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## 10 DOWNING STREET

From the Private Secretary

7 November 1985

CHANNEL FIXED LINK

Your Secretary of State had a discussion this afternoon with the Prime Minister about the Channel fixed link.

Mr. Ridley said that his first impressions of the proposals which had been presented were that the Euro-bridge proposal was likely to be ruled out on technical grounds; that Euro-route was open to a number of important objections, notably its vulnerability to terrorist attack and the absence of a rail link; with the result that one of the two proposals involving bored tunnels looked the most promising. The Channel Expressway proposal had come in only very late in the day but seemed to offer some important advantages. There was a risk that the French would try to knock it out of consideration at an early stage and he hoped we would be able to resist this. One of the major questions to be answered was what share of total traffic we wanted the fixed link to take. There was a risk of putting all our eggs (or too many of them) in one basket. From this point of view, the Channel Tunnel Group's proposal which would probably take only 40 per cent of the traffic had advantages.

Mr. Ridley noted that a rail link would open up enormous possibilities. The French Government had already developed plans for running trains direct to all big cities in the UK. There were risks in this since it would give them a commanding share of tourist traffic from the UK to Europe. Moreover very heavy investment would be required: £300 million to get to London alone. He had therefore been exploring the possibility of setting up a joint Anglo/French company with private sector participation which would be able to borrow in the market.

The Prime Minister saw some risk the Government might be criticised for not giving enough time for assessment of the various projects. Mr. Ridley agreed that the timing was tight but thought that a proper assessment could be done.

Mr. Ridley said that the French Government had raised a number of points which they would want to have considered at the Summit on 18 November. He would let the Prime Minister have a note on these. The only one which seemed likely to

cause difficulty was the suggestion that the UK should accept a commitment to allow 40 ton lorries on our roads by the time the Channel fixed link was completed.

Mr. Ridley said that he thought he was close to a solution of the problem of quotas on lorries. The French Government appeared to be ready to include in the treaty a commitment that, although quotas would remain, our lorry traffic through the fixed link would never be hampered by any quantitative restrictions.

I am copying this letter to Len Appleyard (FCO) but not more widely. I should be grateful if the CMO classification could be fully respected.

CHARLES POWELL

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Department of Transport.