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PRIME MINISTER

9 December 1985

CHANNEL FIXED LINK - HOBSON'S CHOICE?

You will recall that four proposals have been submitted:

- Channel Tunnel Group's (CTG's) two bored tunnels, serving a merry-go-round of railed vehicles transporting road traffic, and conventional through trains.
- EuroRoute's combination of bridge/island/submerged tube/bridge for road traffic, with or without separate rail tunnels.
- Channel Expressway's large-diameter, drive-through tunnels for road traffic, with or without a separate rail tunnel - or tunnels.
- A bridge (EuroBridge) which uses a new plastic material (parafil) to achieve spans 3 times greater than any existing.

The way the evaluation is going, only CTG's twin-bore tunnel is likely to reach the January decision deadline without being overhung by substantial uncertainties. Should we regret not having more time to resolve these uncertainties?

EuroBridge is easily discarded on both technical and commercial grounds; being generous, it is decades ahead of its

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time. Even given more time, EuroRoute's expensive drive-through scheme is unlikely to pass muster on commercial grounds. Substantial questions of a technical and operational nature have arisen during the evaluation. They can probably be resolved, but only after appreciable additional expenditure, and at the cost of delayed completion. The separate rail element is still ill-defined, but, in any event, will almost certainly be uneconomic.

The real regret is in not having more time to resolve the uncertainties surrounding Expressway's drive-through tunnel, perhaps in combination with a large-bore rail tunnel.

There might just be a way of this hook. This entails recognising that:

- one way or the other, we will end up with a tunnel or combination of tunnels;
- there is potential synergy between the CTG consortium of contractors and James Sherwood (Sealink), the promoter of the Expressway scheme.

Sherwood is the one promoter who is primarily interested, in the market and the business opportunity of an operational CFL, but not in constructing it - albeit he may have the best concept. Conversely, CTG's consortium of contractors is much more interested in constructing the Link than operating it.

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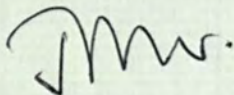
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Thus, if a voluntary merger could somehow be arranged between CTG and Sherwood, it might be possible to proceed as follows:

1. Announce that the Link will take the form of a combination of tunnels, yet to be detailed, and proceed to prepare the legislative framework on that basis.
2. Meanwhile, give CTG/Sherwood, say, 6 months to pool their resources and resolve the uncertainties over the drive-through tunnel, preferably with a commercially-viable rail element. Even if this proves abortive, the worst that could happen would be the re-emergence of CTG's twin-bore tunnel as the only acceptable candidate.

We recommend that you should invite Nicholas Ridley to come and discuss the status of the evaluation and the merits of the idea outlined above. Any initiative will have to be taken quickly.



JOHN WYBREW

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10 DOWNING STREET

From the Private Secretary

Prime Minister
Channel Fixed Link mt.

I must not
interfere - for the
reason - con-jin,
Let John Wykes

keep his own ideas straight
& he wishes.

I seriously question the wisdom
of acting as the Policy Unit
propose in the attached note.

You have deliberately stood aside
from the process of assessing the
various CFL projects. To intervene
now before that process is complete
could expose you to later
accusations of trying to manipulate
the outcome, and favour one or
other of the groups. Agree not to pursue
this? C.D.? 10/12

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MR. WYBREW

CHANNEL FIXED LINK - HOBSON'S CHOICE?

I can see no objection to your putting the points in your note to the Department of Transport as your own ideas. But the Prime Minister has deliberately stood aside from the process of assessing the various Channel Fixed Link projects. Any attempt to intervene before the process is complete would expose her to charges of trying to manipulate the outcome.

The Prime Minister has confirmed that she would not want to raise the matter herself with Mr. Ridley.

(C.D. Powell)

11 December 1985

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