



DEPARTMENT OF TRANSPORT  
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cc/su  
Prime Minister (2)

The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales  
Welsh Office  
Gwydyr House  
Whitehall  
LONDON  
SW1

rus 28/4

27 April 1982

Dear Nick,

EUROROUTE

Thank you for your letter of <sup>in box</sup> 19 April about Ian MacGregor's ideas for a combined "Euroroute" bridge and tunnel link across the Channel. I understand that he has approached a number of other colleagues. One must respect the conviction and energy with which he is pursuing this proposal. But I ought to warn colleagues that it has major snags.

I am about to put a paper to E covering the whole question of fixed links across the Channel and I do not want to forestall all I shall have to say in that. It may clarify later discussion, however, if I say at this stage that, as I see it, there are two extremely formidable objections to Euroroute. One is that it would, if successful, lead to an effective monopoly hold by the company on carriage of road traffic across the Dover Straits, by knocking out the ferries as serious competitors. The second is that even if we reconciled ourselves to such a monopoly it is quite clear that the French, for a variety of reasons, would not go along with us. So I hold out no hope that such a link could become a realistic prospect within the foreseeable future.

I am copying this to members of E Committee, George Younger and Sir Robert Armstrong.

DAVID HOWELL



27 APR 1982





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Prime Minister (4) ✓ JV

plus 20/4

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From The Secretary of State for Wales

PA

David

ms

19<sup>th</sup> April 1982

CROSS CHANNEL LINK

I ought to let you know that Ian MacGregor wrote to me recently about the 'EuroRoute' proposals for a road and rail crossing over the Channel. I attach a copy of his letter in which he suggests that such a project has a possibility of generating an attractive real rate of return. Ian MacGregor has since called on me to explain the proposals more fully. I was not present at the meeting of E Committee which considered E(82)7 when I understand it was decided not to accept proposals for reciprocal compensation guarantees.

I hope we will not close off at this stage options as between the various fixed link proposals, but let prospective backers make their judgement on the alternatives and give them a hearing. This would have the advantage of avoiding commitment at so early a stage to a public sector monopoly which when all is said and done does have a vested interest in the choice of transport made for the fixed link.

I am sending copies of this letter to members of E Committee, George Younger and Sir Robert Armstrong.

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Ned

Rt Hon David Howell MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
LONDON SW1P 3EB



O. ce  
cf PS/BS

PS/Permanent Secretary  
Mr Lloyd Jones  
Mr Quinlan  
Mr Lees.

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**BRITISH STEEL CORPORATION**

Send to Mr Hall  
Mr Elliott

IAN MACGREGOR

31st March, 1982.

The Rt. Hon. Nicholas Edwards, MP  
Secretary of State for Wales,  
Gwydyr House,  
Whitehall,  
London, SW1A 2ER

Dear Mr. Edwards,

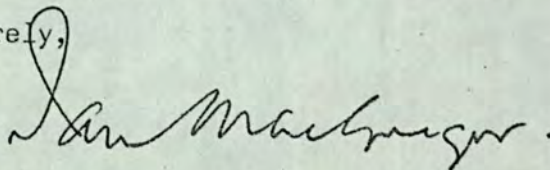
You will probably know that British Steel, British Shipbuilders and a group of private companies have put together a scheme for a road and rail crossing over the Channel called EuroRoute.

Unlike the other schemes being suggested, EuroRoute provides a road and rail link and consequently would generate sufficient revenues to enable it to be financed privately. Our financial advisers, Lazard Brothers and Coopers & Lybrand, expect EuroRoute to generate an attractive real rate of return of 7%. It is critical to any privately financed scheme that the crossing should provide for road transport. In the UK approximately 89% of freight is carried by road and a low cost road link with Europe would provide obvious benefits to the UK's industrial and transport infrastructure.

You may know that during the 5 year construction period of EuroRoute, we expect to generate approximately 250,000 man years of employment. Almost all of these jobs would be dispersed to areas of the country where there are facilities to manufacture the prefabricated modular sections for the tubular tunnel and deck. We would expect a significant amount of work on this scheme to be performed in Wales. This would largely involve offshore construction yards, quarries and cement plants.

I would very much appreciate the opportunity of having a few words with you about this project before any final decision is made by the Government.

Sincerely,





20 APR 1982

