumes or noxious gases out quickly. This would require the provision of fresh



air at regular intervals all the way along the tunnels. This would necessitate at least three ventilation shafts in the Channel and special ventilation tunnels alongside the road tunnels to feed the air transversely. Such a scheme is extremely expensive to construct and operate.

Electrostatic precipitators, if installed, would remove some noxious gases and particles but would not reduce the level of carbon monoxide. With even a small build up of vehicle traffic poisonous gas would accumulate in dangerous quantities.

It is difficult to see how precautions can be taken with this method to prevent the consequences of an accident with a highly dangerous increase in the level of carbon monoxide leading to lethal concentrations.

Without provision of a very high level of ventilation strict regulation of traffic will be required thereby severely limiting the capacity of the tunnel.

3. The foregoing problems and other technological problems make it very difficult to predict accurately the final construction cost of such a project.

4. Driver Psychology

Account has to be taken of driver psychology and its possible effect on the frequency of accidents. There is no experience anywhere in the world of a drive through tunnel of the length of one under the Channel; the longest is the St Gotthard which is 10.2 miles, a third of the distance of a drive through bored Channel tunnel. Specialist



reports produced in France and the UK draw attention to the severity of this problem.





## The Channel Tunnel Group

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SIR NICHOLAS HENDERSON G.C.M.G.  
Chairman

The Rt Hon Nicholas Ridley MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London SW1P 3EB

9th January, 1986

*Dear Nicky,*

You referred yesterday to the possibility of disruption to our project caused by railway unions. It was implied that the tunnel system might be brought to a halt by any industrial relation problems suffered by B.R. and SNCF. This is not the case. It is our clear intention to recruit our own labour force independent of those of B.R. and SNCF. We intend to establish our own terms and conditions appropriate for the relatively small scale and continuous nature of our operations. We envisage that the remuneration structure and manning arrangements will be entirely different from those of B.R. and SNCF and will probably be based on having salaried staff as opposed to hourly paid operatives.

Preliminary discussions with unions have already taken place and the necessity of the arrangements which we describe is recognised and acceptable to them. During the course of the development and construction phases these preliminary thoughts will be developed into a fully comprehensive policy suitable for ensuring a continuously operating facility, similar to a power station or refinery. Given a totally new facility we are very confident in achieving this objective.

*Yours ever*

*Nicholas Henderson*

Sir Nicholas Henderson





## The Channel Tunnel Group

8 Suffolk Street, London SW1Y 4HG

Telephone: 01-930 8828/29 Telex: 915553

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SIR NICHOLAS HENDERSON G.C.M.G.  
Chairman

The Rt Hon Nicholas Ridley MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London SW1P 3EB

9 January 1986

*Dear Nicky*

I reported immediately to our French partners France Manche the allegations made to me yesterday that a French bank, one of our partners, was joining forces with Sherwood. Later I was informed that the bank concerned was Credit Agricole.

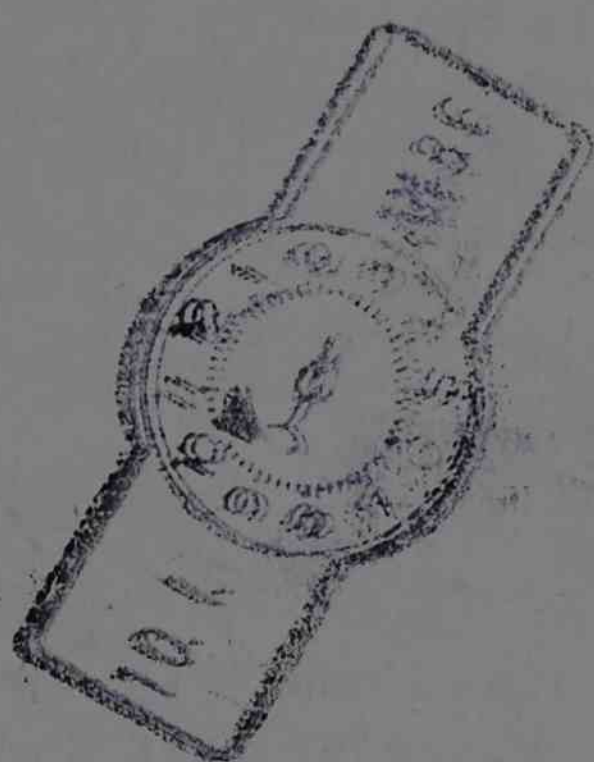
France Manche say that as far as they know, this allegation is without foundation. Credit Agricole have been approached by Dillon Read on behalf of Sherwood. They have been offered a lead position in the financing of Channel Expressway if they said to the French Government that they would finance it. The action that Credit Agricole thereupon took was:

1. To tell France Manche of this approach, and
2. To make a commitment to France Manche to give no answer to Sherwood other than the one France Manche would require.

Perhaps I could also take the chance of referring to another allegation made at yesterday's meeting about Bouygues. They strongly deny that they are working with Sherwood; they assert that such rumours can only originate from Sherwood and the British Minister should be aware that they are untrue.

*Yours etc,  
Nicholas Henderson*







Security is one reason  
for having 4 rather  
than 2 brands:

it would be more  
difficult to close 4  
by bombs etc.





2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

9 January 1986

*Jim Nick,*

*NBPN.*

CHANNEL FIXED LINK

I am writing, following the encouraging discussions at E(A), about the important environmental dimension to our decisions on this scheme.

I believe that it is essential, in order to carry public opinion and Parliament with us, that the announcement of the choice of CFL scheme should lay stress on the extent to which consideration of the environmental issues has influenced our thinking. I hope therefore that we can cover these issues adequately in the White Paper. We should also emphasise that between the announcement and the introduction of the Bill into Parliament we will be requiring the promoters to publicise further details of their schemes and to carry out additional consultations and further work on environmental aspects. This will be necessary to enable them to mitigate, in so far as it is possible, the deleterious effects of their proposals upon the most environmentally sensitive areas.

We also spoke briefly after E(A) yesterday about the need for publication of the Report by Land Use Consultants on the Environmental Assessment of the CFL schemes and I am glad to have your agreement on this. I see this as an important step in demonstrating, in the absence of a public inquiry, that the Government has fully and carefully evaluated the sensitive environmental issues raised by the CFL proposals. My officials are in touch with yours to ensure that a self-contained version of the report will be made available at the same time as the White Paper.

I am copying this letter to the Prime Minister, other members of E(A), the Foreign Secretary, the Lord Chancellor, the Minister of Agriculture, Fisheries and Food and the Chief Whip and Sir Robert Armstrong.

*Tommy*

*Kenneth Baker*

KENNETH BAKER

The Rt Hon Nicholas Ridley MP









DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon John MacGregor OBE MP  
Chief Secretary to the Treasury  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

9 January 1986

NBM.

Dear John

CHANNEL FIXED LINK: A POSSIBLE EIB LOAN

attached

Thank you for your letter of 13 December. I agree with you and Geoffrey Howe (his letter of 18 December) that we should not rule out EIB finance, provided we can be satisfied with the guarantee arrangements proposed.

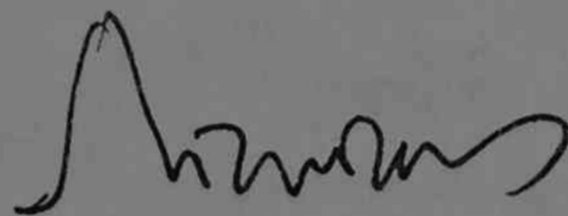
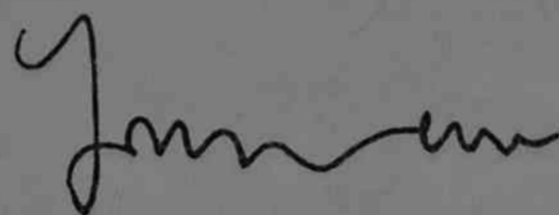
I am doubtful whether, following completion, other lenders would allow the EIB to have a charge on revenues that ranked higher than theirs. In that case the EIB would have to rely on revenues as a whole being enough to cover what its service requires. Perhaps the banks providing the earlier guarantees could be persuaded to extend them post-completion when, after all, the risk for them would be much reduced. As well as eliminating the risk to EIB it would avoid the problem of a hidden guarantee by Governments.

We must look at this again if and when the selected group seeks EIB financing.

At that time we must also consider more closely the implications of the international tendering obligations associated with an EIB loan, to which you refer in your letter. Clearly both we and the French will need some assurance that the bulk of the work will be placed equally in our two countries. As your officials know we are urgently establishing what impact relevant EC directives will have on this, having regard to the organisation and contracting procedures proposed by the various contestants. Having established the base position, both we and the promoters will want to know whether it would be disadvantageously eroded by EIB requirements.



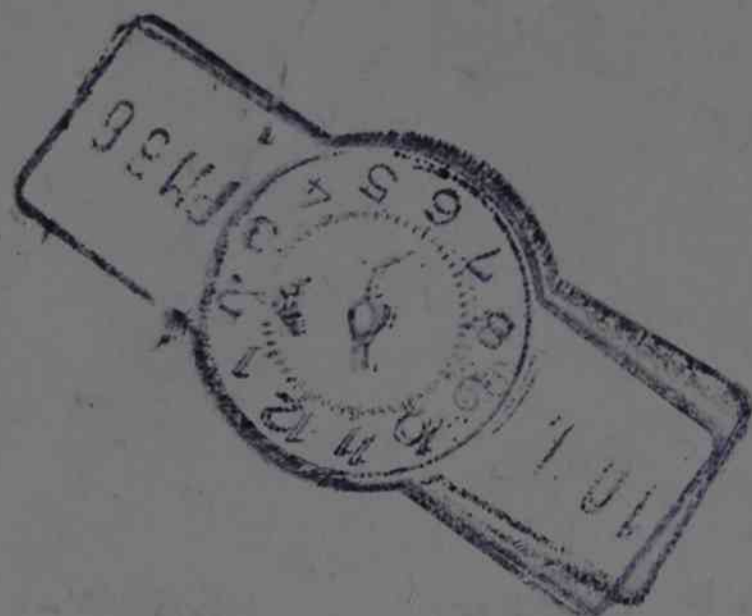
I am copying this letter to the Prime Minister, Geoffrey Howe, Leon Brittan and Sir Robert Armstrong.



NICHOLAS RIDLEY



TRANSPORT PT3  
CHANNEL TUNNS





RESTRICTED



BM2AAY

bcpc

10 DOWNING STREET

*From the Private Secretary*

8 January 1986

CHANNEL FIXED LINK: TREATY SIGNATURE

Thank you for your letter of 6 January about arrangements for the signature of the Channel Fixed Link Treaty.

The Prime Minister agrees in principle to a signature ceremony in the United Kingdom on 12 February and is content for it to take place at Lancaster House. Given the time constraints on President Mitterrand, it might be better to set his arrival somewhat later than 1.30 pm so that the question of a lunch does not arise, though the Prime Minister would be ready if necessary to host a lunch provided it does not start too late.

I am copying this letter to Richard Allan (Department of Transport).

(C.D. Powell)

Robert Culshaw, Esq.,  
Foreign and Commonwealth Office

RESTRICTED





# The Channel Tunnel Group

8 Suffolk Street, London SW1Y 4HG  
Telephone: 01-930 8828/29 Telex: 915553  
Fax No: 839 4204

2

SIR NICHOLAS HENDERSON G.C.M.G.  
Chairman

The Rt Hon Nicholas Ridley MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London SW1P 3EB

7 January 1986

*Prime Minister*

*CDP*

*Fli*

*1 copy received  
privately from  
Nicko Henderson]*

*[Signature]*

*Dear Nicky,*

## CHANNEL TUNNEL

Some of our recent contacts with your colleagues have indicated to us that there may be a serious misunderstanding about an important feature of Channel Tunnel Group's proposals.

We have seen it said that a defect of our proposals is that we depend upon the co-operation of the British Railway unions, NUR and ASLEF, for the day to day operation of our scheme. This is not the case. It is our clear intention to recruit and run our own labour force independent of those of British Rail and SNCF. We believe that we will need to introduce our own terms and conditions, for example, to cover the difficult working conditions of driving long distances underground. We plan for our remuneration structure to be sufficiently attractive to secure either a non-unionised labour force or a single union labour force subject to a no strike agreement.

This means that we will be dependent on BR and SNCF staff for the handling of only through passenger and freight trains which we estimate will account for around 30% of our business.

You may also be aware that consideration is being given to the possibility of building an additional continental gauge railway tunnel from the Cheriton site through the downs to Ashford. This would be one way of overcoming environmental difficulties over sidings at Saltwood. Since there is sufficient development land available at Ashford for a road/rail interchange, this would in effect extend continental freight facilities into the South East (but under the control of CTG) and would provide freight carrying facilities which would be entirely independent of, and competitive with, British Rail. If the additional tunnel goes ahead, I think we would confront British Rail with a rival freight operation which would put significant downward pressure on its labour and other costs and which would bring all the other benefits of competition into the long distance freight industry.

.../2



The Rt Hon Nicholas Ridley MP  
7 January 1986  
Page 2

This approach has not been discussed with British Rail and may not be acceptable to them. We are handling the proposal with great caution at this stage but I thought you should be aware of our thinking.

yours sincerely,

Nick



RGR ZUJ DD

ADVANCE COPY

RC

PS

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HdJ MAED

HdJ WED

M BRAITHWAITE

M O'NEILL

DIT

PS/NO 10 DOWNING ST

Sir R. ARMSTRONG CAB OFF

M CHRISTOPHER CAB OFF

X 11

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OF 071807Z JANUARY 86

CHANNEL FIXED LINK : MEETING BETWEEN MR RIDLEY AND AUROUX :  
7 JANUARY 1986

SUMMARY

1. THREE PROJECTS STILL ON THE TABLE. FRENCH WERE UNWILLING TO ELIMINATE EUROROUTE, BUT DESPITE THEIR CONSIDERABLE RESERVATIONS WERE PERSUADED TO AGREE THAT EXPRESSWAY REMAIN AN OPTION. THEY, LIKE US, SEE NO INSURMOUNTABLE DIFFICULTIES ABOUT CTG. EUROBRIDGE ELIMINATED. A SECOND AUROUX/RIDLEY MEETING PLANNED AFTER TIME FOR REFLECTION AND CONSULTATION WITHIN GOVERNMENTS.

DETAIL

2. AT THEIR MEETING IN PARIS ON 7 JANUARY, MR RIDLEY AND AUROUX EXAMINED THE PRINCIPAL CFL CONTENDERS AGAINST THE CRITERIA OF CONFORMITY WITH THE GUIDELINES, TECHNICAL AND FINANCIAL FEASIBILITY, TYPE OF SERVICE OFFERED (ROAD AND RAIL), AND REGIONAL AND ENVIRONMENTAL IMPACT. THE TWO MINISTERS CONFIRMED THE TIMETABLE OF A MEETING BETWEEN THE PRIME MINISTER AND PRESIDENT MITTERRAND ON 20 JANUARY IN LILLE TO ANNOUNCE THE DECISION, FOLLOWED BY TREATY SIGNATURE IN THE UK IN FEBRUARY.

EVALUATION OF PROJECTS

3. TURNING TO CHANNEL EXPRESSWAY, AUROUX SAID THE FRENCH HAD HAD SERIOUS RESERVATIONS ABOUT THE COMPATIBILITY OF THIS PROJECT WITH THE GUIDELINES. NONETHELESS, THEY HAD FALLEN IN WITH THE BRITISH WISH THAT IT SHOULD BE CONSIDERED. IN THE LIGHT OF THE ASSESSMENT GROUP'S REPORT, THE FRENCH REMAINED OF THE VIEW THAT EXPRESSWAY WAS GROSSLY UNDERESTIMATED IN TERMS OF COSTS, AND THAT THERE WERE DOUBTS AS TO THE TECHNICAL FEASIBILITY OF CONSTRUCTING TUNNELS OF THAT LENGTH AND OF THOSE DIMENSIONS. THE PROBLEM OF VENTILATION WAS NOT SOLVED. THE PSYCHOLOGICAL IMPACT ON DRIVERS OF DRIVING THROUGH A TUNNEL OF 50KMS WAS UNKNOWN, BUT THERE WAS A RISK THAT MANY WOULD FIND THE EXPERIENCE UNACCEPTABLE, PARTICULARLY AFTER THE FIRST ACCIDENT. THE SCHEME WAS ESSENTIALLY A BRITISH ONE WITHOUT ADEQUATE FRENCH BACKING, AND IT ENVISAGED THE INVOLVEMENT OF NON-EUROPEAN INDUSTRY. THE FRENCH RECOGNISED MR SHERWOOD'S ABILITIES AS AN ENTREPRENEUR, BUT WOULD BE RELUCTANT TO PROCEED ON THE BASIS OF HIS PROJECT.

5. MR RIDLEY SAID THAT ON THE CRITERION OF QUALITY OF SERVICE, EXPRESSWAY CAME OUT BEST OF THE 3. IT OFFERED BOTH A RAIL AND A DRIVE-THROUGH OPTION. HE DOUBTED WHETHER THE COST UNDERESTIMATE WAS AS GREAT AS SUGGESTED BY THE FRENCH. IF IT WAS, THE PROJECT WAS OBVIOUSLY NOT FINANCABLE. IF ON THE OTHER HAND EXPRESSWAY'S COSTINGS WERE CORRECT, THIS WOULD MAKE IT THE MOST PROFITABLE SCHEME OF THE 3. HIS OWN VIEW AND THAT OF THE BRITISH GOVERNMENT WAS THAT EXPRESSWAY SHOULD CERTAINLY BE RETAINED AS AN OPTION. AUROUX RELUCTANTLY AGREED.

6. TURNING TO EUROROUTE, AUROUX INVITED MR RIDLEY TO COMMENT ON THE PROJECT. MR RIDLEY SAID THE BRITISH GOVERNMENT HAD FOUND WITH



6. TURNING TO EUROROUTE, AUROUX INVITED MR RIDLEY TO COMMENT ON THE PROJECT. MR RIDLEY SAID THE BRITISH GOVERNMENT HAD FOUND WITH REGRET THAT DESPITE THE MANY ATTRACTIONS OF THE PROJECT, THE ADVICE OF THEIR FINANCIAL EXPERTS SHOWED IT TO BE UNFINANCABLE. HE ASKED AUROUX TO AGREE THAT IT BE ELIMINATED. AUROUX DESCRIBED THE PROJECT AS IMAGINATIVE AND TECHNICALLY ADVANCED BUT NONETHELESS WITHIN THE LIMITS OF KNOWN TECHNOLOGY, DRAWING UPON THE EXPERIENCE OF OFFSHORE OIL PLATFORMS. IT WAS A PROJECT WHICH WOULD DEMONSTRATE THAT EUROPE WAS CAPABLE OF CARRYING OUT AN ADVANCED PIECE OF ENGINEERING. ALTHOUGH SIGNIFICANTLY MORE EXPENSIVE THAN THE OTHER TWO, THE FRENCH DID NOT BELIEVE THAT EUROROUTE WAS UNFINANCABLE. BACKING FOR EUROROUTE HAD COME FROM A WIDE RANGE OF BANKS, AND EUROROUTE'S FRENCH CHAIRMAN WAS HIMSELF A BANKER. IT APPEARED THEREFORE TO HAVE THE CONFIDENCE OF THE FINANCIAL INSTITUTIONS. THE FRENCH WISHED TO SEE EUROROUTE RETAINED, JUST AS THE UK WISHED TO RETAIN THE EXPRESSWAY OPTION.

7. MR RIDLEY SAID THAT THE BRITISH GOVERNMENT WOULD HAVE THE GREATEST DIFFICULTY IN ACCEPTING EUROROUTE. HOWEVER ATTRACTIVE THE PROJECT, WHAT MATTERED WAS WHAT THE PRIVATE SECTOR WAS PREPARED TO FINANCE. IT WOULD BE ABSURD FOR THE TWO GOVERNMENTS TO SELECT A PROJECT WHICH THE MARKETS THEN REJECTED.

8. IN DISCUSSION OF CTG, THE MINISTERS AGREED THAT IT WAS THE MOST FULLY WORKED OUT OF THE 3 PROJECTS AND APPEARED TECHNICALLY AND FINANCIALLY FEASIBLE. MR RIDLEY SAID THAT IF THE BRITISH GOVERNMENT WERE REQUIRED TO MAKE A DECISION NOW IT WOULD HAVE TO BE IN FAVOUR OF CTG. BUT THEY WOULD TAKE THIS DECISION WITH SOME REGRET GIVEN THE GREATER ATTRACTIONS OF A DRIVE-THROUGH SOLUTION WHICH, GIVEN MORE TIME, MIGHT BE WORKED UP INTO A FEASIBLE OPTION. AUROUX SAID THE FRENCH GOVERNMENT SAW NO DIFFICULTY IN THE CTG PROJECT.

9. MR RIDLEY POINTED OUT THAT NO PROGRESS WOULD HAVE BEEN ACHIEVED AT THE MEETING IF ALL 3 OPTIONS WERE RETAINED. THE BRITISH GOVERNMENT CONSIDERED THAT THE BEST WAY TO PROCEED WOULD BE TO ALLOW THE FINANCIAL INSTITUTIONS THEMSELVES TO INDICATE A PREFERENCE BETWEEN THE BORED TUNNEL PROJECTS, POSSIBLY BY THE ISSUING OF A PROSPECTUS WHICH WOULD REQUIRE THEM TO MAKE FIRM FINANCIAL COMMITMENTS. IF THE FRENCH WISHED TO RETAIN THE EUROROUTE OPTION, THIS TOO COULD BE SUBJECTED TO THE TEST OF THE MARKET, THOUGH IN VIEW OF EUROROUTE'S SPECIAL CHARACTERISTICS HE FEARED THAT ITS INCLUSION WOULD CAUSE DELAY. IT WOULD REQUIRED DIFFERENT LEGISLATION IN THE UK FROM THE TWO BORED PROJECTS. AUROUX SAID HE HAD NO OBJECTION TO TAKING IMMEDIATE SOUNDINGS OF THE FINANCIAL INSTITUTIONS, TO WHOM ALL THE PROJECTS WERE VERY WELL KNOWN, TO ESTABLISH THEIR READINESS TO FIRM UP THEIR COMMITMENTS TO THE PROJECTS. BUT THIS COULD BE DONE QUICKLY WITHOUT CALLING THE AGREED TIMETABLE INTO QUESTION.

10. THE TWO MINISTERS AGREED THAT BOTH SIDES SHOULD NOW REFLECT ON THE DISCUSSION AT THIS FIRST MEETING AND REPORT TO THEIR RESPECTIVE GOVERNMENTS. THEY WOULD NEED TO MEET AGAIN WITHIN A MATTER OF DAYS TO TAKE THE DISCUSSION FURTHER IN PREPARATION FOR THE ANNOUNCEMENT ON 20 JANUARY.

11. FCO PLEASE PASS DESKBY 071900Z TO PS/NO 10, PS/MR RIDLEY (TRANSPORT), CHRISTOPHER (CABINET OFFICE), LYALL (TRANSPORT)

FRETWELL

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PCLNAN 0071

NNNN



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P 01861

PRIME MINISTER

E(A): 10.30 am 8 January 1986

Channel Fixed Link: Memorandum by the Secretary of State  
for Transport E(A)(86)1: Oral Report

BACKGROUND

The Sub-Committee considered the Channel Fixed Link on 3 January on the basis of the Secretary of State for Transport's Memorandum which reduced the choice of schemes to two: the Channel Tunnel Group (CTG) (2 tunnels operating a shuttle service) and Channel Expressway (two road and two rail tunnels). The Transport Secretary was invited to tell M Auroux at his meeting on 7 January: "that the British Government favoured the Channel Tunnel Group's proposal. However, they did not wish to eliminate a drive through possibility at this stage and would prefer if possible to keep open the options of both the Channel Tunnel Group and Channel Expressway for further analysis and indications of preference from the financial markets. He should propose that the joint announcement with President Mitterrand on 20 January, while confirming the Government's firm intention to proceed with the Channel Fixed Link with bored tunnels, should keep both the above options open, so that the Treaty could be signed on this basis on 12 February and a final decision taken before the introduction of legislation in the British Parliament." (Minutes 1st Meeting).

2. Today's meeting appears to have been inconclusive (a telegram from Paris is expected). The proposals were considered in the following order: Channel Expressway, Euroroute, CTG. A defence by the Transport Secretary of the need for further time to consider Channel Expressway met with French insistence that in that case Euroroute also must not be ruled out. The French response to the proposal that the financial markets should be allowed to decide was that financial institutions could be consulted again but that a clear choice was needed by 20 January. The two Ministers agreed to reflect on their



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discussion, report to their colleagues and meet again soon. The brief for the meeting on E(A) on 3 January remains relevant and covers the main background considerations.

ATTENDANCE

3. All members of the Sub-Committee are due to attend with the exception of the Secretaries of State for Energy and Northern Ireland and the Minister of Agriculture. The Paymaster General will represent the Secretary of State for Employment. The Foreign and Commonwealth Secretary, Secretaries of State for Defence, Solicitor General and Minister of State Home Office have been invited to attend. The Chief Whip, who was present at the last meeting, is unable to attend.

HANDLING

4. You should invite the Secretary of State for Transport to report on his meeting. Subject to his account you might focus the discussion on the following key issues:

(a) If we drop Expressway would the French drop Euroroute?

(b) What is to be gained by further delaying the decision? Even if more time were allowed (say until the introduction of legislation in March), are the financial markets likely to give any definitive indication of their preference before a Government choice is made? The answer is probably no.

(c) If at the end of the day the UK preference is likely to be for CTG then is it worth aggravating the French by procrastinating further?

(d) Is Channel Expressway ever likely to be acceptable to the French? Certainly on the basis of the Assessment it



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could not be announced the winner until extensive further studies had been undertaken which could take many months and cause considerable further confusion.

5. If a clear decision is to be announced on 20 January, there seems to be a strong case for biting the bullet now and going for the CTG proposal. The French seem likely to be ready to go along with this.

White Paper

6. The Department of Transport have proposed that a White Paper be published to coincide with the meeting on 20 January. We are doubtful of the wisdom of this. Would publication not be more appropriate when legislation was introduced in March or alternatively when the Treaty is signed on 12 February? Publication of a White Paper now risks raising controversy over the assessment procedure (which it covers) and being effectively out of date by the time of Parliamentary debate. The Government also needs to be absolutely certain that the text does not contain any possible hostages for the future in terms of financial commitments or judgements upon which the financial markets will base their own assessments. It therefore needs to be rigorously debugged by both the Treasury and the Law Officers, whatever the date of publication.

Press Coverage

7. You asked for the outcome of discussion in E(A) on 3 January to be particularly carefully handled. (This was not recorded in the Minutes though they were only circulated to those attending the meeting). Nevertheless there has been considerable press coverage since and one particularly accurate article in the Observer for 5 January - before the minutes were circulated. In light of this you may wish once again to deplore this incessant habit of leaks and repeat your request for confidentiality on this particularly sensitive issue.



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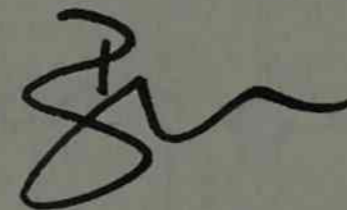
CONCLUSION

8. Subject to the discussion you should steer the Committee to:

(a) Reach a clear decision if possible on CTG as the chosen scheme for the Transport Secretary to convey to M Auroux at the next meeting.

(b) If this is not possible, set out clearly the terms of the Transport Secretary's brief for that meeting.

---



J B UNWIN

7 January 1986  
Cabinet Office





Prime Minister  
Agree in principle to

Treaty signing on 12 February  
at Lancaster House.

Foreign and Commonwealth Office

London SW1A 2AH

I assume you would like it to be preceded by a lunch,

either at Lancaster House or 6 January 1986

Star Chambers, in Downing Street.

CDP 7/11

Yes - F. time.

ms

Channel Fixed Link : Treaty Signature

Thank you for your letter of 16 December about arrangements for the announcement of the CFL concessionaire and the signature of the CFL treaty.

The former is now set for 20 January in Lille and we have already been in touch with you about the programme for the visit. This leaves the treaty signature. You suggested that the Prime Minister would prefer this to take place in the UK and proposed either 12 or 19 February. As for the venue, you said that Leeds Castle would be acceptable provided that adequate arrangements could be made for press and television coverage.

We have spoken to the French. They appear content for the signature ceremony to take place in the UK. They have not yet given a firm response on the dates you suggest; but 19 February appears difficult since President Mitterrand will be attending a meeting of Heads of States of Francophone countries in Paris. 12 February presents fewer problems but the French Cabinet meets on Wednesdays so the President could not be in central London much before 1.30 pm.

We have looked at the facilities at Leeds Castle. They are not ideal. There is only one building in the complex suitable for a large ceremony or Press Conference; the Fairfax Hall. This is a barn-like structure which would not be appropriate for the signing ceremony nor perhaps for the official lunch. The former would have to be held in the banqueting hall where only a restricted number of photographers and guests could be present.

On the assumption that these drawbacks rule out Leeds Castle we have looked for an alternative. The strongest candidate by far is Lancaster House. It is conveniently located, has excellent facilities for large Press Conferences including simultaneous translation, and could host an official lunch as well if desired. We therefore recommend it as the venue for the signing ceremony.

I am copying this letter to Richard Allan in the Department of Transport.

Yours ever

*Robert Culshaw*

(R N Culshaw)  
Private Secretary



TRANSPORT  
CHANNEL TUNNEL  
PT 4







Chancellor of the Duchy of Lancaster

CABINET OFFICE,  
WHITEHALL, LONDON SW1A 2ASTel No: 233 3299  
7471

2 January 1986

Nigel Wicks Esq  
Principal Private Secretary to the  
Prime Minister  
No 10 Downing Street  
LONDON  
SW1

Dear Nigel,

**CHANNEL FIXED LINK**

The Chancellor of the Duchy regrets that he is unable to attend the meeting of E(A) tomorrow to discuss E(A)(86)1.

The Chancellor of the Duchy has seen the Secretary of State for Transport's minute to the Prime Minister of 20 December and the papers attached to that minute. On the basis of these papers, he has reached a number of preliminary views.

The Chancellor sees that the selection of CTG would be the safe bet. It carries the least technical risks and uncertainty concerning its ability to be financed. But the officials' note understates the objections to the CTG proposal, both on grounds of its vulnerability to industrial action and because, while the scheme is least objectionable to those living in Kent, it offers least in terms of national economic benefit, particularly to the regions. It is also the least attractive option publicly, since it fails to offer a drive-through facility.

The Chancellor sees fundamental objections to granting the concession to Channel Expressway. The proposal is highly speculative; on the technical side it is by no means clear that a bored tunnel of that size can be cut in the geological conditions they will encounter. On safety, security, and employment in construction, the inadequacy of the proposals has been shown by the assessment. The CE estimates for costs and revenues, set alongside the assessor's views, compares badly with the estimates of CTG and, to a lesser extent, Euroroute. The combination of heightened technical risk, over-optimistic financial forecasts and inadequately detailed proposals suggest that this option should be put to one side for the present.



Euroroute is an attractive and ambitious proposal; it offers a drive-through facility and gives substantial national economic benefits, not least to the regions during construction. But there are many ways in which the proposal presents difficulties. The seabed environmental problems are major, but are not necessarily insuperable. Equally, CTG and CE have difficulties over disposal of saline chalk. If the financial obstacles could be overcome, Euroroute - having the backing of major contractors - has a number of advantages, not least through not being vulnerable to industrial action.

In sum, therefore, the Chancellor regards the decision as between CTG and Euroroute. Euroroute has obvious problems, and may prove not to be financially feasible. But he would not wish at this stage for us to be committed in negotiations with the French; instead, emphasis should be put on the objections to the CTG proposal, to ensure that pressure is exerted on the unfavourable aspects of the proposal, including the desirability of a "no-strike deal" from the rail unions in both countries, and to press for the BR/SNCF activity to be vested in a separate company. This will offer scope for further exploration of the Euroroute proposals, particularly on the financial aspects.

I am copying this letter to private secretaries to members of E(A), Len Appleyard (FCO), Steven Boys-Smith (Home Office), Richard Mottram (MOD), Henry Steel (Law Officer's) and to Michael Stark (Cabinet Office).

*Yours Sincerely,  
A. Lansley*

ANDREW LANSLEY  
Private Secretary



9 27 1950  
M 1310

*[Handwritten signature]*

ABRAHAM LANSLEY

1212 1/2 1/2 1/2





cc Bf  
BU

SECRET - CMO

PRIME MINISTER

**CHANNEL FIXED LINK**

I am afraid that as I am in bed with flu and a temperature I cannot be at the meeting of E(A) on Friday and I am therefore setting out my views in this minute.

The object of the meeting is not to consider the principle but to agree a preferred solution and the political tactics to be followed with the French. Two general points do, however, in my view deserve consideration, not least because they will undoubtedly be the subject of debate during the passage of legislation and could, therefore, affect the financing of the link. In any case the issues are of strategic and economic importance and we must, therefore, be aware of the level of risk involved.

The first issue is security; and my concern arises directly from the assessment given in Appendix 5 which reveals a high level of vulnerability to terrorism and sabotage of any fixed link. We are told that "the security problems are formidable; the consequences of an attack could be very serious". The temptation for terrorist groups is obvious, and although the effect of closure would "fall short of a major economic crisis" it would be "costly". While we should not be prevented by fear of terrorist attacks from proceeding with a scheme that could strengthen our economic and political links with Europe; it seems important to ensure (and for defence reasons as well) that adequate alternative ferry services remain. The report of officials is on the whole reassuring on this, and the number of ferries that are expected to survive seems surprisingly high, though little detail is given of the basis of these calculations. I would like evidence of the robustness of these forecasts and more detail as to the expected pattern of the surviving ferry fleet.

Turning to the schemes before us, I am certain it is right to reject both the Euro bridge and the Euro Route. All my experience, painfully learned with the Severn Bridge and the Cleddau Bridge (which is in my constituency and was the first modern box girder bridge to collapse) warn me against bridge experiments at the frontiers of technology.





Such structures also seem excessively vulnerable to corrosion and fatigue. In any case the Euro Route, to quote the words of the report, "does not appear financeable".

The risks associated with the expressway project are perhaps understated in the paper. The project has been hastily put together and its cost calculations seem to be far too optimistic. There must be real technical worries about boring these large tunnels through chalk, about geological difficulties identified and about ventilation. Para II(a) of the main report is heavily critical on these matters. If the assessors traffic and revenue forecasts are adopted the project would be "unfinanceable".

Against all this, it must be said that the management of this group has proved itself in other fields; and experience of traffic forecasts for new links of this kind and for motorways suggest that they tend to turn out to be too low rather than too high.

*Motorways are free course.*

My understanding of the British Assessors' position is that while they draw attention to the risks associated with the expressway, and which partly arise from lack of prior consultation, they believe that they are capable of solution. If that is correct, then the case for the expressway over CTG is very strong.

I entirely agree with the Secretary of State for Transport's emphasis on the importance of competition (the ability to drive through) and of avoiding a situation open to industrial blackmail. While some risks (such as sabotage) cannot be completely avoided and must be faced, the risk of industrial blackmail can and should be avoided. I therefore strongly support the line proposed in EA(86)1 which is to persuade the French of the virtues of the expressway solution. Tempting as it would be to leave the issue to the markets as Schrodgers suggest, the importance of securing a drive through link that is not dependent on the co-operation of the railway unions means we have to express a clear preference for expressway, though certainly we should be prepared to explore the possibility of collaboration between CE and CTG.

I am copying to all members of EA, the Secretary of State for Foreign and Commonwealth Affairs, the Secretary of State for the Home Office, the Secretary of State for Defence and the Solicitor General.

*W.F.*

*PP.* RNE

2 January 1986

Dictated and approved by the Secretary of State



10 DOWNING STREET

Prime Minister

I can add little to the admirable Cabinet Office brief.

But on the argument that CTG is "unexciting", when the options for artificial islands - the Channel etc have been forgotten I suspect that boring tunnels under the Channel will themselves look pretty exciting.

A basic point not in the paper:  
Transit times, including checking in and security, averages:

CE	CTG	ferries
> 30 mins	> 1 hour	> 2 hours.

Length of tunnels, around 30 miles.

DRV

2-1-86



CC RG

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PRIME MINISTER

cc Sir Robert Armstrong

E(A): 9.30am 3 January 1986

Channel Fixed Link: Memorandum by the Secretary of State  
for Transport E(A) (86)1

Background

At the Anglo French Summit in London on 18 November 1985 you agreed to visit France at the end of January to announce the choice of scheme for the Channel Fixed Link, if the two Governments decided to proceed. It has since been announced that your meeting with President Mitterrand will take place in Lille on 20 January.

2. Following the publication of the Invitation to Promoters in April 1985, four proposals were accepted by the joint Anglo French Assessment Group: Eurobridge, Euroroute, Channel Expressway and the Channel Tunnel Group. With the assistance of outside consultants (the list of United Kingdom consultants is at Appendix 1 of the Transport Secretary's Memorandum) the Assessment Group has analysed all of the projects except Eurobridge in as much detail as possible given the limited time available. The resulting Report consists of:

- i. The Main Report of 19 pages (the same text in English and French) - Appendix 2.
- ii. The Detailed Report, substantively the same in both languages but linguistically unaligned - Appendix 3.

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The individual technical assessments listed in Appendix 1 (including the Schrodgers Report) whose conclusions comprise the Detailed Report, have not been circulated. The United Kingdom and French individual assessments differ in a number of respects, particularly over the likely costs of each project, and these differences have been acknowledged in the text of the Detailed Report where appropriate. A summary of the difference in cost estimates is given on page 5 of the Main Report.

3. A separate note by United Kingdom assessors, which draws the same conclusions and raises a number of factors inappropriate for inclusion in the Joint Report itself, is attached to Mr Ridley's covering memorandum. Although it makes no explicit recommendation - neither does the Anglo French report - it concludes that:

- i. Euroroute would not be financeable, even on the promoters' own figures for costs and revenues (para. 51) and has serious environmental and maritime drawbacks (paras. 43-47);
- ii. Channel Expressway is undercosted by £1 billion - or 35% (£2 billion - 75% in French estimation - see table in para. 15); has an unproven ventilation system and raises serious engineering problems with the boring of 4 parallel tunnels through uncertain chalk (paras. 35-36). The note also touches on the political sensitivities surrounding the Channel Expressway proposal, both regarding its possible unacceptability to the French and the domestic implications for the preservation of competition on the Channel crossing (para. 52);

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iii. CTG emerges as the most thoroughly developed project with the fewest risks (including being the least susceptible to terrorist attack), the least unpopular in Kent and, given the general uncertainty about financing a project of this size without external guarantees, potentially the most financeable.

4. There are two other Appendices:

Appendix 4 gives an account of the consultations both locally and nationally by the Department of Transport since receipt of the promoters' submissions. It highlights employment and environment as the two most frequently raised concerns.

Appendix 5 assesses the vulnerability of a Fixed Link to sabotage and terrorism in peacetime. No scheme is ruled out on these grounds but, because of the travellers' inability to stop in the tunnel, CTG is regarded as the least vulnerable.

#### Timetable

5. Assuming a decision is reached to proceed with a Link and an announcement made on 20 January the Treaty, on which parallel negotiations have been successfully completed, would be signed on 12 February in the United Kingdom. Legislation would be introduced in March in the form of a hybrid Bill which would enable as wide a spectrum of opinion and interests as possible to give evidence before Select Committees in both Houses of Parliament. The aim would be for Royal Assent in the spring of 1987, whereupon the Treaty would be ratified, the Concession Agreement signed and construction would commence.

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Parliamentary Interest

6. The Report of the all-party House of Commons Transport Committee, published on 5 December, recommended by a majority of one, "that if the Governments decide to go ahead with a Fixed Link their choice should lie with the Channel Tunnel Group. Only if the Governments consider a fixed road link to be indispensable should the choice fall on Euroroute". The Report ruled out the need for a public enquiry and this view was endorsed by the one day's debate in Parliament on 9 December.

Public opinion

7. Opinion polls commissioned by the three main candidates at various stages have produced differing results as to the public's preference although there is a general preference for a drive through scheme if practicable. But all polls indicate that there is now a national majority in favour of proceeding with a Fixed Link despite the strong local opposition in Kent. A Mori poll in October indicated that 70 per cent were in favour of a Link and only 17 per cent against. A more recent poll of Members of Parliament indicated that 76 per cent were in favour.

ATTENDANCE

8. All members of the Committee are due to attend with the exception of the Chancellor, who will be represented by the Chief Secretary, the Secretaries of State for Energy and Northern Ireland. The Foreign and Commonwealth Secretary, Secretary of State for Defence, Solicitor General, Minister of State Home Office and Chief Whip have been invited to attend. The Paymaster General will represent the Secretary of State for Employment.

*The Chancellor is coming<sup>14</sup> but Mr Edwards and Mr Tabbitt are not. They have sent in written comments.*

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The Transport Secretary's Memorandum

A DTp comment to me  
on this was "brave and  
accomplished."

9. The Transport Secretary's memorandum was circulated only two working days before the meeting (which was brought forward from 8 January) and only to Members of the Committee (ie one copy per Department). There has therefore been little opportunity for Departmental briefing of Ministers.

10. The memorandum suggests eliminating Eurobridge and Euroroute and choosing between the two bored tunnel schemes, CTG and Channel Expressway. The Transport Secretary's recommendation is for Channel Expressway and he suggests proposing this to M. Auroux at their meeting on 7 January, reporting back to E(A) on 8 January. If there is French resistance to Channel Expressway he suggests a fallback position allowing the market to decide between the two schemes and exploring the possibility of collaboration between them (ie the course recommended by Schroders).

11. It should be said that the Transport Secretary does less than justice to the French objections to Channel Expressway (para. 13). The Expressway proposal has taken various forms submitted throughout the assessment period (much to the concern of the other candidates). The final proposal for twin road and twin rail tunnels arrived six weeks after the 31 October deadline, with the last installment being delivered at the conclusion of the final meeting of the assessment group in Paris on 19 December. Mr Sherwood further offended the French by, on occasion, only sending copies of his latest proposals to the United Kingdom side of the assessment group. As the assessment makes clear a great deal of important information is lacking. But in addition to this and to their doubts about the feasibility of Expressway's large tunnels and the underestimation of costs, the French would have political difficulties in accepting the scheme of an American <sup>entrepreneur</sup> based in Bermuda and the owner of British Ferries, with no satisfactory guarantees of adequate French participation. Mr Sherwood has come a long way in the last few weeks to

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remedy this situation but it is doubtful whether he has yet broken through the barrier of unacceptability for the French.

HANDLING

12. You should invite the Transport Secretary to introduce his memorandum. It raises a number of important issues (and overlooks others) which will need to be addressed. In particular the elimination of Euroroute on financial grounds means that the technical and financial viability of Expressway will require especially careful inspection.

MAIN ISSUES (a) PROCEDURE

13. But first you might suggest the Committee address certain basic procedural questions:

- a. In light of the Assessment does the Committee wish to proceed with the Link at all? The Assessment makes clear that there are doubts about the financing of all schemes. The Main Report (para. 16) states "A common conclusion is that on the pessimistic cost and revenue hypotheses none of the projects reaches the threshold of equity returns required or meets the criterion of maximum debt repayment period without refinancing". But, as the note by the United Kingdom officials and the Schroders Report conclude, a decision to proceed with the project and continuing political support are likely to encourage market support to coalesce behind the chosen promoter.

The Chief Secretary should comment on the financial feasibility of the project, the Foreign and Commonwealth Secretary on the implications for our bilateral relations with France of backing out at this stage. Given the private sector nature of the project it might still be possible, with the 12 months legislative timetable,

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for both Governments to allow the project to lapse without unacceptable embarrassment if, during that time, the necessary finance were simply not forthcoming. A decision to proceed will nevertheless have to be taken against the background of the overriding requirement that the chosen project should be capable of completing and operating the Link without any financial support from public funds and without any Government guarantees against technical or commercial risks.

- b. Is a decision on the choice of scheme really required before the Transport Secretary's first meeting with M. Auroux on 7 January?

On balance it would seem sensible for the 7 January meeting to be used only to sound out M. Auroux on French reactions so far, so that E(A) can take this into account when they meet on 8 January, prior to Mr Ridley's further meeting with M. Auroux on 9 January. A premature choice in favour of Channel Expressway on 7 January would only irritate the French with whom we shall have to work closely throughout the construction and operation of the Link. It would be most unfortunate to begin on the wrong footing after the preparations of the last year have gone so smoothly. But if Mr Ridley's brief for 7 January is to be constrained, this will have to be made absolutely clear to him at this meeting. (Foreign and Commonwealth Secretary and Transport Secretary).

- c. In the last resort how necessary is it to choose a scheme by 20 January (see below)?

(b) SUBSTANCE

14. You might then move on to discuss the substance of the Assessment and the Transport Secretary's preference for Channel Expressway. The following are some of the main questions which should be addressed:



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Engineering

15. Ventilation

The challenge of a drive through scheme has always been that of overcoming the problem of ventilating 25 miles of tunnel. Euroroute's elaborate proposal for artificial islands was designed to shorten the tunnel. Even so they find it necessary to have a third ventilation shaft in mid channel. The Detailed Report (para. III A1) reveals that the electrostatic precipitators proposed by Channel Expressway for removing particles from the air are only proven over a distance of 3.5 kms. It concludes that the longitudinal ventilation system as planned would limit vehicle capacity to 1600 per hour - just over half that of other schemes and states "further development is needed to determine whether the proposed longitudinal ventilation system would allow safe operation at any traffic level". The costs of improving the ventilation to acceptable standards (which is considered possible) are not included in the additional 35% required to cover Expressway's general under-estimation of costs. Does the assessment justify faith in Expressway's ventilation technology? Given its already limited capacity, how will it cope with traffic jams backing up behind an accident or breakdown? There must be no risk to travellers of asphyxiation.

16. Tunnels

The greatest risk for all schemes is regarded as the geological uncertainty (Main Report para. IIa) of tunnelling through difficult chalk, particularly near the French coast where it is only some 15m thick. CTG proposes two 7.3 metre tunnels with a small service tunnel bored first to act as a pilot tunnel. Expressway proposes four parallel tunnels, two of them 11.3m internal diameter and without a pilot tunnel. The assessment states "there is no precedent in the world for a tunnel of this size". (Detailed Report para. II.A.1, and Main Report page 3).

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Costs and Revenues

17. The table in para. 7 of the Transport Secretary's paper gives the costs and revenues using both the promoters' and the assessors' figures. The difference in net revenue between CTG's and the assessors' figures is 1.5%. Channel Expressway is 12% more optimistic than the assessors. The Transport Secretary states that the assessors' figures are just as likely to be wrong as the promoters'. But this is not very persuasive:

- a. the promoters' figures are bound to place the most optimistic light on their proposals. The purpose of the assessment was to attempt to test their figures.
- b. The Schroders Report states "Whichever scheme is selected, financial markets will have to be comfortable that cost and revenue estimates are reliable to within acceptable margins of error. None of the proposals have yet been subjected to detailed and rigorous analysis by the institutions or banks which will ultimately require independent estimates of both costs and revenues. None of the proposals could therefore now proceed on a non-recourse financing basis without further, detailed design work or verification of estimates". The results of these investigations, using similar data and expertise, are unlikely to differ greatly from the Governments' own assessment.

18. It is worth recalling some examples of cost overruns for recent major UK civil engineering projects:

<u>Scheme</u>	<u>Budget cost</u>	<u>Actual cost</u>	<u>Inflation adjusted cost</u>
	£m	£m	£m
Thames Barrier	23	461	105
Natwest Tower	15	115	28
Humber Bridge	19	120	32

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Competition

19. The Transport Secretary states that Channel Expressway will best serve the interests of competition since it provides a drive through alternative. This overlooks the fact that the Link (ie both road and rail) will be owned by one of the main ferry companies. Will this not diminish competition on the Channel crossing? Is not Mr Sherwood, with his investment in ferries and his stated commitment to FlexiLink (the ferries alternative to the Fixed Link), the only candidate who might stand to benefit from delaying the construction of the Link? Given that he has no consortium behind him with interests in the completion of the project should the Government entrust the project to an entrepreneur with a possible conflict of interests?

Industrial action

20. The Transport Secretary states that CTG's proposal "leaves us at the mercy of the railway unions - both British and French". In fairness to CTG it should be said that the shuttles will be operated quite separately from the through trains by employees of CTG, (not BR and SNCF), with whom they have indicated their intention of negotiating no-strike agreements.

Relations with BR and SNCF

21. Can the Government be satisfied that any potential agreement between the Link and British Rail does not constitute a government guarantee and that any investment by BR will meet the normal criteria laid down? (Chief Secretary and Transport Secretary). How are Channel Expressway able to offer such favourable terms to BR? Are they to be believed? (The only reference in the Detailed Report is in V.F.1. The tentative agreements with all promoters were only concluded recently and their effects



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on the revenues of each promoter are still being analysed. BR appears to have driven a hard bargain with CTG and Euroroute and to have been made a surprising offer by Channel Expressway).

Is a merger possible?

22. The possibility of a merger between CTG and Channel Expressway was considered informally by the United Kingdom assessors. They concluded that, while the idea could not be ruled out, it was hard to see what advantage either party would see in a merger. The schemes proposed are quite different - a choice ultimately has to be made - and the approach of a consortium, both in terms of building and financing the project is quite different from that of an individual entrepreneur. If forced it could prove an uncomfortable marriage.

*Sherwood and  
Nicho Henderson  
would not be  
happy  
partners.*

How to proceed?

*CTG would probably have an interest in not cooperating; they would be in a strong position if the marriage broke down early enough.*

23. If the Committee decide on CTG this is likely to prove acceptable to the French, despite their recent inclination towards Euroroute. There would be no difficulties about informing them on 7 January as there would be if the choice were Channel Expressway.

24. If, on the other hand, Ministers are not ready to make a final choice at this stage is there any way of gaining more time for further consideration while still meeting the French requirement for an announcement on 20 January? One possibility might be as follows. The joint announcement on 20 January with President Mitterrand could be on the following lines: two schemes have satisfied the Guidelines laid down by the two Governments, namely CTG and Channel Expressway: it is the Governments' firm intention to proceed with a Channel Fixed Link with bored tunnels; the Treaty will be signed as scheduled on 12 February; the Governments will make



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a final choice between the two schemes in the light of further analysis and further indications of preference from the financial markets.

25. So far as the technicalities of the Treaty are concerned the lack of a chosen promoter is not considered to be an insuperable obstacle to signature, although it would be easier if the choice were limited to the two bored tunnel schemes. At some point it will be necessary to define the scheme for Treaty purposes. This could be achieved by a protocol or exchange of letters.

*JTp tell me that 2-3 months might well not resolve the technical uncertainties.*

26. There are clearly attractions in taking a firm decision now and no certainty that a few extra weeks or months will make the decision any easier or wiser. However, the weight of evidence at present available favours the CTG option, and if the Committee are not ready to choose this, or would still like time to give the Channel Expressway a further chance to justify itself, then a compromise on the above lines would be worth exploring.

*Channel Expressway. Subject to time would help of course.*

It would in fact be on the lines of Schroders' own recommendation and would make it possible to delay the final choice at least until the introduction of legislation (which would have the Concession Agreement and the Treaty appended to it) in March, if necessary after the French Assembly elections. Any significant delay in introducing legislation<sup>\*</sup> would, of course, begin to affect the choice of an election date in the United Kingdom for 1987. A disadvantage of the compromise, however, is that it might cause some confusion and doubt about the Government's ultimate intentions, and the French might interpret it as a back-door way of favouring Mr Sherwood.

*\* expected to take about a year.*

CONCLUSION

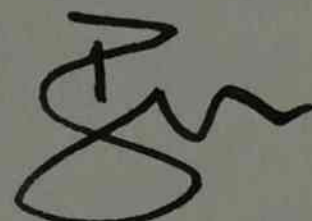
27. In light of the discussion you will wish to steer the Committee to -

- (a) decide whether still to proceed with the Channel Fixed Link;
- (b) provide the Transport Secretary with clear instructions for his meeting with M. Auroux on 7 January. If one scheme is clearly chosen, then he could be invited to inform the French accordingly.



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If not, he might explore the possibility of the procedure set out above with the French, without indicating any United Kingdom preference for either of the two bored tunnel schemes. However if this proves unacceptable to the French on 7 January, then E(A) will be faced with the possibility of an immediate decision at its meeting on the following day.



J B Unwin

Cabinet Office

2 January 1986



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W0880

PRIME MINISTER

2 January 1986

CHANNEL FIXED LINK: E(A) MEETING 3 JANUARY 1986

The assessment of the four competing proposals has thrown up numerous scientific and technical issues. Most of these, however, can safely be resolved after a scheme has been chosen, and there are relatively few which are serious enough to affect the choice itself.

All four schemes inevitably have adverse effects on the environment. It has not been possible to assess these in full for Eurobridge. Of the other three schemes, EuroRoute has the greatest effect environmentally, largely because in addition to its effects on land there will be effects on the marine environment from the construction operations, and permanent changes to the hydrology of the Channel. Both these factors will affect the French much more than ourselves, and if they regard them as acceptable, I do not think they should be a sticking point for us. My overall conclusion is that, provided that sensible steps are taken to minimise the damage caused, none of the three schemes assessed is unacceptable on environmental grounds, though the greater impact of Euroroute would count against it were the decision marginal on other grounds.

The engineering points are, in my view, more critical. No engineering project of this scope can be entirely free from risk, and the risks will initially be borne by the proposers and their financial backers. The issues for Government are whether any of these risks are likely to imperil the finances of the project to such an extent that Government might be called on to step in, and whether they are likely to make the project unfinanceable in the first place, assuming that prudent investors will take good technical advice before committing their money. The latter criterion is the more stringent.

Channel Tunnel Group's scheme is based on well-established technology and long study, and there are no technical points which should concern Ministers at this stage.



EuroRoute is technically more demanding. It is at, though not beyond, the current "state of the art" in a number of respects. There are no specific major points outstanding, now that the promoters have accepted a number of changes suggested by the assessors (which they say can be accommodated within their contingency allowance), but the general level of risk is rather higher than for Channel Tunnel Group. The problem with EuroRoute is not the level of risk itself, which I consider would be quite acceptable for a scheme with robust financial projections; but the EuroRoute projections seem already to be at the margin of what the markets will accept.

---

Eurobridge contains some very interesting and forward-looking technology, but it is unacceptably risky. The technology needs to be developed and demonstrated before being used for so critical a project.

Channel Expressway claim to have solved the ventilation problem which has prevented any other promoter from offering a simple drive-through tunnel, and which EuroRoute's scheme goes to great complication to avoid. The proposed ventilation system has not been demonstrated over anything like the 20km length between ventilation shafts which Expressway propose, and the assessment by two highly reputable UK civil engineering firms casts serious doubt on its safety in case of fire, as well as on the number of vehicles per hour that could be permitted to use the tunnel. The problems can probably be solved, but are likely to prove expensive; £600 million is the assessors' estimate. It would be unwise for Ministers to set this view aside without a second opinion.

Channel Expressway also has problems with tunnelling. The tunnels are almost as wide as the stratum of chalk through which they must pass at some points, and the position of this stratum is not known very precisely. So there is a strong risk of meeting geological problems. In addition, Expressway assume a rapid rate of tunnelling using full-face machines larger than have been used in chalk before. There is little doubt that such machines could be made, but the timetable is very tight, and they are unlikely to achieve the tunnelling rates forecast without development. Expressway's tunnelling consultants are very experienced in building tunnels through the hard rock of the Italian mountains, but this is some way removed from undersea tunnels through chalk, and this inexperience is already visible in some of their calculations.

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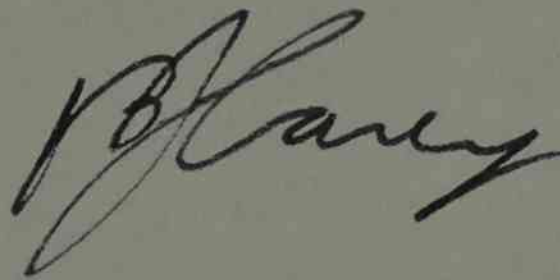
There is thus a high risk that Expressway will come out with significantly higher costs and a longer construction period than the proposers forecast.

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Given the very large differences between the three cost estimates for Expressway (promoter's, UK assessors', and French assessors'), and the implications these have for the financeability of the project, I consider that if Ministers are disposed to support Mr. Ridley's preference for this project, it would be prudent to commission further and independent engineering assessment to attempt to reduce the area of uncertainty before a final decision is taken.

I am copying this minute to Sir Robert Armstrong.



*R* SIR ROBIN NICHOLSON  
Chief Scientific Adviser

Approved by Sir Robin Nicholson and signed on his behalf



PRIME MINISTER

CHANNEL FIXED LINK

At tomorrow's E(A) three questions need to be addressed in the following order:

1. Should we opt for a safe, uninspiring plodder in the form of CTG, or submit one of the drive-through schemes (EuroRoute or Expressway) to the ultimate market test of private sector financial support - accepting the risk that in the event this may not be forthcoming?
2. If the latter, is the choice between EuroRoute and Expressway nicely balanced, or is Nicholas Ridley right in discarding EuroRoute from further consideration?
3. Nicholas Ridley's negotiating remit for his meeting on 7 January with M. Auroux?

My comments are as follows:

1. CTG versus EuroRoute or Expressway

*shy?*  
As amplified in my note of 20.12.85, CTG's backward-looking scheme hardly seems worth the candle. It measures up neither to the inspirational aims of statesmen nor the desire of the consumers of the 1990s and beyond for a drive-through option.

At this stage we should not be overawed by serious misgivings that private sector financial support will fail to coalesce behind one or other of the bold drive-through schemes. Admittedly the boards of the equity investors and their bankers will recognise the risks of cost over-runs and construction delays. On the other hand, there should be a gleam in the eye at the upside potential on the revenue side; look at the "rate of return" on the M25, for example.

- Yes, it is possible that the traffic generation has been underestimated, but the M25 is free - a crucial difference.



Conclusion - support Nicholas Ridley in discarding a timid CTG in favour of a bold drive-through scheme.

2. EuroRoute versus Expressway

It is not easy to see how a fair-minded reading of the analysis of the British and French evaluation teams could have led Nicholas Ridley so squarely to condemn EuroRoute in favour of Expressway. Both are technically and operationally feasible. Both are still overhung by substantial uncertainties which are likely to be translated into appreciable cost increases. Expressway, by virtue of its late start, is less mature and well-defined. Any realistic assessment of the development of complex, state-of-the-art projects would have to allow for substantial budget increases as the scheme moves from conceptual outline to firm design. The French could be right in assuming a 75 per cent escalation of base costs.

EuroRoute may be more vulnerable to security risks than Expressway, but not so much as to expose the average traveller to unacceptable risks - more, for example, than he would encounter in air travel.

Conclusion - the choice between EuroRoute and Expressway is not as clear-cut as Nicholas Ridley claims. This has an important bearing on negotiations with the French.

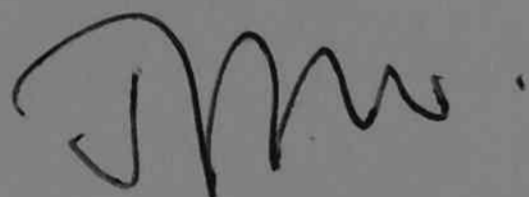
3. Negotiating with the French

It would be a pity if Nicholas Ridley's dogmatic advocacy of Expressway forces both sides to compromise on CTG as the lowest common denominator. The irony is that both sides probably have a strong preference for one of the bold drive-through schemes. Unfortunately, Nicholas Ridley is strongly biased in favour of Expressway, while we know that the French are strongly biased in favour of EuroRoute.



What we do not know is how much the French view is influenced by James Sherwood's heavy-handed approach and the lack of acceptable French partners.

Conclusion - Why go for head-on confrontation before exploring the scope for agreement on a drive-through scheme? Why not use this first meeting to test the French reaction to an Expressway/CTG collaboration aiming at a drive-through scheme? This should reveal whether the French objections to Expressway are primarily technical or bruised national pride.



John Wybrew

2 January 1985



PART 3 ends:-

Home Office to DN 24.12.85

PART 4 begins:-

J. Wybrew to PM 2.1.86



