

Prime Minister

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CONFIDENTIAL

This seems alright provided it is made clear that it does not involve any commitment at this stage to build the tunnel. Mr. Milt (Flask) favours the proposed study.

PRIME MINISTER

Yes - I should like the study to go ahead now.

Agree, provided the Chancellor is content?

IL 27/7

You may have noticed that there has been a recent renewal of interest in the idea of a Channel Tunnel. British Rail have just completed a joint study with the French Railways of a possible rail link; the EEC Commission are looking at a number of other possibilities as part of a wider study of Community infrastructure; and the Greater London Council have also expressed interest in the idea again. As a result I am increasingly being pressed about the Government's attitude.

The idea is not one which fits easily into present economic circumstances, and the simple answer must be that even the relatively cheaper rail scheme is, at £325m for the UK share, far too expensive for us to consider seriously just now. But I think it could be a mistake to rule it out entirely on those grounds, without any more detailed consideration. The rail scheme does seem to have some prospect of viability and there is therefore a real chance this time of involving private sector capital from both here and abroad, and there may be a prospect of assistance from the EEC as well. In any case, work could not start on any tunnel before the early 1980s when our economic situation may be different. But to judge the viability of British Rail's and other ideas we need to do some further work.

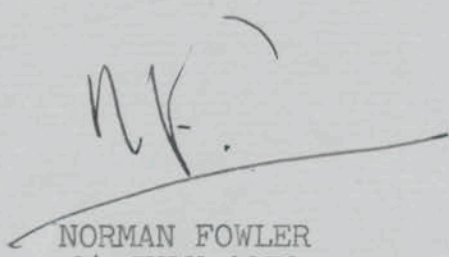
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What I would like to do therefore, with your agreement, is to ask Sir Alec Cairncross, who headed the Advisory Group which reported on the earlier project, to look at the rail scheme and the general proposition and let me have his advice. This would, of course, be without any Government commitment to whether there should be a crossing or not and I would make this clear. Sir Alec's views command a great deal of respect in this field and his appointment would help us practically, in giving us an independent and informed assessment. Whatever the eventual outcome, there are also presentational advantages.

If you agree, and Sir Alec is prepared to accept, I would announce his appointment within the next few weeks. My Department will of course consult the Civil Service Department about the terms of his appointment.

I am copying this minute to members of E, Sir Ian Bancroft and to Sir John Hunt.


NORMAN FOWLER
24 JULY 1979

CONFIDENTIAL

24 JUL 1979





PRIME MINISTER

CHANNEL TUNNEL

I have seen Norman Fowler's minute to you of 24 July about the renewal of interest in the Channel Tunnel. I think that we should press ahead with studies of this project which I believe would in the long run be a major contribution to our trading links with Europe. It would also be another area where we should be seen to be acting in the interests of the EEC as a whole. Obviously we must examine every way of minimising the cost to the Exchequer by involving private sector capital and assistance from the EEC. I think a study by Sir Alec Cairncross on the prospects for this project would be a helpful springboard.

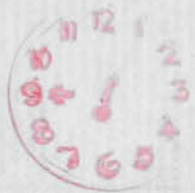
I am copying this minute to members of E, Sir Ian Bancroft and to Sir John Hunt.

A handwritten signature in blue ink, consisting of the letters 'J' and 'N' in a stylized, cursive font.

J.N.

Department of Trade
26 July 1979

27 JUL 1979



COMMUNICATIONS