



10 DOWNING STREET

(1)

Prime Minister

letters attached

Mr MacGregor and Sir John

Howard are again wanting to see you

to make the case for the Channel
bridge / Euroroute. They can only

manage the afternoon of 4th August.

Tom King's office advise against:

nothing new to say, waiting for the British
and French banks' report.

Agree to decline?

Reyes-

MCS 26/7



10 DOWNING STREET

From the Private Secretary

29 July 1983

Dear Mr MacGregor,

The Prime Minister has asked me to thank you for your letter of 21 July, about another meeting on the EuroRoute Channel road and rail link.

The Prime Minister has asked me to write to you to say how sorry she is that it is just not possible to fit such a meeting, with yourself and Sir John Howard, in her very crowded diary at present. But she will very much bear in mind the case you advance for the EuroRoute scheme.

Yours sincerely,

Michael Scholar

Ian MacGregor Esq.



je

10 DOWNING STREET

From the Private Secretary

29 July 1983

Dear Sir John,

The Prime Minister has asked me to thank you for your letter of 19 July, about another meeting on the EuroRoute Channel road and rail link.

The Prime Minister has asked me to write to you to say how sorry she is that it is just not possible to fit such a meeting, with yourself and Ian MacGregor, in her very crowded diary at present. But she will very much bear in mind the case you advance for the EuroRoute scheme.

Yours sincerely,

Michael Scholar

Sir John Howard, DL.

je



DEPARTMENT OF TRADE AND INDUSTRY

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Switchboard 01-212 7676

JF5011

PS/ Secretary of State for Trade & Industry

4 August 1983

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

sk

Dear Michael,

EURORROUTE

You copied to me your letters of 19 and 22 July to Dinah Nichols (Department of Transport) about the desirability of the Prime Minister meeting Sir John Howard and Mr Ian MacGregor to discuss the Euroroute proposal.

2 So far as DTI are concerned, there are no new developments to report and we do not therefore recommend a further meeting with Mr MacGregor on this subject.

3 I am copying this letter to Dinah Nichols.

Yours ever,

Caroline Varley

CAROLINE VARLEY
Private Secretary

Transport
Channel
Tunnel, etc



100-1000-11



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Michael Scholar Esq
Private Secretary
10 Downing Street
LONDON SW1A

25 July 1983

Dear Mr Scholar

EUROROUTE

Thank you for your letter about the suggestion that Ian MacGregor and Sir John Howard should meet the Prime Minister once again to discuss this project.

My Secretary of State saw them on 7 July. It seems clear that the Euroroute group has made little progress in developing its scheme for a cross-Channel link in the last year or so. Mr MacGregor had little to say that was new. I think it unlikely that there would be any advantage in a further meeting with the Prime Minister at the present time.

As you will know, we are awaiting the report of a group of British and French banks considering the financial feasibility of the numerous schemes under consideration. We expect their report around September. No progress can be made before then.

Yours sincerely
Andrew Melville

for
MISS D A NICHOLS
Private Secretary

PS The further letters enclosed with yours of 22 July add little, and a meeting still seems unlikely to achieve much, though the Prime Minister may wish to offer one as a matter of courtesy.

Transport,
Channel Tunnel,
PTZ

DEPARTMENT OF TRANSPORT
LONDON SW1P 3BU



CO-ORDINATOR

11



hls Transport (W)

10 DOWNING STREET

From the Private Secretary

22 July, 1983

EUROROUTE

Further to my earlier letter to you in which I sought advice as to whether the Prime Minister should see Mr. MacGregor and Sir John Howard about the Euroroute scheme, I enclose two letters received here today from these two gentlemen which I am sure you wish to take account of in proffering advice.

I am sending a copy of this letter to Jonathan Spencer (Department of Trade and Industry).

M. C. SCHOLAR

Miss D. Nichols,
Department of Transport



BRITISH STEEL CORPORATION

IAN MACGREGOR

21 July 1983

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

Dear Prime Minister,

Before I leave the B.S.C., Sir John Howard and I would greatly value another meeting with you on the EuroRoute Channel road and rail link.

Ministers indicate that the Government will take no further action until the current study by the two British and three French banks is completed. Although they were originally due to report eight months ago, I doubt that their findings will be conclusive. The sponsors of the EuroRoute scheme for example, have not so far been subjected to the critical questioning which would be required for the proper evaluation of their case.

The EuroRoute road and rail link, which I initiated, is a viable commercial proposition as the attached chart indicates. The origin of this scheme was an attempt to propose self-financing infrastructure projects of major proportions at a time when government expenditures were difficult. This example reflects similar activities in the construction of toll roads and bridges in the Eastern United States during the depression of the 1930's. These projects were self-financing and the infrastructure of roads and bridges around New York are a testimony to the far sighted officials at that time and the validity of their concept. It seems to me that we have a parallel situation today and with the EuroRoute modular design, the opportunity of harnessing across

/contd



The Rt Hon Margaret Thatcher MP

21 July 1983

/contd

the whole length of the country, human and other resources which are not currently occupied. This would have a dramatic impact on the public concern about future employment and bring benefits to the Government financially and politically.

I hope we may be able to meet.

Sincerely,

Jan Macgregor.

JOHN HOWARD & COMPANY Plc

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FOUNDED 1927

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2 PPs

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
10 Downing Street,
London.

19th July, 1983.

Dear Prime Minister
EuroRoute

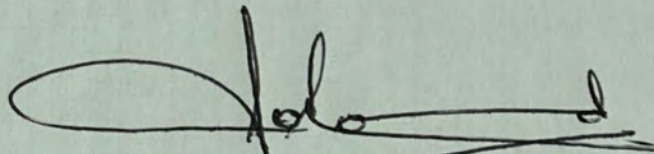
Mr. Ian Macgregor is particularly anxious to have a further word with you before he leaves the B.S.C. It was in November 1981 when we last discussed this very important project with you.

Since then apparently very little progress seems to have been made by the Government Departments due to the delay which is taking place in their receiving the long awaited Five Bank's Report on our submission that this project is financially without recourse to the taxpayer.

I do hope you will be able to spare the time to see us.

With kindest regards,

Yours sincerely,



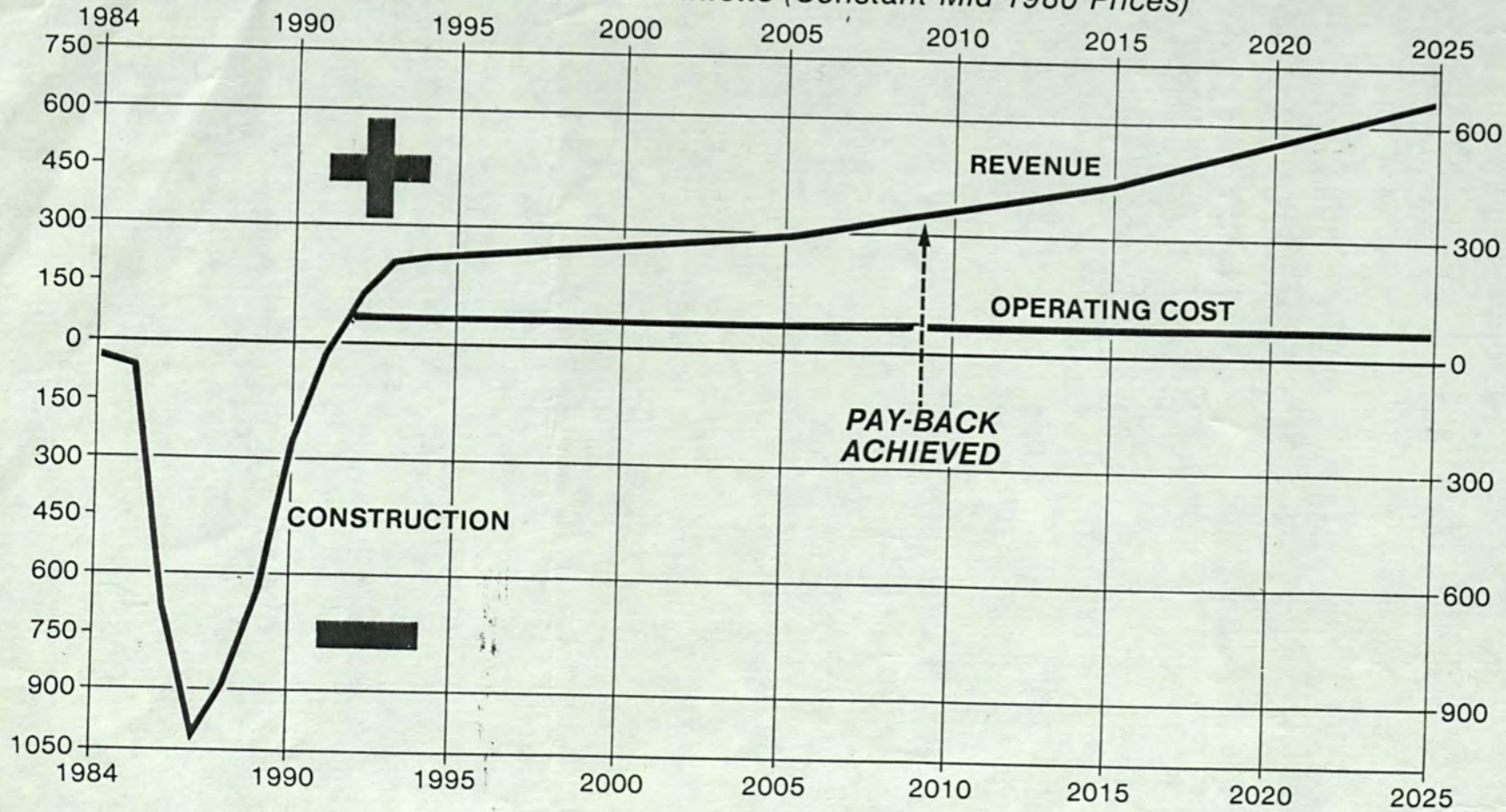
John Howard.

Transport: Chemel Tund: P72

[Faint signature]

REVENUE STATEMENT

Net Cash Flow - £ millions (Constant Mid-1980 Prices)



TRANSPORT: Chand Tunnel: Pt 2.



10 DOWNING STREET

From the Private Secretary

19 July 1983

Euroroute

We have had a tentative enquiry from Mr. Ian MacGregor of the British Steel Corporation about whether he and Sir John Howard could come in and see the Prime Minister on 4 or 5 August about the proposed Euroroute. The enquiry was made by Mr. James Siddons of the British Steel Corporation, and I understand that the suggestion that these two gentlemen should see the Prime Minister emanated from Mr. Edward Du Cann.

B.F.1
I pointed out to Mr. Siddons that the Prime Minister had already seen Mr. MacGregor and Sir John Howard on this subject, and I wondered whether there had been any changes which merited another meeting. I also made discouraging noises about the pressure on the Prime Minister's diary. I would be grateful for advice as to the desirability of the Prime Minister seeing Mr. MacGregor.

I am copying this letter to Jonathan Spencer (Department of Trade & Industry).

M. C. SCHOLAR

Miss Dinah Nichols,
Department of Transport.

TIM

Mr. James Siddons of the
British Steel Corporation
telephoned (735 7654 X 345)
to see if the Prime Minister
might be available for a meeting
with Mr. Ian McGregor and others
on either 4 or 5 August or alternatively
at some other time around that date.

Evromke

+ Sir J Howard

E Jv Cann

Sue

18 July 1983

10, Downing Street.

Whitehall.

Long money

got concerned

business worthy

restriction of competition

matter before us

cannot comment

MCS to see

BRITISH STEEL CORPORATION

Prime Minister

IAN MACGREGOR

The fixed Channel

13 June 1983

link again,

from Ian Macgregor.

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

R15 / 6 MS 15/6
6 MS

Dear Mr. King,

May I congratulate you on your new appointment and also put to you an issue for urgent consideration. This is the fixed Channel link. The latest proposals have been under consideration by Britain and France for three years. I would hope that early in the new Parliament the Government reaches a conclusion on this subject which could bring substantial economic and political benefits.

Twenty million people crossed the Channel last year and sixteen million tonnes of unitised freight passed between Britain and neighbouring continental ports. Most of this traffic is road transport and the trend is upwards. The traffic exists to justify a fixed crossing.

The main options are a twin rail tunnel with road vehicles loaded onto trains for the journey or a drive across scheme for road vehicles combined with a twin track railway. The latter project is the EuroRoute scheme which I initiated. It involves no new technology and is economically and legally feasible. It would loosen the transport restrictions which beset many exporters in the high costs from Britain and provide a low cost route to Europe. It would not give a monopoly to one form of transport or put the crossing under the control of the railways as would any rail tunnel. Fifty thousand jobs could be created in Britain during building. Not only would it be profitable in its own right but its construction would bring a saving of some £700 million to the Exchequer through increased tax receipts and savings on unemployment benefits.

No one doubts that the Government will have to agree the framework for the international treaty and legal arrangements. It will also need assurances that the crossing Authority will not discriminate against potential competition. Thus it is unlikely to give the

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The Rt Hon Tom King

13 June 1983

/contd

operators carte blanche to set their own commercial tariffs. The French and British governments are therefore likely to be involved in setting the conditions under which a crossing will be built and operated and thus they will determine the background against which the private funding can be arranged. I anticipate that the much delayed banking study will make this point.

Initiative by the British Government to end uncertainty about their future attitude to the link would be welcomed. I have suggested some action points in the attached annexe which might be handled quickly and lead to the Government being able to take a decision in principle about this important issue. I am taking the liberty of copying this letter to the Prime Minister given the personal interest she has already shown in the subject. I would also appreciate an early meeting with you to discuss the advantages of the EuroRoute solution with particular reference to the financial returns which the project generates.

Sincerely,

San Marbuzor

FIXED CHANNEL LINK

IMMEDIATE ACTION POINTS

If the promoters are to proceed, the Government needs to decide on the form of link with which it could co-operate. This requires it to undertake the following:-

- 1) Confirm the traffic forecasts for cross Channel traffic.
 - 2) Consider how these forecasts should determine the form of link chosen i.e. rail tunnel or road and rail crossing.
 - 3) Take advice from international consulting engineers to confirm the feasibility of the engineering design of a link to carry the required traffic.
 - 4) Confirm the plausibility of the costs of a suitable design to the point where there is a sufficient basis to support the choice of one form of link rather than another.
 - 5) Insofar as it relates to the choice of scheme confirm the financial and economic returns expected. This is one aspect of the current studies being undertaken by the British and French Banks on behalf of the Government.
 - 6) Define the preferred project of the British Government and agree with the French Government a mutually acceptable link including the involvement of French companies. Then:-
 - (i) both the governments and promoters of the preferred link to agree what, if any, detailed studies are necessary to confirm the final design
 - (ii) agree what statutory planning and other procedures are required and in the light of these considerations agree a feasibility timetable for preparation and construction
 - (iii) the Governments to agree with the European Community their respective roles.
-