



CONFIDENTIAL

Prime Minister (2)

PM/82/43

PRIME MINISTER

Channel Fixed Link

TPM 1. I agree with David Howell that the continuation of the studies which you agreed with M Mauroy on 16 May could usefully be pursued on the lines which he proposed in his minute of 7 June. I see merit in commercial banks undertaking the study, because:

- a) provided the studies are realistically based, they could provide a valuable non-governmental support for Ministerial decisions, and
- b) preliminary soundings by our officials with the French suggest that the latter like this idea.

2. But I think it is essential that the banks are made aware of the severe limits on involvement by HM Government in a link, in accordance with our decisions and with our requirement that any link be financed solely by the private sector. I also think that the banks' studies must address all the financial and legal problems. Thus, though I agree with David Howell that we do not need to match precisely the official machinery on the French side, I am sure it would be useful for an inter-departmental group of our officials to monitor the banks' work and that this group should meet frequently and be in close touch with the banks. Also, in view of the past history of this project, I regard it as vital that the French are given no grounds for undue optimism about our position regarding the various channel fixed link projects. We must hope that a common Anglo/French appreciation of the outcome of the studies emerges, but, if this does not prove possible, the French must not be given any excuse for claiming that we have at any time misled them.

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3. I am content that the existing Franco/British study group report be published on 16 June. I also agree with the terms of the proposed announcement to Parliament.
4. I am copying this minute to members of E Committee and to Sir R Armstrong.

A handwritten signature in dark ink, appearing to be 'FP', with a horizontal line underneath.

(FRANCIS PYM)

Foreign and Commonwealth Office

11 June, 1982

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✓ JV, MAP

(1)

Prime Minister

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Agree subject to colleagues' views, to ma's further study?

Prime Minister

FIXED CHANNEL LINK

Yes *ms* Agree to publication of the study group's Report?

MS 7/6

Following your agreement with M. Mauroy that there should be further studies before a final decision is taken on the fixed cross-Channel link, French officials (who are aware of the attitude of Ministers here) have been in touch with us about how this is to be implemented.

Banks on both sides of the Channel have shown interest in the possibility of financing a link in the private sector. Two British clearing banks, although they put the chances of success low, are willing to devote a certain amount of effort together with the French interests in further testing the possibilities of financing alternative forms of link, including drive-through versions. One of the French banks that wish to be involved is closely involved in Ian MacGregor's Euroroute scheme. We are therefore in a position to ensure that the further studies that have been agreed cover both road as well as rail schemes, and are considered with both the necessary expertise and realism. I am proceeding accordingly. The objective will be to produce conclusions in the autumn.

The French may set up an inter-Departmental group, chaired by a member of M. Mauroy's own Cabinet, to oversee the studies. I see no need for a similarly elaborate arrangement on our side but we will continue to consult representatives of those Departments most closely involved on the general framework of the studies and as specific questions arise.

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Meanwhile, we have to dispose of the report of the Franco/British study group, the conclusions of which were considered by E Committee on 4 May. Copies of the text of the report were circulated at official level last month. The House knows of its existence and we shall certainly be pressed to publish it. To avoid the danger of misleading leaks and to separate publication from the likely final decision in the autumn it would be better to do so at once.

Following discussions between officials, we have arranged with the French that we will publish the report simultaneously on both sides of the Channel on 16 June when I have two questions for oral answer seeking a statement about the link. I propose, if you agree, to answer in the terms of the attached draft.

I am copying this minute to members of E Committee and to Sir Robert Armstrong.

DA

DAVID HOWELL

7 June 1982

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MR PHILLIP WHITEHEAD (LAB) (DERBY NORTH): To ask the Secretary of State for Transport, if he will make a statement on the progress of negotiations for a Channel tunnel.

MR TEDDY TAYLOR (CON) (SOUTHEND EAST): To ask the Secretary of State for Transport, if he will make a further statement on the Channel tunnel.

DRAFT ANSWER

The report of the Franco-British Study Group is published today.

The report concludes that while existing services could be developed to cope with foreseeable traffic growth, a fixed link is likely to be economically advantageous. The Group confirms the technical feasibility of rail tunnel schemes, which could provide both through rail services and a vehicle shuttle. Forms of link enabling vehicles to be driven across the Channel require further technical study.

The questions of organisational, legal and financing arrangements for the construction of any fixed link lay outside the Group's terms of reference. The two Governments have however agreed that before a decision is reached these aspects should be examined. This further work should be completed by the autumn.

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BK



cc: John Verelst  
Bernard Ingham

10 DOWNING STREET

From the Private Secretary

11 June 1982

Fixed Channel Link

The Prime Minister has seen your Secretary of State's minute of 7 June about a further study on the fixed cross-Channel link, and publication of the Franco/British study group's report.

As I told you on the telephone a few days ago, the Prime Minister agrees to your going ahead with the further study as proposed in your Secretary of State's minute. She also agrees to the publication of the Franco/British study group's report by means of an Oral Answer on 16 June. The Prime Minister has since seen Mr. Sparrow's letter of 9 June and has commented that she prefers the draft Answer attached thereto to that attached to the minute of 7 June.

I am sending copies of this letter to the Private Secretaries to the other Members of E Committee and to Sir Robert Armstrong.

M C SCHOLAR

Anthony Mayer, Esq.,  
Department of Transport

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BK



✓  
Prime Minister (2)

Ms 15/4

Treasury Chambers, Parliament Street, SW1P 3AG

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

11 June 1982

R. Davis

FIXED CHANNEL LINK

Thank you for sending me a copy of your minute of 7 June to the Prime Minister setting out how you propose to go forward between now and the autumn.

In the light of the discussions in E Committee last month I am concerned that your proposal for joint studies by French and UK banks may cause a lobby to build up in favour of a tunnel and that the group might reach conclusions which are incompatible with the general line of the decision we made in E Committee last month. On the other hand, I understand that we need a further round of studies if we are to bring consideration of this issue to a satisfactory conclusion with the French Government. I therefore accept that we should adopt the course you propose but we must be sure that the participating banks fully understand the framework of UK Government requirements within which they must work, including the position on political guarantees which we discussed earlier.

At our meeting on 4 May we also agreed that the only type of project which might merit further study was one allowing the possibility of road transport, such as the Euroroute proposal, although there were some major difficulties about that option also. I wonder therefore whether we could not use the time between now and the completion of the banks' studies in the autumn to ask the promoters of drive-through schemes to see how far they can go in resolving some, at least, of the technical issues outstanding.

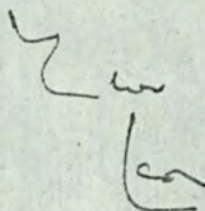
On publication of the study group report: I would be content to see it published as you suggest, although I would like to suggest a small drafting change to your draft answer, namely the substitution of the words "a fixed link could be economically

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advantageous". This would be consistent with the terms of the study group's report.

I am copying this letter to the Prime Minister, other members of E Committee and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Leon Brittan', consisting of a stylized 'L' followed by 'eon' and 'Brittan' written below it.

LEON BRITTAN

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SV

①

Prime Minister

Agree this is

an improvement

9 June 1982 on the

earlier draft?

(attached)

MCS 10/6

Yes

- with MCS

CABINET OFFICE

Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

Qa 05949

From: John Sparrow

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The Rt Hon David Howell MP  
Secretary of State for Transport  
2 Marsham Street  
LONDON S W 1

Dear Secretary of State,

Fixed Channel Link

I have seen a copy of your minute of 7 June to the Prime Minister.

I agree that there is a good case for publishing the report of the Franco/British Study Group but I am concerned that the tone of your draft Parliamentary Answer is rather more encouraging about prospects than I believe is justified by the discussion and conclusions at E Committee on 4 May. I think it is important to avoid couching the answer in terms which might create false expectations among the French; the Banks undertaking further work; the House of Commons; and the public.

I have had a shot at revising your draft Answer, drawing on paragraph 10 of the summary of the Study Group Report which you submitted to E Committee. This in turn may not quite catch the right flavour, but I do feel that the original wording has its dangers. You might like to consider whether it would be sensible to incorporate some reference to the need for any proposals to stand up without any financial support from the British Government.

I am sending copies of this letter to the Prime Minister, the other members of E Committee, and to Sir Robert Armstrong.

Yours sincerely,  
John Sparrow

John Sparrow

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MR PHILIP WHITEHEAD (LAB) (DERBY NORTH): To ask the Secretary of State for Transport, if he will make a statement on the progress of negotiations for a Channel Tunnel.

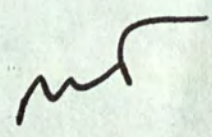
MR TEDDY TAYLOR (CON) (SOUTHEND EAST): To ask the Secretary of State for Transport, if he will make a further statement on the Channel Tunnel.

DRAFT ANSWER

The Report of the Franco-British Study Group is published today.

The Report concludes that, while not essential, a fixed link could offer advantages in terms of the diversity of services offered, and the facilitation of trade and other exchanges with the rest of Europe. The economic results offer the prospect of a reasonable return and the Group confirms the technical feasibility of rail tunnel schemes, which could provide both through rail services and a vehicle shuttle. Forms of link enabling vehicles to be driven across the Channel require further technical study.

However, the questions of organisational, legal and financing arrangements for the construction of any fixed link lay outside the Group's terms of reference. The two Governments have agreed that before a decision is reached these aspects should be examined. This further work should be completed by the Autumn.



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DEPARTMENT OF TRANSPORT  
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01-212 3434

ck IV  
Pras

2pp

Michael Scholar Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON SW1

NBPM

14 June 1982

ms 14/6

Dear Michael,

FIXED CHANNEL LINK

Thank you for your letter of 11 June.

I now attach a revised copy of the answer the Secretary of State will be making on Wednesday about the Fixed Channel Link. It has been agreed with the CPRS, in the light of Mr Sparrow's letter of 9 June. I hope it is acceptable.

I am copying this to the Private Secretaries of the Chancellor of the Exchequer, the Foreign Secretary, Sir Robert Armstrong and Mr Sparrow.

Yours,

Anthony Mayer

R A J MAYER  
Private Secretary

# CONFIDENTIAL

MR PHILIP WHITEHEAD (LAB) (DERBY NORTH): To ask the Secretary of State for Transport, if he will make a statement on the progress of negotiations for a Channel Tunnel

MR TEDDY TAYLOR (CON) (SOUTHEND EAST): To ask the Secretary of State for Transport, if he will make a further statement on the Channel Tunnel.

DRAFT ANSWER

With permission, I will answer this question and question no. .... together.

The report of the Franco-British Study Group is published today. It concludes that existing services could be developed to cope with foreseeable traffic growth, but that a fixed link might offer advantages in extending the range of choice among services provided and in facilitating trade and other communications with continental Europe. The economic results offer the prospect of a reasonable return and the Group confirms the technical feasibility of rail tunnels, which could provide both through rail services and a vehicle shuttle. Forms of link permitting vehicles to be driven across the Channel require further technical study.

The question of organisational, legal and financial arrangements for the construction of any fixed link lay outside the Group's terms of reference, and the two Governments have agreed that, before a decision is reached, these aspects should be examined. This further work should be completed by the autumn. As I have made clear on a number of occasions, any proposals which emerge will have to stand up without any financial support from the Government.

14 JUN 1982

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