

PRIME MINISTER

Fixed Link Across the Channel

You have already seen Nicholas Ridley's minute asking for a steer on the line he should take when he meets Monsieur Auroux (Flag A). Since then, we have had responses from, amongst others, David Young (Flag B) and the Chief Secretary (Flag C). The Policy Unit have also submitted a note (Flag D). The positions taken are essentially these: the Transport Secretary is essentially firmly optimistic about the chances of a viable package being put together and accordingly wants to sound optimistic. David Young supports this. The Chief Secretary, on the other hand, does not think that a viable project is likely and accordingly wants to sound pessimistic. The Policy Unit see no reason at all why we should shift from our present position, i.e. that the Government has no need to change its tone at all. Its position is quite clear - that if a viable package is put forward with no requirement for taxpayers' money, the Government would look carefully at it. To sound optimistic risks being drawn into the political and, hence, financial commitments. But equally there is no reason to sound pessimistic.

Do you agree with the line proposed by the Policy Unit that the Government should, if necessary, simply reiterate its existing position without sounding either bullish or bearish about the possibility of the likelihood of a viable package?

TIM FLESHER

31 October, 1984

D *Yes not*

MR TURNBULL

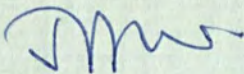
31 October 1984

FIXED LINK ACROSS THE CHANNEL

The present Government position on the fixed link is quite clear and is correct. Private sector interests, if they wish, should come forward with a financing package and positive proposals.

So far, the banks' review of the problem has made it quite clear that the link could not be financed without substantial "political" guarantees and even some financial guarantees. In practice, the kind of political guarantees they imagined will turn out to be financial guarantees as well.

We do not wish to discourage the idea of a link, whilst making it clear that there are no Government resources available to ease the financing of it. It would be best at this stage to background brief the Press again to the effect that we welcome a link but the taxpayer will not pay for it.



JOHN WYBREW

CNO

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FROM: CHIEF SECRETARY
DATE: 31 October 1984

PRIME MINISTER

FIXED LINK ACROSS THE CHANNEL

Nicholas Ridley's note of 24^{with AT} October sought colleagues' views about the line to take with the French authorities over the future of this project.

2 In principle, our policy is clear. We are willing to facilitate a fixed link if a private sector consortium comes forward to undertake the project without financial guarantees from us. In practice, I agree with Nicholas that we must soon judge whether or not we think it likely an acceptable scheme can be found within the policy constraints we have laid down. Because if we do, it would be appropriate to adopt a positive line with the French, encouraging them to look at new possibilities and being prepared to do so ourselves. But if not, it is time to start steering the French towards a low key, mutual recognition that there probably is no way forward.

3 Against this background, I would ask three questions about our policy towards a fixed link:

- (i) can we really avoid/^a contingent liability of a kind which we would not be willing to accept? All projects of this size and nature carry a risk of failure - through cost overruns, or changes in circumstances. Nuclear power stations, the Thames Barrage and the Humber Bridge illustrate the problem. It seems clear that the French still want some sort of understanding that if the project is to go ahead, the two governments must de facto accept the risk of public funds being needed to complete it. Can we maintain an absolutely firm line that

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at all stages the market must decide - whether it still makes commercial sense to go ahead and funds can be found, or it does not, in which case the project must be allowed to lapse whatever the stage reached.

(ii) If and when built, will we (and more so the French) be able to stand back from its operation? In practice, we will be under constant pressure especially on tariffs and on its comparative position vis- a - vis other modes of crossing the channel;

(ii) Is it a transport priority? A fixed link will require improvements to the existing road and rail infrastructure. Present plans provide nothing for this. To avoid higher public expenditure would require adjustment of present priorities.

4 If a consortium had clearly come forward by now there would have been grounds for more optimism. Despite the further stirrings of interest Nicholas reports, I am becoming more sceptical that a suitable consortium will come forward.

5 None of these questions is easy to answer. But my feeling is that unless a consortium now emerges very quickly the time has come to consider whether we should now approach our dealings with the French on the basis of mutual recognition that a fixed link is unlikely to be constructed in the foreseeable future.

5 I am copying this minute to Nicholas Ridley, members of E(A), Michael Heseltine, Geoffrey Howe, David Young and to Sir Robert Armstrong.



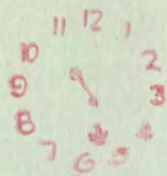
PETER REES

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Energy Aug 87

Cross channel wire

30 OCT 1984



COMMUNICATOR



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*PP
CCW*

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

31 October 1982

Dear Secretary of State

FIXED LINK ACROSS THE CHANNEL

Thank you for sending me a copy of your minute of *24* October to the Prime Minister.

You ask if colleagues are ready to see a Fixed Link being authorised or if, on the contrary we see overriding objections to any or all forms of it.

Both as sponsoring Minister for the construction industry, which badly needs work, and personally, I would welcome the project if it can go ahead, without Government guarantees. I should however draw colleagues' attention to the environmental implications and the associated procedures which may constitute problems for the promoters.

Any form of fixed link involving a bridge making a landfall on this highly sensitive part of the south coast will certainly arouse very strong opposition on environmental grounds, particularly when the associated access road works are also taken into account. Whether such opposition would ultimately prevail is a matter of judgement but in my view there is a very good chance that it would, even if all other obstacles were overcome. Certainly I think that both the French and financial backers should be made aware of this possibility - to put it no higher - an early stage if they are inclined to favour any type of bridge scheme.

A tunnel project would also cause environmental problems, but of a much more manageable kind, and these could probably be dealt with.

I should also mentioned the problem of the procedures that would be necessary before any link project could be carried out. I understand that a private or hybrid Bill would be necessary in any event for the Railway side of the proposals, but it seems doubtful whether such Parliamentary procedures would give the local public an adequate hearing on the many important aspects on which they would be affected. Any high-handedness on this matter could well be counter-productive. All this would need further serious consideration before the project is launched. But whatever form these procedures took, they are likely to involve a good deal of time and manpower; nor could their outcome be predicted at this stage with absolute

confidence. Again, it seems to me that both the French and financial backers should be made more aware of this problem in general terms at an early stage.

I am copying this minute to the Prime Minister, other Members of E(A), Michael Heseltine, Geoffrey Howe and to Sir Robert Armstrong.

Yours sincerely

A.H. Davis
for
PATRICK JENKIN

*Approved by the Tsad
signed in his absence*

Energy August

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CABINET OFFICE
70 Whitehall,
London SW1A 2AS
Telephone 01-233 3340

8 November 1984

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FIXED LINK ACROSS THE CHANNEL.

Peter Rees in his minute of 31 October to the Prime Minister raised a number of points. But are these not inevitable problems which could be used to damn any fixed link proposal? By the nature of the project there will be pressure to accept a contingent liability against which we are committed. We will just have to resist it.

Patrick Jenkin rightly says in his letter of 31 October that there will be environmental opposition: The Party will be involved, as this is a sensitive area of the South East. Nevertheless we are being bedevilled by environmentalists with their knee-jerk 'Noes' and we aid them by the complications and delays endemic in planning procedures. Is it not time we cleared the way for some entrepreneurial achievement in this area?

I am sending a copy of this letter to the members of E(A), Michael Heseltine, David Young and to Sir Robert Armstrong.

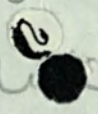
[Handwritten signature]

JOHN SELWYN GUMMER

The Rt Hon Nicholas Ridley MP

Energy June 80

Cross Channel Ltd



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1 November 1984

From the Private Secretary

FIXED LINK ACROSS THE CHANNEL

The Prime Minister has seen your Secretary of State's minute of 24 October about a fixed link across the Channel. She has also seen a number of responses from Cabinet colleagues including one from the Chief Secretary of 31 October. The Prime Minister believes that the Government's position on the fixed Channel link is quite clear and correct: if a viable package can be put forward with no requirement for taxpayers' money the Government would welcome it and look carefully at it. She sees no reason at this stage to change the tone of public statement on the matter either to suggest that such a package is more or less likely.

I am sending a copy of this to the Private Secretaries to members of E(A), the Foreign Secretary, the Secretary of State for Defence, the Minister without Portfolio and Sir Robert Armstrong.

(Tim Flesher)

Henry Derwent, Esq.,
Department of Transport.

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PRIME MINISTER

FIXED LINK ACROSS THE CHANNEL

with TF?

In his minute to you of 24th October, Nicholas Ridley sought colleagues' views on whether a fixed link across the Channel should be authorised if all our conditions are met. I see no overriding objection to any form of fixed link but I should, of course, be grateful for an opportunity to consider any proposed design at a very early stage in order to assess its implication for defence interests.

2. Copies go to other members of E(A), Geoffrey Howe, Nicholas Ridley, David Young and to Sir Robert Armstrong.

Ministry of Defence
1st November 1984

LONDON

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(Tim Flesher)

Henry Derwent, Esq.,
Department of Transport.

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6400
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Switchboard 01-213 3000

W B M

The Rt Hon Nicholas Ridley MP
Secretary of State
Department of Transport
2 Marsham Street
LONDON SW1

1st November 1984

Dear Secretary of State,

FIXED LINK ACROSS THE CHANNEL

I have seen a copy of your minute to the Prime Minister of
24 October. *with AT?*

My own view is that provided we stick firmly to the criteria set
out in paragraph 1 of your minute (particularly resisting
pressure for any kind of commercial guarantee from Government),
and they are accepted by the French, we should be prepared to see
whether the market can come up with proposals which satisfy those
conditions.

I do not believe we should announce a preference for any
particular type of link but should leave it to the market to
decide which of the various options are technically feasible
and capable of being financed.

I am copying this letter to the Prime Minister, other members of
E(A), Michael Heseltine, Geoffrey Howe, John Gummer and to
Sir Robert Armstrong.

Yours sincerely,

[Approved by the Secretary of State
and signed in his absence.]

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LEWIS & Clark Club Aug 84



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

From the Minister

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

31 October 1984

FIXED LINK ACROSS THE CHANNEL

Thank you for keeping me in the picture on recent developments in this area. I am content with the line you propose, but I would like to put up two markers for the future.

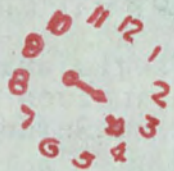
Firstly, I should like to underline the points which we have made in correspondence that in looking at any proposals for a fixed link, we need to take full account of import control and smuggling risks as well as the increased possibilities of spread of disease by wildlife. As you will understand, the principal concern is with any greater risks that might arise in relation to our rabies defences.

Secondly, it is extremely important for us to be kept fully informed in the preparatory planning stages, insofar as these involve land on this side of the Channel. This will ensure that we are fully able to consider the implications under present Government policy for the protection of agricultural land.

I am copying this letter to the other members of E(A), to Michael Heseltine, Geoffrey Howe, David Young and Sir Robert Armstrong.

MICHAEL JOPLING

30 OCT 1984



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CENO



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Henry Derwent Esq
Private Secretary to the
Secretary of State for Transport
2 Marsham Street
London
SW1P 3EB

31 October 1984

Dear Henry

FIXED LINK ACROSS THE CHANNEL

In a minute to the Prime Minister on 24 October your Secretary of State asked for his colleagues' reactions to the news that the fixed link project might now go ahead subject to satisfactory discussion with the companies and banks involved.

I am writing to confirm that my Secretary of State has no objections in principle to a fixed link. If the project does get under way, however, he would wish to be consulted in advance over the choice of route to ensure that it would not prejudice our offshore oil activities in the channel, nor cause problems for energy links between the Continent and the UK.

I am copying this letter to the Private Secretaries to the members of E(A), the Foreign and Commonwealth Secretary of State, the Secretary of State for Defence, the Minister without Portfolio, and to Richard Hatfield.

Yours

John

J S NEILSON
Private Secretary

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31 OCT 1984



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NO

PRIME MINISTER

FIXED LINK ACROSS THE CHANNEL

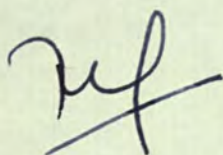
I have seen Nicholas Ridley's minute of 24 October.

I agree with him that we must now make our position clear. It would be fruitless to allow speculation about a link to build up if we have no real intention of supporting one. If we are prepared to see a link go ahead, subject to the necessary guarantees, then we should say so and obtain the credit for it.

The crucial element must be the absence of a financial guarantee. As you know, Nigel Broackes has told me that his consortium is not seeking such a guarantee from us and I understand the same to be true of at least one of the other schemes. In this case the principle of a link becomes highly attractive. It would be bound to be seen as a mark of private sector confidence in the economy and, depending on which scheme was eventually accepted, could bring large numbers of jobs to areas of high unemployment during the next few years.

Clearly if the principle of a link is acceptable both to us and the French Government, we shall have to consider very carefully the merits of the alternative proposals now on offer. We would need to weigh up the wider implications of a rail only as opposed to a road/rail link. But these are questions which, in fairness to all concerned, should be addressed only if we are ultimately prepared to see the link established.

I am copying this minute to Nicholas Ridley and the other recipients of his minute to you.



YOUNG

30th October, 1984

Georgy Aug. 89

Cross-Channel - UK.

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CABINET OFFICE
70 Whitehall,
London SW1A 2AS
Telephone 01-233 3340

END.
AT

24 October 1984

Dear Henry,

FIXED LINK ACROSS THE CHANNEL

will request if required
The Paymaster General has seen your Secretary of State's minute of 24 October. Mr Gummer strongly supports a fixed link across the Channel. He very much hopes that the project can be facilitated, and that it will be presented as an example of Britain getting up to date with private enterprise finding the means.

I am sending a copy of this letter to the Private Secretaries to the members of E(A), the Secretary of State for Defence, the Foreign and Commonwealth Secretary, the Minister without Portfolio, and to Richard Hatfield (Cabinet Office).

Yours ever,

Alex Galloway

A K GALLOWAY
Private Secretary

Henry Derwent Esq
Private Secretary to the
Secretary of State for Transport
2 Marsham Street
LONDON SW1P 3EB

24 OCT 1984

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