

PREM 19 / 1650



PART 3.

Confidential Filing

The Channel Tunnel.

Euroroute.

TRANSPORT

Part 1: July 1979

Part 3: April 1985

(+ folder)

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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PREM 19/1650



PART 3 ends:-

Home Office to DN 24.12.85

PART 4 begins:-

J. Wybrew to PM 2.1.86







010

From: THE PRIVATE SECRETARY

CCBB



HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT

Yes no

24 December 1985

Dear David

Prime Minister  
Content for Mr. Waddington  
to attend (if) a place of the  
Home Secretary? MEX 24/12

E(A) are to discuss the proposals for a Channel Fixed Link on 8 January 1986. As the Home Secretary has explained to the Prime Minister, he does not intend to participate in these discussions in view of his acquaintanceship with James Sherwood.

There is, however, a strong Home Office interest on the plans for the fixed link and the Home Secretary would like Mr Waddington to attend the meeting, if the Prime Minister is content.

I am copying this to Michael Stark and John Wiggins.

CF Told Roz 30/12  
Smtt

Yours sincerely  
W R Fittall

Please tell  
the Cabinet Office,  
JW

W R FITTALL

30/12

David Norgrove, Esq.





PRIME MINISTER

## CHANNEL FIXED LINK: ASSESSMENT REPORT

The Anglo/French Group assessing the proposals for a Fixed Channel Link completed its work last week. It was a difficult exercise, not just because of the scale of the task and the short time available, but also because, as you well know, the French approach to any problem is very different from our own. The resulting report is nevertheless a valuable document. But our officials representing us on the group felt that we should have a crystallised paper to assist us in our consideration - and one which draws out issues not dealt with in the joint report which are essentially of UK concern.

I enclose with this letter the note by UK officials, to which is appended:

- Annex A - List of the areas covered by the assessment;
- Annex B - Summary Report of Anglo/French Assessment Group;
- Annex C - Detailed report of Anglo/French Assessment Group;
- Annex D - Note summarising the results of our consultation exercise;
- Annex E - Note on security aspects.

(Annexes B and C are still subject to the "linguistic perfection" with which we are all very familiar.)

I want to think about this, with David Mitchell, over Christmas. I will then write a paper for consideration at the meeting of E(A) on 8 January, which I will circulate as soon as I can. The E(A) paper will incorporate further copies of the attached papers.

I am copying this to the Foreign Secretary, Home Secretary, Secretary of State for Defence, Minister of Agriculture, members of E(A) and to Sir Robert Armstrong.

*R. A. Nelson*

*(Private Secretary)*

*for* NICHOLAS RIDLEY  
23 December 1985

*(approved by the Secretary of State and signed in his absence).*



CONFIDENTIAL

~~2~~  
PRIME MINISTER

20 December 1985

I have asked for a copy of the Schroder report.

CHANNEL FIXED LINK

DLW  
23/12

Ideally the Anglo-French evaluation team would be submitting two or more schemes for your consideration, confident that each of them is technically feasible and commercially-sound. Then E(A) would have the intriguing task of weighing broader considerations, such as the macro-economic effects and the inspirational value of such an enterprise for comfortable, stick-in-the-mud Europeans of the late 20th Century.

As it is, the decision which you will face is less clear cut. Four serious proposals have been submitted:

- Channel Tunnel Group's (CTG's) two bored tunnels serving a merry-go-round of railed vehicles for transporting road traffic, and conventional through trains.
- EuroRoute's combination of bridge/island/submerged tube/-bridge for road traffic, with separate rail tunnels.
- Channel Expressway's large-diameter, drive-through tunnels for road traffic, with separate rail tunnels.
- A bridge (EuroBridge) which uses a new plastic material (parafil) to achieve spans three times greater than any existing.

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- 2 -

The first three are judged to be technically feasible. However, in the time available it has not been possible to resolve substantial technical and operational uncertainties overhanging EuroRoute and Expressway. Translated into potential cost increases, these uncertainties cast doubts on the commercial viability of the proposals, especially if combined with conservative projections for traffic and revenue. To make it more difficult, even for the most mature and readily-financeable scheme (CTG), the promoters can give us no more than a sketchy preview of their future financing plan. At this uncertain stage, with the anti-CFL lobby at its most vociferous, there is no way of prejudging the investment climate in which the chosen promoter will be mounting his project and seeking firm commitments from boards of directors and bankers - the ultimate market test.

The great beauty of our approach is that this ultimate decision is left to the risk investors and the banks backing them with non-recourse loans. The problem is that we have to decide now which of the three schemes should go forward to this ultimate market test.

CTG's twin-bore tunnel is a safe bet to finish the race, but not break records. A few decades ago, it would have captured the popular imagination as a technical achievement. In 1985, it looks passé and second-best. Some will say: why go to all this trouble when the average transit times are 30 minutes more than those for the rival drive-through schemes?

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- 3 -

- hardly a big deal compared with hovercraft and the next generation of ferries.

EuroRoute is mature, well-founded and has a good pedigree (as regards the quality of its promoters). The French like EuroRoute's style, and feel that it has the stamp of a winner which will capture the imagination and attract business well beyond the staid forecasts of transport planners. (They would cite just such experience with the new high-speed train service from Paris to Lyons. Our already-overloaded M25 is the reverse side of the coin - the product of parsimony and short-term economic analysis.) Unfortunately, EuroRoute is carrying the biggest handicap as regards cost, and therefore financing. Bankers and the boards of the promoters will certainly have to temper their concern at the downside risks with optimism for the upside reward potential.

*It has other handicaps as well.*

*Security*

James Sherwood's Expressway proposal is a dark horse, developed in great secrecy by a businessman who knows the travel market and who sees the chance to turn the threat to his Sealink ferries into a business opportunity. Like EuroRoute, Sherwood would employ advanced technology to offer a drive-through scheme; what is more, for an enticingly low cost, according to him.

The problem is that the scheme has hardly passed the stage of a preliminary conceptual study, with correspondingly lightweight cost estimates. The French are particularly disparaging in this regard. They would uplift Expressway's

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- 4 -

cost estimate by 75% to reflect the immaturity of the proposal. British experts are more sanguine, uplifting the estimates by 35%. To be fair, the history of long distance tunnelling, even in recent times, tends to support the French view. By contrast, the offshore technology on which EuroRoute depends has been successfully proved in the development of offshore oil and gas. To make things more difficult for Sherwood, the French don't like either his style or his pedigree. Unlike his rivals, he doesn't have the backing of thoroughbred French (or for that matter, British) partners.

That, in caricature, is the line-up. The first question is whether to play safe, and back a solid plodder (CTG) or take a risk and go for one or other of the more forward-looking drive-through schemes. Arguably, the judgement which needs to be applied by E(A) should not be the narrow frame of mind of hard-headed business analysts and bankers, but the broad vision of a Prime Minister and her Cabinet. That seems to be the spirit in which the French Government is shaping up to make a judgement.

The second question is the choice between EuroRoute and Expressway. If we accept the views of the British technical experts, the choice is nicely balanced. The EuroRoute proposal is mature, well-defined and expensive. The Expressway proposal is immature, ill-defined and likely to become increasingly expensive with tighter definition. The French view is relevant. (This week I have had an extensive discussion with Laurent Fabius' adviser on the CFL.) If we

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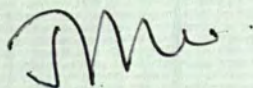
- 5 -

play safe and back CTG, the French will concur - with some regrets. Back EuroRoute and a vision of what Europe is capable of achieving, and we will have their wholehearted support. Nominate Expressway and we will have a major confrontation. We will get bogged down in arguing whether Sherwood's scheme has technical credibility.

My advice would be as follows:

- CTG is hardly worth the candle, either for passengers or Governments wanting to challenge comfortable, stick-in-the-mud attitudes. From an inspirational point of view, it could be almost worse than doing nothing.
  
- Put your vision of what Europe is capable of achieving to the test. Challenge the private sector to undertake the EuroRoute scheme. Leave them in no doubt that the Government will provide no financial support. It is their decision. In the final analysis, early in 1987, the promoters and their bankers may chicken out.

That would be disappointing. It doesn't need to be politically embarrassing; "too bad - the market has decided".



JOHN WYBREW

CONFIDENTIAL





DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon John MacGregor OBE MP  
Chief Secretary to the Treasury  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

20 December 1985

*Dear John*

*NBM*

CHANNEL FIXED LINK: COMPENSATION

Thank you for your letter of 6 December.

I am glad to say that the latest draft of the Channel Fixed Link Treaty has been modified to meet the point you make about inter-governmental compensation.

I am copying this letter to the Prime Minister, the Secretary of State for Defence, the Home Secretary, other members of E(A) and to Sir Robert Armstrong.

*John*

*Nicholas*

NICHOLAS RIDLEY



Transport: Channel Tunnel; PE3.





CONFIDENTIAL

CC 236



1. CAPCOM.  
2. NBN.

Treasury Chambers, Parliament Street, SW1P 3AG

Ms Sarah Straight  
Private Secretary to the Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London  
SW1P 3EB

19 December 1985

Dear Sarah

**CHANNEL FIXED LINK: COMMERCIAL SENSITIVE ASPECTS  
OF THE ASSESSMENT**

We spoke about the announcement proposed in your Secretary of State's letter of 17 December to which the Chief Secretary responded on 18 December.

The Chief Secretary and your Secretary of State discussed the proposed announcement last night. They agreed on the importance of the legal questions to which the Chief Secretary referred in his letter and on the importance of giving no hostages to fortune on them. They agreed however that so long as that was safeguarded, there was advantage in getting people used to the necessary disclaimers. Officials subsequently discussed the text of the proposed announcement, and I can confirm that the Chief Secretary is content with ... the enclosed text.

I am copying this letter to the Private Secretaries of the Prime Minister, the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, Members of E(A), the Solicitor General and Sir Robert Armstrong.

Yours sincerely  
Richard Broadbent

R J BROADBENT  
Private Secretary

CONFIDENTIAL



CFL: COMMERCIALLY SENSITIVE INFORMATION: INSPIRED PQ

Question

If he intends making available, in the White Paper that the Government intends to publish about the Channel Fixed Link, or elsewhere, the Government's forecasts of the traffic that will use the Link and the revenue to be derived therefrom.

Answer

No. It would not be right for the Government to seek to influence the banks and other institutions to which a successful promoter will be looking for finance for a chosen link project. If the Government decides to facilitate one of the proposals in January it will be for the successful promoter to put the details of the project, in the form in which it is to go ahead, subject to the final decision of Parliament, to potential investors to allow them to decide whether to invest in it without government guarantee in any form, express or implied.

A decision by the Government to facilitate one project or another will not constitute endorsement by the Government of the promoter's forecast costs, traffic or revenues.



Transp. Channel  
PE3





FCS/85/334

CHIEF SECRETARY TO THE TREASURY

Channel Fixed Link (CFL): A Possible EIB Loan

1. Thank you for sending me a copy of your letter of 13 December to Nicholas Ridley about a possible EIB loan for the CFL.
2. As you say, the link is clearly the sort of major project the EIB was designed to support. I therefore endorse your conclusions that we should not rule out EIB finance for the CFL, but that we should scrutinise carefully the guarantee arrangements which are proposed. I also agree that our officials should be authorised to take the line you propose in discussion with the French.
3. I am copying this letter to the Prime Minister, Leon Brittan, Nicholas Ridley and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office  
18 December 1985



TRANSPORT P13  
CHANNEL TUNNGL





CONFIDENTIAL



*DN*  
*CDP*

Treasury Chambers, Parliament Street, SW1P 3AG

*19/12*

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

*pe*

18 December 1985

*Dear Nic,*

**CHANNEL FIXED LINK:  
COMMERCIAL SENSITIVE ASPECTS OF THE ASSESSMENT**

You wrote to the Chancellor on 17 December about how we deal publicly with differences between your assessors' view of costs, traffic and revenues, and the promoters' assumptions.

I agree we must discuss these differences with the promoters. But it seems to me premature to arrange and answer the Parliamentary Question you propose. There are complex issues linked to the need to avoid any economic or commercial guarantee, expressed or implied. Since we have made it clear that we need to be satisfied about the viability of a project if it is to proceed, we shall in any case have to take particular care to make it clear, if and when we allow a project to proceed to Parliamentary consideration and to test the market, that the Government is not thereby underwriting the viability of the scheme. The legal advice I have been able to take in the very limited time available is that, if the Government allowed a scheme to proceed while suppressing the point of doubt known to it, we could not at this stage rule out the possibility that it might subsequently be held to have incurred some legal liability to disappointed investors.

In these circumstances, I am sure it would be premature to go on the record in the way you propose, and with only 24 hours to consider all the repercussions. It seems to me wiser, at this very hypothetical stage, to stand on the position that we are not prepared to commit ourselves either way on the points you have raised.

I am copying this letter to the Prime Minister, the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, members of E(A), the Solicitor General and Sir Robert Armstrong.

*We discussed let tonight.*

*John Macgregor*  
JOHN MACGREGOR

CONFIDENTIAL



TRANSPORT AS  
CHANNEL TUNNEL







CCBG

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000  
DIRECT DIALLING 01-218 6169

18th December 1985

MO 21/8/5E

CDP  
17/12/85

*Nicholas Ridley*

Thank you for the copy of your letter of 17th December to Nigel Lawson.

The assessors' traffic forecasts, and the consequential estimates of traffic diversion rates, are the basis for the assessment of the impact of a Channel Fixed Link upon the ferries, and I wrote to you about the defence implications of this on 10th December. These forecasts are considerably lower than those of the promoters, and although the proposals do not make any reference to likely consequences for the number of ferries operating, certain of the promoters, and others, have already commented on this. It seems clear that the implications for defence (among others) of the continuation, or otherwise, of the ferries will be a major ground for opposition to the Link.

The Rt Hon Nicholas Ridley MP





It will be difficult to counter such criticism without, at least by implication, indicating that the Government does not accept the promoter's forecasts. It may be, particularly if significant progress is made in the discussions you allude to, that wording to cover the point, in the White Paper and elsewhere, can be found, but this is not yet clear. We are at present uncommitted on what we shall make public, and it would seem better for us to remain so. I therefore do not see a need for your proposed Parliamentary Question, at least at this time.

I am copying this letter to the Prime Minister, the Foreign Secretary, the Home Secretary, members of E(A) and to Sir Robert Armstrong.

7-  
W.H. 1-1

Michael Heseltine



TRANSPORT PCB

CHANNEL TUNNEL







DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

1. C. D. P. C.  
2. N. L. S. P.

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

17 December 1985

Dear Nigel

CHANNEL FIXED LINK: COMMERCIAL SENSITIVE ASPECTS OF  
THE ASSESSMENT

As you will know, there has been pressure in Parliament and outside for an undertaking that we should in due course make public our assessment of the proposals for a Channel Fixed Link. I have refused to give any such undertakings, drawing attention to the commercially confidential nature of the proposals themselves but also believing it would be unwise to make available the advice of consultants and officials upon which our decision will be based, before we have had the opportunity to consider the issues ourselves. However, I made clear in last week's debate on the adjournment that once the Government's decision was announced, I would issue a White Paper giving the full reasons behind the Government's choice.

Nevertheless, we need to be careful about what we put in the White Paper. One particular problem concerns those assumptions we make affecting the financeability of the projects, viz project costs, and forecasts of traffic and revenues. Our officials and consultants assessing the projects have concluded that, to varying degrees, the promoters have been more optimistic about these factors than is justified. The assessors judge that, compared with the promoters' estimates, project costs should be increased, and forecast revenues decreased, in some cases substantially. We shall have to take these views carefully into account when we decide, next month, which project if any should proceed. However I have instructed officials to discuss these differences with each promoter so that if possible the gaps can be narrowed, and at any rate Schrodgers, our banking advisers, who will be party to these discussions, can hear the two



sides argued out. It is important also that promoters cannot afterwards claim to have had no chance to defend their own assumptions to the Government.

However, I do not expect full agreement to be reached, and the question then arises whether our advisers' more pessimistic figures should be included in the White Paper alongside the promoters' figures. I believe this would be most unwise. It should be for the investors themselves to judge, drawing on their own sources of advice, whether projects put to them by promoters are financeable.

If colleagues accept this point of view, I would propose to arrange an inspired Parliamentary Question along the lines of the draft attached.

In making this proposal, however, I should make two further points:

- (a) the fact that our advisers' estimates of costs and revenues are not made public does not in any way diminish their relevance to our decision. It is important that any project we select should not run into financial difficulties during construction and, before that, that it should receive the support of investors who can be expected to assess the project from their own point of view and could well reach similar conclusions to our assessors. Without such support we could be confronted with the failure of the project even during the passage of the hybrid Bill;
- (b) some careful drafting will be needed in the White Paper, so that the Government's decision is seen to be justified, without drawing upon the commercially sensitive information that may have had a significant impact upon our decision. Having discussed with officials, I believe it can be done without eliminating from the White Paper matters in which Parliament and the public have a proper interest. We shall have to emphasise qualitative arguments, and where it is necessary to argue on the basis of figures, we shall have to base our arguments on the qualified use of the promoter's own traffic estimates.

We shall also have to try to ensure that the sensitive information does not leak on the French side.

I am copying this to the Prime Minister, the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, members of E(A) and to Sir Robert Armstrong.

I should like to make the proposed Parliamentary reply before the House rises and therefore must ask for any comments by close of play tomorrow.

*Yours sincerely*  
*Nicholas Ridley*

NICHOLAS RIDLEY



CFL: COMMERCIALY SENSITVE INFORMATION: INSPIRED PQ

Question

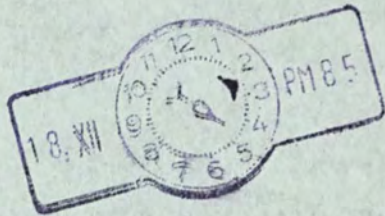
If he intends making available, in the White Paper that the Government intends to publish about the Channel Fixed Link, or elsewhere, the Government's forecasts of the traffic that will use the Link and the revenue to be derived therefrom.

Answer

No. It would not be right for the Government to seek to influence the banks and other institutions to which a successful promoter will be looking for finance for a chosen link project, by issuing its own views on the commercial assumptions such as traffic levels, revenues and project costs. If the Government decides in favour of one of the proposals in January, it will be for the successful promoter to put the details of the project, as approved by the Government, subject to the final decision of Parliament, to potential investors to allow them to decide whether to invest in it.

A decision by the Government in favour of one project or another will not constitute endorsement by the Government of the promoter's forecast costs, traffic or revenues.







CONFIDENTIAL



L03 ARG

cc PC

10 DOWNING STREET

*From the Private Secretary*

16 December 1985

*Dear Robert,*

CHANNEL FIXED LINK

Thank you for your letter of 13 December about arrangements for announcing the choice of project and subsequently for signing the Treaty on the Channel Fixed Link. Although not copied to the Department of Transport, I assume your letter was properly cleared with them.

I confirm that 20 January is the Prime Minister's preferred date for announcing the choice of project. She would be content to go to Lille for this.

The Prime Minister would prefer the Treaty signing to take place in the United Kingdom. She would have no objection to Leeds Castle provided adequate arrangements could be made for the extensive press and television coverage to be expected. Dates which the Prime Minister could manage are Wednesday 12 February or Wednesday 19 February. It would be helpful to know as soon as possible which would suit the French best.

I am copying this letter, with a copy of yours, to Richard Allan (Department of Transport).

CHARLES POWELL

R. N. Culshaw, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

A handwritten signature in dark ink, appearing to be 'R' followed by a flourish.



① CCF



Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

Agree to French suggestion that first meeting should be held in Lille (not one of the most salubrious sites)?

13 December 1985

Dear Charles, Agree to sign the Treaty in the UK? I see no need to go to Leeds Castle. Surely Lancaster House will do.

CDP 13/12.

Channel Fixed Link (CFL)

Leds castle would be easier for the security viewpoint

Thank you for your letter of 4 December, enclosing a copy of a letter from the French Chargé d'Affaires proposing that the Prime Minister and President Mitterrand meet in Calais on 30 January to announce the choice of project for the Channel Fixed Link.

Since then, as you agreed, we have explored through the Embassy in Paris the possibility of the meeting taking place on 20 January, preferably not in Calais. You will have seen from Paris telno 1111 that the French are leaning towards acceptance of our proposed date, and would like the meeting to be held in Lille. Since they have acceded to our wishes, our advice is to agree that the meeting should take place on 20 January in Lille.

We also need to consider the date and place of the second meeting, at which the Anglo/French Treaty will be signed. We should like to aim for a date at least two and preferably three clear weeks after the announcement of the choice of the project and promoter. Could you suggest dates which would be convenient to the Prime Minister? You will wish to bear in mind the need to propose one at least three weeks before the elections to the National Assembly (on 16 March). All this would point to a date in either the week beginning 3 February or the subsequent week.

President Mitterrand suggested during his meeting with Mrs Thatcher on 18 November that the Treaty might be signed in France. But on the basis of Sir J Fretwell's telegram and contacts with the Elysee we believe that the proposal to sign the Treaty on this side of the Channel might be acceptable. However to make it more attractive, I suggest that we should look for an interesting venue, such as Leeds Castle.

Yours ever,

Robert Culshaw

(R N Culshaw)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street



PM Tours: Calais  
Dec 85





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" " Info D

PS  
PS/Lady Young  
MR Derek Thomas  
MR Braithwaite

MR Lyall D/TP  
MR Wybren NO 10 D.ST

**IMMEDIATE**

**ADVANCE COPY**

TELECON LYALL/TIMMS: CHANNEL FIXED LINK

1. A REPORT IN TODAY'S LE FIGARO (RIGHT-WING DAILY) ANNOUNCES THAT THE FRENCH CONSTRUCTION COMPANY, SCREG (SOCIETE CHIMIQUE ROUTIERE ET D'ENTREPRISE GENERALE) HAS JUST SIGNED AN AGREEMENT WITH SHERWOOD'S CHANNEL EXPRESSWAY FOR THE JOINT CONSTRUCTION OF THE 4 TUNNEL ROAD AND RAIL PROJECT WHICH SHERWOOD HAS SUBMITTED TO THE FRENCH AND BRITISH GOVERNMENTS.

2. SCREG IS THE LARGEST CONSTRUCTION COMPANY IN FRANCE AND IS PRIVATELY OWNED. IT HAS EXTENSIVE OVERSEAS EXPERIENCE, ESPECIALLY IN THE MIDDLE EAST WHERE IT IS FOR INSTANCE, INVOLVED IN CONSTRUCTING THSV6.+6R3.00605.5. IT HAS EXPERIENCE OF WORKING WITH BRITISH PARTNERS. ALTHOUGH PROFIT-MAKING UNTIL 1983, IN 1984 IT MADE A SMALL NET LOSS. PERHAPS SURPRISINGLY IN VIEW OF ITS SIZE AND RELEVANT TRACK RECORD, IT IS THE LAST OF THE MAJOR FRENCH CONSTRUCTION COMPANIES TO BE SIGNED UP BY A CFL PROMOTER.

3. THE LE FIGARO ARTICLE GOES ON TO SAY THAT SCREG HAS A PROVEN RECORD IN THE CONSTRUCTION OF ABOUT 200KMS OF BORED TUNNELS IN DIFFERENT PARTS OF THE WORLD, ROAD AS WELL AS RAIL. IF THE SHERWOOD CFL PROJECT IS SUCCESSFUL, THE REPORT SAYS THAT THE POLICY OF THE SHERWOOD/SCREG PARTNERSHIP WOULD BE TO DIVIDE THE CONSTRUCTION WORK INTO RELATIVELY SMALL SCALE PROJECTS SO THAT ENTERPRISES IN THE NORD PAS DE CALAIS REGION WOULD BE IN A POSITION TO COMPETE.

4. DESPITE LE FIGARO'S REPORT, NO CONFIRMATION IS AVAILABLE TODAY IN PARIS THAT A DEAL BETWEEN THE TWO PARTIES HAS BEEN DONE. THE SUGGESTION FROM SHERWOOD'S REPRESENTATIVE IS THAT A FULL ANNOUNCEMENT WILL BE MADE NEXT WEEK. IN THE ABSENCE OF USUAL CONTACTS AT THE MINISTRY OF TRANSPORT, OFFICIALS THERE HAVE NO INFORMATION TO GIVE ON THE SHERWOOD/SCREG PARTNERSHIP, NOR ON THE POSSIBLE APPORTIONMENT OF WORK BY THE GROUP BETWEEN FRANCE AND THE UK.

5. FCO PLEASE PASS IMMEDIATE TO LYALL (TRANSPORT).

FRETWELL





cc B8

CDP

16/12

**MINISTRY OF DEFENCE WHITEHALL LONDON SW1 2HB**

MO 28/1/5V

TELEPHONE 01-218 9000  
DIRECT DIALLING 01-218 2111/3

13<sup>th</sup> December 1985

*De Nicholas*

CHANNEL FIXED LINK

Thank you for the copies of your letters of 25<sup>th</sup> and 26<sup>th</sup> November to Geoffrey Howe.

I do not feel that it will be necessary for the Ministry of Defence to be directly represented on the proposed Inter-Governmental Commission on the Channel Fixed Link; as you say it will always be possible for particular experts to be co-opted. I will, however, wish to see a member of the Commission specifically charged, as part of his duties, with representing defence interests as necessary.

I have no comments upon the draft Treaty and agree that it should be finalised on the lines proposed.

The Rt Hon Nicholas Ridley MP

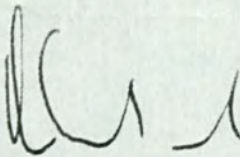




On compensation, I note that you may wish to return to the question of termination on defence grounds compared with political cancellation, if it proves to be a sticking point with a promoter. I agree that in those circumstances we will need to re-examine the question, but meanwhile I believe we should retain the distinction.

As to the question of Inter-Governmental compensation for unilateral termination or interruption I am content to proceed as you suggest.

I am copying this letter to the Prime Minister ✓ the Home Secretary, members of E(A) and to Sir Robert Armstrong.

Yours ever  


Michael Heseltine



TRANSPORT: Channel Tunnel : Pt 3 .







010  
 ● ~~CDP~~  
 In the later stages,  
 perhaps, but for now it  
 seems right to me to be  
 very cautious.

dy  
 16/12

~~DN~~  
 This seems to  
 me a bit too  
 reserved an attitude.  
 CDP

Treasury Chambers, Parliament Street, SW1P 3AG 11/12

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

Dear Secretary of State

13 December 1985

CHANNEL FIXED LINK: A POSSIBLE EIB LOAN

I understand that there have been informal discussions between the European Investment Bank (EIB) and both Euroroute and the Channel Tunnel Group/France Manche about the possibility of an EIB loan for the link. Lending of around £180 million a year during construction has been mentioned (say, £750 million in all, or up to 20 per cent of the total cost, including financing charges, of the less expensive scheme put forward by CTG/France Manche). It would be backed up as follows:

- (i) during the construction phase, by guarantees from first class banks and other financial institutions;
- (ii) post-completion, by a charge on the future revenue of the link.

The French have said they would consider favourably a proposal for a loan on these terms, and have asked about our own initial reactions.

We have to consider, first, whether EIB financing would be compatible with our criterion of no public sector support. Provided that no government guarantees were involved - whether directly or indirectly through the arrangements with British Rail - we should not perhaps regard this criterion in itself as ruling out EIB financing.

/The question



The question whether EIB financing will in fact prove to be desirable is more difficult. I suggest that we are bound to suspend judgement on this for the time being. There are two main points here:

- (i) it is by no means clear whether the post-completion guarantees - the charge on future revenue - would provide adequate security for the loan, given the inevitable uncertainties about future revenue. If a loan went ahead on this basis, the EIB, and thus the member states who stand behind it, would arguably be providing a hidden guarantee;
- (ii) the difficulty of finding guarantee arrangements not involving direct or indirect government guarantees which would be satisfactory from the EIB's point of view, bearing in mind (a) the importance of not putting the EIB's credit rating at risk and (b) the difficulty of arranging preferential terms for the EIB ahead of other creditors.

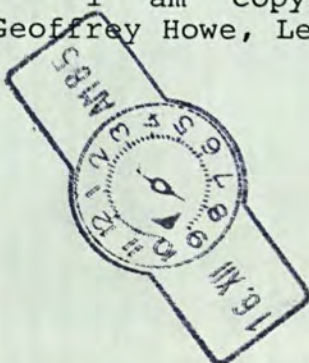
We also need to bear in mind that an EIB loan would impose an obligation on the promoter to put out contracts to international tender.

On the other hand, the link is clearly the sort of major European project that the EIB was designed to support, and, if all the above anxieties could be overcome, then there seems no obvious reason why the UK should stand in the way of a possible loan. As shareholders of the EIB, the UK and French governments could not of course avoid altogether bearing a small part of the risk of the project.

The conclusion I would draw is that we should not rule out in principle EIB financing backed up by the sort of guarantees being discussed at present, but we should note at the same time the important anxieties discussed above about whether it would in practice be possible to find an arrangement which is satisfactory.

If you and other Ministers concerned agree, I suggest our officials should let their French counterparts know that this is our position. I would be grateful for early comments so that they could be in a position to do this by Thursday of next week.

I am copying this letter to the Prime Minister, Geoffrey Howe, Leon Brittan and Sir Robert Armstrong.



Yours sincerely  
R Broadbent  
for JOHN MacGREGOR

[Approved by the Chief Secretary]



~~Mr. Wicks~~

Mr Powell

Mr Norgrove

Mr Flesher

Mr Addison

Mrs Ryder



ALL PRIVATE SECRETARIES  
ALL MEMBERS OF THE POLICY UNIT  
ALL MEMBERS OF PRESS OFFICE

CHANNEL FIXED LINK: POSSIBLE CONFLICTS OF INTEREST

I think we should all read carefully the letter attached from the Private Secretary at the Department of Transport about possible conflicts of interest arising from shareholdings and from dealings in shares of companies associated with one of the groups likely to be affected by the decision on the Channel Fixed Link.

We must all take care to avoid any suspicion of conflicts of interest and I should therefore like everyone to follow the guidance set out in the letter. If this is likely to cause anyone any difficulty, please come and see me.

N.L.W.

(N. L. WICKS)

13 December 1985

SRW (48)



*cebg*



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Miss Joan MacNaughton  
Private Secretary to the  
Lord President of the Council  
Privy Council Office  
68 Whitehall  
LONDON SW1 2AT

13 December 1985

*Dear Joan,*

CHANNEL FIXED LINK: POSSIBLE CONFLICTS OF INTEREST

My Secretary of State received on 31 October submissions from potential promoters of a Channel Fixed Link. These proposals are currently being assessed by officials of this Department and other Departments concerned, with a view to the announcement of a decision by the end of January 1986.

It is for individual Departments to give guidance to their officials involved in the assessment of proposals on the possible conflicts of interest arising from shareholdings and, from dealings in shares of companies associated with one of the promoting groups or likely to be affected by the decision, such as port and ferry operators. There is a substantial number of such companies. A list of the relevant companies is enclosed. Guidance has been given in this Department, and we have seen the guidance issued in the Treasury. DTp officials concerned with the assessment have been told that they must not engage in, or be associated with, dealings in securities of the relevant companies at any time up to one month after the decision of the British and French Governments has been announced. They have been asked to notify their shareholdings to a confidential register of interests kept by the Department.

My Secretary of State has asked all Ministers in this Department to be guided by the same rules.

The assessment of CFL proposals has of course been the subject of collective Ministerial discussion, and will be so again. Other Ministers will no doubt be guided by the principle laid down in Questions of Procedure for



Ministers, viz that Ministers "must so order their affairs that no conflict arises or appears to arise between their private interests and public duties". Specific guidance on shareholdings is contained in paragraphs 72 and 73. Paragraph 73 says that Ministers should "scrupulously avoid speculative investments in securities about which they have, or may be thought to have, early or confidential information likely to affect the price of those securities."

Copies of this letter go to Nigel Wicks at No.10, to the private secretaries to all members of Cabinet, and to Michael Stark in Sir Robert Armstrong's office.

*Yours,*

*Richard.*

R A ALLAN  
Private Secretary



CHANNEL FIXED LINK: COMPANIES INVOLVED

EUROROUTE

ALSTHOM  
ASSOCIATED BRITISH PORTS  
BANQUE PARIBAS  
BARCLAYS BANK  
BRITISH SHIPBUILDERS  
BRITISH STEEL  
BRITISH TELECOM  
CGE  
FEC  
GTM ENTREPOSE  
JOHN HOWARD  
KLEINWORT BENSON  
SOCIETE GENERALE  
TRAFALGAR HOUSE  
USINOR

CHANNEL EXPRESSWAY

SEA CONTAINERS/SEALINK BRITISH FERRIES LTD  
CREDIT DU NORD

CHANNEL TUNNEL GROUP

BALFOUR BEATTY CONSTRUCTION LIMITED  
COSTAIN UK LIMITED  
TARMAC CONSTRUCTION LIMITED  
TAYLOR WOODROW CONSTRUCTION LIMITED  
GEORGE WIMPEY INTERNATIONAL LIMITED  
NATIONAL WESTMINSTER BANK LIMITED  
MIDLAND BANK PLC  
GRANDADA GROUP PLC  
BOUYGUES SA  
DUMEZ SA  
SOCIETIE AUXILLIARIE D'ENTERPRISES SA  
SOCIETIE GENERALE D'ENTERPRISES SA  
SPIE BATIGNOLLES SA  
CREDIT LYONNAIS  
BANQUE NATIONALE DE PARIS  
BANQUE INDOSUEZ

EUROBRIDGE STUDIES GROUP

Claimed backers  
BRITISH PETROLEUM  
EUROPEAN BANKING GROUP  
FENCHURCH GROUP  
HOGG ROBINSON  
ICI  
JOHN LAING GROUP

PORTS AND SHIPPING LINES

EUROPEAN FERRIES PLC  
ASSOCIATED BRITISH PORTS  
MANN & SON HOLDINGS LTD/  
HARWICK DOCK COMPANY  
BRITTANY FERRIES  
HOVERSPEED  
A P MOELLER/MAERSK UK/NORFOLK  
LINE/KENT LINE  
P&) STEAM NAVIGATION CO.



RESTRICTED



10 DOWNING STREET

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*(44)*  
*a file P Cadore*

*From the Private Secretary*

13 December 1985

CHANNEL FIXED LINK

I see from the telegrams that the French Government are thinking that the proposed meeting between the Prime Minister and President Mitterrand in January to announce the choice of project for the Channel Fixed Link should be followed by a lunch and speeches. If this is indeed to be the case, it would be helpful to set work in hand now on a draft speech, and in particular have some research done into projects for a Channel tunnel in earlier centuries, which might provide some interesting and witty historical allusions.

I am copying this letter to Richard Allan (Department of Transport).

CHARLES POWELL

Colin Budd, Esq.,  
Foreign and Commonwealth Office.

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CDP



Prime Minister  
CDP  
12/12

PRIME MINISTER

CHANNEL FIXED LINK

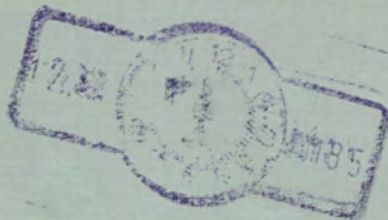
I should like you to know that James Sherwood is a personal friend. I would therefore propose not to take part myself in any discussions there may be in Cabinet, or in Government generally, about the choice of scheme for the Channel Fixed Link.

I am sending a copy of this minute to Nicholas Ridley and to Sir Robert Armstrong.

*Doyle's Hand.*

12 December 1985







**CONFIDENTIAL**

CONFIDENTIAL  
 FM PARIS  
 TO IMMEDIATE F C O  
 TELNO 1111  
 OF 111224Z DECEMBER 85

PARIS TELNO 1084: CHANNEL FIXED LINK

1. THE CHIEF OF PROTOCOL TELEPHONED TO DISCUSS ARRANGMENTS FOR THE MEETING OR MEETINGS BETWEEN THE PRIME MINISTER AND MITTERRAND. HIS OBJECT WAS TO SOUND US OUT ABOUT ONE OR TWO NEW SUGGESTIONS.
2. THE FRENCH ARE LEANING TOWARDS ACCEPTANCE OF OUR PROPOSED DATE OF 20 JANUARY FOR THE FIRST MEETING. THEY WOULD CLEARLY LIKE IT TO BE HELD IN LILLE, BUT AWAIT A REACTION FROM US BEFORE MAKING A FIRM PROPOSAL. THIS WOULD REPLACE THEIR EARLIER IDEA OF MEETING IN CALAIS. THEY ENVISAGE A SHORT MEETING, FOLLOWED BY A PRESS CONFERENCE AT WHICH THE CHOICE OF THE SUCCESSFUL PROJECT WOULD BE ANNOUNCED. THEY THINK TENTATIVELY THAT THIS MIGHT BE FOLLOWED BY A LUNCH WITH SPEECHES.
3. THE FRENCH NOW SEEM INCLINED TO THINK THAT THE SECOND MEETING, FOR SIGNATURE OF THE TREATY, SHOULD BE IN THE UK INSTEAD OF HOLDING BOTH MEETINGS ON THIS SIDE OF THE CHANNEL. THE CHIEF OF PROTOCOL VOICED THE THOUGHT THAT IF IT TOOK AS MUCH AS FIVE WEEKS TO PREPARE THE TREATY FOR SIGNATURE, THIS WOULD BE DANGEROUSLY CLOSE TO THE FRENCH ELECTIONS ON 16 MARCH. IF THE TREATY WERE READY IN SAY THREE WEEKS, THE ELECTIONS WOULD BE LESS OF A PROBLEM. HE READILY ACCEPTED THAT DECISIONS ON THE DATE AND PLACE OF THE SECOND MEETING COULD BE TAKEN SEPARATELY FROM THE DECISION ON LILLE AND IN SLIGHTLY SLOWER TIME.
4. I AM NOT SURE WHETHER THE PRIME MINISTER WISHES TO HOLD THE SECOND MEETING IN THE UK. IF SO. WE SHOULD AIM TO MAKE A PROPOSAL FAIRLY SOON, TAKING ACCOUNT OF THE LATEST ESTIMATE OF THE TIME NEEDED TO COMPLETE WORK ON THE TREATY. EVEN BEFORE THEN IT WOULD BE HELPFUL TO HAVE A FIRM DECISION ON THE SUGGESTED MEETING IN LILLE ON 20 JANUARY, WITH ANY PROPOSALS WE MIGHT WISH TO MAKE ON ARRANGEMENTS OF TIME.
5. FCO PLEASE ADVANCE IMMEDIATE TO PS AND WYBREW (NO 10), AND LYALL AND NOULTON (TRANSPORT).

FRETWELL

LIMITED

MAED

WED

NEWS D

INFO D

PS

PS LADY YOUNG

PS MR EGGAR

PS/PUS

MR DEREK THOMAS

MR BRAITHWAITE

MR SAMUEL

MR O'NEILL

COPIES TO:

MR WYBREN,

NO 10 DOWNING ST

MR LYALL

MR NOULTON } DEPT  
 TRANSP

**CONFIDENTIAL**



file

CONFIDENTIAL

Bm

bcc PC

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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

CONFIDENTIAL

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MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

MO 21/8/5E

TELEPHONE 01-218 9000 10th December 1985  
DIRECT DIALLING 01-218 2111/3CFL  
CDP  
16/12

When we discussed the principle of a Channel Fixed Link at E(A) in February we considered the possible impact of a CFL upon the ferries, and the consequences that the disappearance of the ferries would have. Now that definite proposals for a CFL have been received and assessed my officials have been considering this question in more detail. It may assist you to know now our conclusions.

On the figures currently available to us cross-Channel traffic is expected to grow, with or without a CFL. Despite this the number of ferries is expected to fall, because of the trend towards larger vessels and better utilisation of available capacity. With a CFL the UK ferry fleet is expected to decrease by up to 8 vessels; the trend towards larger vessels is expected to continue, leading to a loss of flexibility and greater vulnerability than at present.

Reinforcement using the smaller number of ferries forecast to be available would take one or two days longer than our

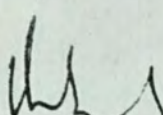
The Rt Hon Nicholas Ridley Esq MP



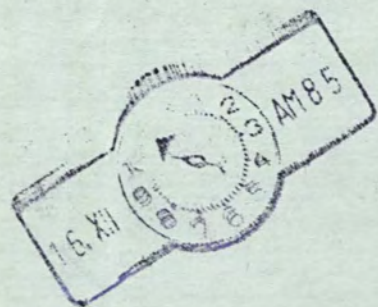


present plans require. Because of the uncertainties about the timing of France's commitment to the side of the NATO allies, use of the CFL itself can only be regarded as a bonus. A number of measures can, however, be taken to offset the reduction in numbers of ferries; bilateral arrangements with our allies to use their ferries could be made, greater use could be made of containers or (most expensively) vehicles and equipment could be stockpiled on the Continent. In short, alternative arrangements could be made. A CFL is not expected to have an unacceptable impact on our reinforcement plans.

I am copying this letter to the Prime Minister, the Home Secretary, members of the E(A) and to Sir Robert Armstrong.

Yes ew  
  
Michael Heseltine









10 DOWNING STREET

From the Private Secretary

Prime Minister

I must not  
interfere - for the  
reason - con-jure,  
Let John Wykes  
put his own ideas through  
of the works.  
Channel Fixed Link mt.

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. 7/10/12





DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422  
SWITCHBOARD 01-215 7877

Secretary of State  
for Trade and Industry

*WBSM*

10 December 1985

Miss M Tomison  
Director of Corporate  
Communications  
British Ferries Ltd  
Sea Containers House  
20 Upper Ground  
LONDON  
SE1 9PF

Copies to:  
PS/Prime Minister  
PS/Minister for Trade  
PS/Sir Brian Hayes  
Mr Roberts  
Mr Brecknell ECIP  
Mr Cammell ID  
Mr Worman MM  
Mr Vile GP  
Mr Hoddinott SBP  
Mr Avery T  
Mr Pearcey ID1  

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 (on file)  
Enclosures

*Dear Miss Tomison*

The Secretary of State has asked me to thank you for your letter of 25 November enclosing a copy of the Channel Expressway summary, which he found interesting and informative.

*Yours sincerely  
Edmund Hosker*

EDMUND HOSKER  
Private Secretary

DW1AFZ







## Strategic Defence Initiative

4.17 pm

**Mr. Gavin Strang** (Edinburgh, East): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 10, for the purpose of discussing a specific and important matter that should have urgent consideration, namely,

"the agreement between the British Government and the American Administration in support of the United States strategic defence initiative."

SDI is clearly specific. It has been specific since President Reagan's televised speech on 23 March 1983. SDI is important. If the American strategic defence initiative goes ahead, it could well herald the escalation of the nuclear arms race into space which is likely to make the nuclear holocaust come sooner rather than later. SDI is important because the agreement means that the British Government are the first Government in Europe to support the American "star wars" project. No amount of haggling over dollars or grovelling for Pentagon contracts can conceal that, as the demeaning statement of the Secretary of State has made clear this afternoon.

The matter is urgent, because there has been no debate or Division in this House on the principle of the strategic defence initiative. It is a scandal that the agreement should have been signed without Parliament first having an opportunity to discuss the principle of the SDI research programme. The Government are making a mockery of Parliament, and I appeal to you, Mr. Speaker, to end that forthwith.

**Mr. Speaker:** The hon. Member asks leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that he believes should have urgent consideration, namely,

"the agreement between the British Government and the United States Administration in support of the United States strategic defence initiative."

I regret that I have to give the hon. Member the same answer as I gave to his hon. Friend the Member for Birmingham, Erdington (Mr. Corbett). I do not consider that the matter he has raised is appropriate for discussion under Standing Order No. 10. Therefore, I cannot submit his application to the House.

### BILLS PRESENTED

#### TELEVISION ACT 1964 (AMENDMENT)

Mrs. Ann Clwyd, supported by Mr. Laurie Pavitt, Mr. Roger Sims, Mr. Archy Kirkwood, Mr. Willie W. Hamilton, Mr. D. N. Campbell-Savours, Mr. Keith Best and Mr. D. E. Thomas presented a Bill to amend the provisions of the Television Act 1964 to prohibit the mention or display in television broadcasts of the brand names, colour, logos or other identifying characteristics of tobacco products; and for purposes connected therewith: And the same was read the First time; and ordered to be read a Second time upon Friday 11 April and to be printed. [Bill 46.]

#### DOG FIGHTING (PENALTIES)

Mr. Harry Greenway presented a Bill to amend the Protection of Animals Act 1911 to increase the penalties for causing or procuring, or assisting at, the fighting or baiting of any animal: And the same was read the First time; and ordered to be read a Second time upon Friday 11 April and to be printed. [Bill 47.]



## Channel (Fixed Link)

*Motion made, and Question proposed, That this House do now adjourn.—[Mr. Sainsbury.]*

**Mr. Speaker:** Before I call the Front Benches in this important debate, may I repeat what I said earlier? No fewer than 28 right hon. and hon. Members have already sought to take part, and there may be others. I have no authority yet, under our Standing Orders, to limit speeches to 10 minutes, but I hope that the House will take account of the large number of hon. Members who wish to take part.

4.20 pm

**The Secretary of State for Transport (Mr. Nicholas Ridley):** On this occasion we want to listen to views on the channel fixed link. We have not decided whether there should be a fixed link, nor which of the four schemes is preferable. I shall not therefore say much about their merits, but rather talk about procedures.

On 2 April, I announced the issue by the British and French Governments of the guidelines, which are the basis upon which promoting groups are to make their proposals. The guidelines made it clear that, while essential political guarantees would be provided by the Governments, it was essential for promoters to demonstrate that their projects could proceed without support from public funds or Government guarantees against commercial or technical risks. The guidelines also require promoters to set out in their proposals the engineering and other technical characteristics of their projects, and also their environmental, employment and social impacts. They laid great stress on the need for public consultation by the promoters themselves, to ascertain the views of people affected by the projects and, when possible, to adapt their schemes to meet local concerns.

The timetable set out last spring is still on course. The responses by the promoters have been, if anything, better than we expected. Four valid proposals were received by 31 October—Channel Expressway, The Channel Tunnel Group, Eurobridge and Euroroute. Those proposals are now being thoroughly assessed by the joint Anglo-French group of officials. Numerous outside expert consultants are looking closely at the financial, environmental, engineering and hydrological aspects of each scheme. The risks of plant and animal diseases using the link are being carefully assessed as is any vulnerability to terrorist attack. The aim is that the group should report to me and the French Minister of Transport by Christmas. My right hon. Friend the Prime Minister has planned to meet the President of France before the end of January to announce a decision on which scheme, if any, should in due course be brought before Parliament for approval. The Government intend, as soon as possible after that decision, to make a full statement to Parliament explaining the reasons behind their choice, backed up by a White paper giving as much information as possible.

Negotiations are also taking place with the French on the necessary treaty. We intend that, if the decision in January is positive, it will be signed before the end of February. It will, of course, be subject to subsequent endorsement by Parliament through the hybrid Bill procedure. The hybrid Bill would be introduced during March. The timetable of events that we announced last April is being followed.

The House will not expect me to give any advance information about the Government's assessment of the proposals today. Officials have not yet completed their assessment and it would be foolish of me to pre-judge their work.

**Mr. Donald Stewart (Western Isles):** Among the various criteria that the Government have considered such as terrorism or the prevention of disease entering the country, has any study been made of the possible economic effect of the development of the link On Scotland and the north of England?

**Mr. Ridley:** All such factors are being taken into account in the assessments that are being made. Such matters will be covered in the White Paper that will be issued by the Government when we make a statement on the decision.

When the guidelines were published, they were warmly welcomed. The prospect they offered, that—after a period of uncertainty that makes the Stansted saga look positively rushed!—a fixed Channel link was likely to be built, met with general approval on both sides of the House, and by commentators outside. Many people feel that a scheme for a Channel link was exactly the sort of exciting construction project that would stimulate economic activity and improve the flow of people and goods to Europe. Many previous doubters were reassured because the taxpayer would not be contributing a penny towards it.

Of course, as is always the case when we move from the general to the specific, doubts arise and questions are asked. Those who are against the link naturally play on those doubts and fears. That is followed by concern about the method by which the Government are proceeding to take the decision. That crystallises in the argument that we should hold a full public inquiry into any chosen link.

**Mr. Robert Hughes (Aberdeen, North) indicated assent.**

**Mr. Ridley:** The hon. Member for Aberdeen, North (Mr. Hughes) on the Opposition Front Bench, confirms that that will be the thrust of the case that he will develop later. If I may say so, that is a most extraordinary decision taken by the Opposition.

The Leader of the Opposition is recorded in the press as saying that he is in favour of a link, but thinks that there should be a public inquiry. The hon. Member for West Bromwich, East (Mr. Snape)—I cannot understand why the hon. Gentleman is not in his place for this important transport matter—is joint chairman of the all-party Channel tunnel group. He must, by definition, be in favour of a link. I wonder whether he will support a public local inquiry. He should know—I am sure he does—that that would bring any chance of the link coming into effect to a full stop.

Opposition Members should think carefully about their proposals. When they revived the hybrid Bill in 1974 for the Channel tunnel, they made it clear that there would not be a public inquiry. Secondly, they know that there are massive numbers of jobs involved in the project, many of which could go to heavy industry in the north. How can the Opposition constantly demand more jobs and then make conditions that would frustrate them?

**Sir Eldon Griffiths (Bury St. Edmunds):** I remind my right hon. Friend that, as long ago as 1973, my right hon.



friend Lord Peyton and I agreed with the then French Government that we would proceed to build a Channel link. The years have passed and nothing has happened. The remedy proposed by the Opposition of a public inquiry would simply ensure that the job that we have been waiting for for so long would not happen.

**Mr. Ridley:** My hon. Friend is right, as I now want to go on to say in detail.

**Mr. Stephen Ross** (Isle of Wight): I am a supporter of the scheme. The right hon. Gentleman said that it would bring jobs to the north-east and to Scotland. Surely, under the EEC rules the contracts will have to go out to tender within the EEC. Will the right hon. Gentleman reassure us on that point?

**Mr. Ridley:** The hon. Gentleman is right. The contracts must be placed without national discrimination. However, I shall be extremely surprised if British industry does not win a sizeable chunk of the contracts. Certainly, French industry will get its share.

**Mr. John Silkin** (Lewisham, Deptford): The right hon. Gentleman talks about jobs that will be awarded and, as he says, they may or may not come here. Has he made an assessment of the number of jobs that will be lost as a result of the link?

**Mr. Ridley:** The right hon. Gentleman did not hear what I said earlier. All those matters are being assessed but I have not yet got the results. The right hon. Gentleman will have to wait until the Government have finished their analysis.

Thirdly, the Opposition know in their heart of hearts that it would be quite impossible for private promoters to proceed with the project if they were subject to the risks and delay of the public inquiry system. I make no apology for saying that we must proceed at reasonable speed. We take an inordinately long time in this country to take—albeit important—planning decisions: 17 years for the Okehampton bypass and 22 years for Stansted. Against the clamour for more infrastructure spending, we should all agree that that scale of delay is damaging investment in our infrastructure. Look at our competitors abroad—the French, for instance. They seem always to be able to do things much faster than we can. Of course, careful and proper consideration of the environmental and economic impacts of a project on a locality is vital. I yield to no one in my belief that we must consult and consider those things. But that should not be synonymous with delay: delay of year upon year. We should be able to take account of the interests of people affected without endless delay. Delay has become a weapon used under our planning procedures in order to frustrate development. I have to tell the House that a lengthy public inquiry would sound the death knell for the link.

The reasons are simple. First, the principle whether there should be a fixed link and, if so, which scheme, must be determined by Parliament, in response to a proposal of the Government. It is a project of national importance, befitting of national decision.

Secondly, the project is unique in that it has to be facilitated by two sovereign states, Britain and France. As I have said, our two national systems for considering and implementing investment projects are very different, and the French have a much more abbreviated system than our own. Indeed, it is difficult enough to proceed in tandem

on the basis of the hybrid Bill procedure in this country. In France, authorisation for the construction of a fixed link could be given in six months. In the United Kingdom, we require up to 18 months, even without a public local inquiry. To try and combine the French timetable with a British public inquiry and a hybrid Bill—for both would be necessary—would kill the project stone dead.

Thirdly, the project is unusual both in its scale and in that it is to be financed wholly in the private sector. The investment institutions would not be willing to give the sort of commitments necessary if they were faced with the long and protracted timetable and the uncertainty of a favourable decision resulting from the public inquiry procedure.

**Mr. Teddy Taylor** (Southend, East): Will my right hon. Friend amplify the most helpful replies that he has given so far? Will he make it abundantly clear that, in the unfortunate event of the tunnel being half built and the promoters running out of money, there would be no question of any guarantees for further borrowing being given by the Government or any public bodies such as the EEC?

**Mr. Ridley:** That does not follow the logic of my argument, but I give my hon. Friend that assurance. If what he describes happened, the promoters or others would have to decide whether to raise more money to complete the structure or to abandon it.

**Mr. Robert Adley** (Christchurch): Is it not clear that there will have to be some form of public expenditure on infrastructure for whichever project of the four is chosen? My right hon. Friend cannot produce answers today, but in due course will he produce for the House a full costing of each of the projects' requirements for infrastructure investment? Will he confirm that it remains the Government's policy, as it was of all their predecessors, to do what they can to encourage, by means of grant, the transfer of traffic from road to rail?

**Mr. Ridley:** There will be increasing traffic through the channel ports, whether or not a link is built. We shall have to provide improved road communications, and they will be provided whether or not a link is built. If a link is built, it will be the responsibility of the promoters to connect it up to the motorway network, not of the state. Therefore, there should not be increased public expenditure purely because of that. I immediately admit that any railway investment will need to come out of public investment funds, but that is because the railways are nationalised and do not therefore have access to private capital. It happens all the time.

A public inquiry could not be a substitute for a hybrid Bill, but would have to be in addition to it. A public local inquiry would mean a great deal of duplication of effort for all concerned, not least for the objectors.

Those arguments convinced the Select Committee, which recommended in its report last week that there should be no public inquiry, broadly for the reasons that I have described. For the Labour party now to demand a public inquiry is to demand that a fixed link should not be built. If that is what Labour Members feel, let them stand up and be counted. But I beg the hon. Member for Aberdeen, North not to hide behind shallow and misleading arguments about public local inquiries.



[Mr. Ridley]

Instead, he should tell the House whether he and his party are in favour of a link being built. Nothing else will convince us.

**Mr. Patrick Cormack** (Staffordshire, South): I understand what my right hon. Friend says about a major public inquiry although I do not entirely agree with him. Will he assure the House that if the scheme is approved, wherever public inquiries are called for, for wayleaves and so on, they will take place, or will that provision be overridden? Will there be one hybrid Bill and no public inquiries?

**Mr. Ridley:** There will be a hybrid Bill, which will give the promoters all the necessary powers. I shall describe the procedure for the hybrid Bill, which might help my hon. Friend.

Although the decision has to be taken by Parliament, we want maximum local consultation. The location of the portal of any link is dictated by geography. So the matters to be considered and consulted upon locally are principally, but not exclusively, first, the precise effects of the link on those immediately affected, on their properties and amenities, secondly, the effect on the local economy in terms of jobs gained and lost, in construction and upon opening, and, more importantly, the employment likely to be gained by this mammoth transport development — perhaps the biggest communications artery in Europe. It will act as a magnet for growth in Kent. Thirdly, there is the effect on the natural environment — bird and plant life, the cherished white cliffs, and the Garden of England which is Kent. Fourthly, there are the communications needs of the area as a result of the link — roads and railway services — which will alter as a result of its construction, and, fifthly, the effects any structure that would be built in the channel would have on the safety of shipping and the freedom of navigation. It is impossible to comment on those matters properly before the choice is made, except in a rudimentary form, because we do not yet know which scheme, if any, we are considering. Nevertheless we are doing, and will continue to do, all that is possible.

In our guidelines we encouraged promoters to undertake informal consultation with local authorities, expert bodies, persons affected and other interested parties. Some of the promoters have been very active indeed in consulting widely, as hon. Members can testify. The responsibility to consult did not come to an end when the schemes were submitted on 31 October. The adequacy of individual promoters' consultation arrangements will be one of the matters to which the Government will pay attention when they make their decision in January.

Nevertheless, we are having extensive consultations with local authorities in Kent and adjoining areas. We also placed advertisements in national and local newspapers, inviting comments on the four promoters' schemes. Arrangements have been made for public inspection of the proposals throughout Kent and in my Department's offices throughout the country. My hon. Friend the Parliamentary Under-Secretary has already visited the area, and I shall follow next week. We have discussed the matter with the local authorities and my hon. Friends who represent Kent constituencies. They have been assiduous in bringing the concerns of their constituents to our attention. We have already learnt a lot from them of the concerns of local

people. I should like to pay particular tribute to my hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard). He is unable to speak up publicly for his constituents. Nevertheless he has been tireless and assiduous in telling me of the concerns of his constituents. I can assure the House that the comments that we receive from him, from hon. Members, from local authorities, and from groups and individuals, will be taken fully into account before any decision is reached on the principle of a fixed link. We shall take very careful note of the comments made by hon. Members this afternoon, but I must also emphasise that, uniquely, we are not consulting about a chosen scheme, but about four possibilities. This is not a situation for which we have precedents.

**Mr. Robin Maxwell-Hyslop** (Tiverton): One aspect about the enforcement of British law concerns many people. With the multiple ports of entry at the moment, a large element of law enforcement falls not upon national but upon local resources. Weights and measures inspectors should ask themselves: are the imports of the standard required by consumer protection law? Because that is so expensive for imports coming into the whole country, it is not enforced because the cost is too heavy for local authorities. If a much larger proportion of people and goods coming into Britain are to be channelled through one location, be it by rail or road, or both, do the Government have it in mind that the cost of effective enforcement should then fall upon the national Exchequer, not upon the local exchequer? If it falls upon local taxation resources, the job will not be done efficiently. That is a matter of great concern throughout Britain.

**Mr. Ridley:** My hon. Friend has raised many matters in one intervention. Customs and Excise, members of my Department who check lorry weights and documentation, Ministry of Agriculture, Fisheries and Food inspectors and many other officials will be involved in those matters. I shall write a full letter to my hon. Friend setting out the precise answers to his questions, rather than attempt to answer them in length today.

**Mr. Tam Dalyell** (Linlithgow): I hope that the fixed link will be a rail link. A public inquiry should establish what information exists about the likely psychological effects on some drivers who drive through 25 miles of tunnel. In the Minister's Department is there a psychologist's report or information on how drivers would behave if there is a road link? Those drivers will be doing what has not been done before. Some people have enough difficulty in the Dartford or Clyde tunnels. Are we sure that those who would be driving through 25 miles of tunnel would behave rationally.

**Mr. Ridley:** I cannot think of any worse forum for investigating that matter than a public local inquiry. That is being carefully considered in the assessment studies, and it may be a matter that a Select Committee on a hybrid Bill would wish to pursue. Those channels are better suited to pursuing the matter rather than a public local inquiry, which deals with planning and not psychology.

**Mr. Dalyell:** Does the Minister have any information about it?

**Mr. Ridley:** I shall go on to the next point —

**Mr. Dalyell:** The answer is no.

**Mr. Ridley:** There will be further consultations and opportunities for comment on a firm proposal. We shall



consult local authorities, and amenity groups in particular, about the content of the proposed legislation. There would also be consultation throughout the passage of the hybrid Bill, so that any problems of detail could be resolved in the legislation. The precise effect on the environment, the economy and on transport links, and upon those personally affected, will be much easier to assess and take into account.

The hybrid Bill procedure contains every opportunity for those affected to be heard, including the hon. Member for Linlithgow (Mr. Dalyell) with his psychological problem.

**Mr. Dalyell:** Vulgar and cheap.

**Mr. Ridley:** The procedure is well known to the House. It is comparable to the private Bill procedure, which has always been used for building railways and similarly requires no public inquiry. It was used when similar proposals were produced in 1974. The Select Committee recommended that we should follow the precedent of the 1974 Channel Tunnel Bill. We shall. If the House gives the Bill a Second Reading, it will be committed to a Select Committee to hear and consider petitions. The Bill will already have been advertised; anyone who has an objection to it will have an opportunity to petition against it and, subject to his petition being accepted by the Committee, he will appear and present his case to the Select Committee. Subject to the rulings of the Select Committee, I would expect that those eligible would include individuals whose private interests are affected—those representing local trades, businesses and other local interests which may be adversely affected, those representing amenity, ecology, educational and recreational interests who believe that their interests are adversely affected to a material degree, and local authorities in any affected areas.

**Mr. Dalyell:** On a point of Order, Mr. Speaker. Is it parliamentary language to say that another hon. Member has psychological problems?

**Mr. Deputy Speaker (Mr. Ernest Armstrong):** There was nothing out of order in what the Secretary of State said.

**Mr. Ridley:** The hon. Member for Linlithgow mentioned the psychological problem of driving through tunnels. That is all that I meant.

The Bill will then go to Standing Committee and Third Reading in the normal way. The Bill will then be considered in the other place and the same Select Committee procedure with consideration of petitions will apply before it proceeds again through the normal Bill procedure. This is a substantial and thorough procedure which ensures that the public have the widest opportunity to make representations as petitioners to the two Select Committees. This is, of course, in addition to the rights of members of the public to lobby hon. Members and noble lords during the Standing Committee stages.

I understand the anxiety of local people about the impact that a fixed link would be likely to have on the economy and infrastructure of east Kent. Kent county council and other local authorities have already made representations. What such effects are will depend on the scheme chosen. The assessment that is currently being carried out will identify, as far as possible, the implications of each of the schemes.

I assure my hon. Friends that the Government will consider matters sympathetically, in the light of the scheme chosen, giving priority to necessary improvement in the national and local roads system. I intend to ensure that a high-quality route is provided along the M20 between the M25 and the entrance to the link. I hope that work on the Maidstone-Ashford section of the M20 will commence in 1987. Improvements are currently in hand on the A2. We shall consider whether further improvements are needed.

We already have plans to improve the A20 between Folkestone and Dover and, once a decision in principle has been taken on the Channel fixed link, we shall decide the precise alignment, design and standard of those improvements, and press ahead.

**Viscount Cranborne (Dorset, South):** My right hon. Friend discussed the impact on road transport. Will he consider the impact on air transport, especially in relation to the expansion of Heathrow and Stansted airports? Will he also consider the impact of a high-speed rail link through the Channel tunnel on short-haul European routes?

**Mr. Ridley:** That factor has to be taken into account in the assessment studies, to derive a forecast of the likely numbers of users of the link.

**Mr. Keith Best (Ynys Môn):** Bearing in mind the fact that none of us can look into the future with certainty and know which form of transport will be used in 20 or 30 years' time, should we ensure that a fixed link encompasses road and rail traffic?

**Mr. Ridley:** All four schemes currently include a rail link, three of them include a drive-through road link and the fourth proposes a road link on a shuttle service. Therefore, what my hon. Friend suggests is likely to be the case.

Local roads may also come under strain. I shall give special consideration, within the transport supplementary grant system, to schemes included in Kent's transport policy and programmes that are necessary as a direct result of the link.

**Mr. David Marshall (Glasgow, Shettleston) rose—**

**Mr. Ridley:** There may also be consequences for rail services. Each of the promoter's schemes would have different implications for British Rail British Rail's investment proposals will have to be commercially justified.

**Mr. Marshall:** I had hoped that the Secretary of State would have given way before he finished dealing with road improvements. Road improvements in the Kent area are important, but road facilities are also important to the Scottish economy. Does the Minister agree, and would he recommend to his right hon. Friend the Secretary of State for Scotland, that one essential of the construction of any fixed link is the complete upgrading to motorway standards of the A74?

**Mr. Ridley:** The hon. Member can hardly accuse me of not giving way when I was dealing with road improvements, because I do not believe that he sought to intervene. I gave way to the hon. Gentleman the moment he sought to do so. I shall convey to the Secretary of State



[Mr. Ridley]

for Scotland what the hon. Gentleman said. However, off the cuff, I cannot see the connection between the A74 and the construction of the possible fixed link.

I conclude on the wider interests. The Government want a fixed link built. Let there be no doubt about that. Whether it is built depends on whether the private sector is prepared to finance it. But, if it is, a fixed link offers immense opportunities for individuals, businesses and for jobs.

**Mr. D. N. Campbell-Savours** (Workington): The Secretary of State mentioned investment. Will he consider the position of the major ferry operators across the Channel? What does he believe will be the future for SNCF, P and O ferries and Sally Line?

**Mr. Ridley:** The effect on the ferries will vary enormously according to which link is chosen. Those matters are being carefully considered in the assessment, and we shall give our conclusions on that, as on many other points, in the White Paper.

The English Channel has always been a physical and a psychological barrier to the fast and economic movement of people and goods. A fixed link would remove that barrier. It offers the prospect of lower transport costs. Business men and exporters will have quicker and more reliable communications with their main markets. The European Community accounts for more than 60 per cent. of our foreign trade. Holidaymakers will have easier access and greater choice for journeys to and from the Continent. The British tourist industry will also benefit, because tourist traffic will be two ways.

**Sir David Price** (Eastleigh): My right hon. Friend is about to reach his peroration but has not yet mentioned an important procedural point. If we put physical objects in the Channel, what will the Government do about consulting all the maritime nations? My right hon. Friend will recall that the 1981 Select Committee report drew attention to that problem. Perhaps it was wrong. Will my right hon. Friend express a view on the matter, because it would rule out the bridge option or any option that would place obstacles in the Channel if we had to consult all the maritime nations.

**Mr. Ridley:** All the maritime nations are represented by the International Maritime Organisation, which we have consulted closely about possible impediments in the Channel. The result of that consultation will be taken into account in our assessment.

Such a vast project offers a boost to the construction industry and to all the British companies that supply it. But, more significant than any of those matters, the construction of a fixed link will demonstrate the remarkable change that is taking place in the confidence of British industry. If it is to succeed, private promoters, investors and banks will be willing to undertake the most spectacular civil engineering project of recent European history and to take the risk, not only on revenue, but on the time and cost of construction without financial guarantees. Successful completion will set the seal on the change from public burden to private enterprise and from pessimism to confidence.

Let us all hope that such a scheme can go forward without delay, backed by political and financial courage.

4.52 pm

**Mr. Robert Hughes** (Aberdeen, North): As the Secretary of State said, a fixed link—or a Channel tunnel, as we used to call it—has been the subject of debate for a long time. I have vivid memories of it during the 1966 general election campaign, when the Labour party candidate for Aberdeen, North was Hector Hughes. He was a well-respected and much-loved Member of Parliament in Aberdeen, for as much as despite his occasional eccentricity. When asked what he would do to develop the economy of Aberdeen, he said that we should build a tunnel between Aberdeen and Oslo—of course, ignoring the 25-mile wide, 2,000-ft deep Norwegian trench. The press rushed to see the candidate in Aberdeen, South—my hon. Friend the Member for Glasgow, Garscadden (Mr. Dewar)—to ask whether he agreed. He said, "Of course, Mr. Hughes is speaking metaphorically." The press ran back to Mr. Hughes and asked him whether his remarks were metaphorical or real, and he said, "Damned young whippersnapper should take the advice of his elders. Of course, I mean it." That story has been the source of merriment in Aberdeen from time to time, which I am sure the late Hector Hughes would have enjoyed. But as I have told people since then, albeit tongue in cheek, had we taken Hector Hughes' advice in 1966, we might have found North sea oil much more quickly and cheaply.

I welcome the debate, although the first question in the minds of many hon. Members must be why we are having the debate today. We owe a debt of gratitude to the members of the Select Committee on Transport for producing their report, which helps to concentrate our minds. However, last week, the Committee had to meet two days earlier than planned to accelerate the production of the report. Indeed, it was available to the House only at 5.30 pm on Thursday. Furthermore, evidence submitted to the Select Committee will not be available to us for at least a fortnight. The report is valuable, but it is difficult to assess its recommendations. Although it is not my responsibility, I should draw the rushed production of the report to the attention of the Leader of the House and the right hon. Member for Worthing (Mr. Higgins), who is Chairman of the Liaison Committee, because something must be done to regulate Select Committee reports and to dovetail their publication with the business of the House. This is not the first time that the Select Committee on Transport has been treated in that way. Indeed, it was treated much worse in the past.

However, there is no real mystery about why we are debating the matter today. The Department of Transport issued a press notice stating that the Under-Secretary of State for Transport—the hon. Member for Hampshire, North-West (Mr. Mitchell)—would visit Dover and other areas affected for public consultation on the fixed link. Almost simultaneously, the Department issued a press statement stating that there would be no debate in the House until after the Government had made up their mind. When I saw that, I feared so much for the safety of the Minister that I checked the size of his majority.

It would have been outrageous if we did not have a parliamentary debate on the matter until after the Government had decided which scheme they wanted and the treaty had been signed, sealed and delivered. I hold the House in high esteem, but I do not regard the debate as a substitute for wider discussion and consultation. There is



no doubt that we are discussing the important principle of whether there should be a fixed link across the Channel. Nor is there any doubt from the interventions during the Secretary of State's speech that the issue raises strong feelings for and against a fixed link and on the sort of link that should be chosen.

Although the Secretary of State said that the Government have not decided whether there should be a fixed link, they gave us the impression even today, that they are hell-bent on having such a link. No other conclusion could be put on the Secretary of State's speech—certainly not on his peroration. The first charge that I make against the Government is that they will proceed without a thorough examination of the fixed link and its impact on a range of policy issues.

We are told that, within 100 days of the promoters' scheme being submitted, the Civil Service will wade through 15,000 pages of detailed evidence in 31 days. We must ask whether that period is long enough for a reasonable appreciation of all matters, including driving through the tunnel, which the Secretary of State seemed to find so hilarious. However, it is an extremely important matter that must be discussed.

**Mr. Adley:** The arrival of the hon. Member for Kingston upon Hull, East (Mr. Prescott) on the Opposition Front Bench will remind us of the pressures on the late Anthony Crosland to cancel the project in 1974. They are reinforced by the absence from the Opposition Front Bench of the hon. Member for West Bromwich, East (Mr. Snape), who we know is strongly in favour. Does the hon. Gentleman recognise that the Labour party must make up its mind on this issue? Will he, before the end of his speech, make it clear whether, dependent upon the decision of the House tonight, the Labour party will accept the decision of the House, or whether he will subject the decision—*[Interruption.]* I am sorry, but the House must know where the Labour party stands on this issue of principle. Will the hon. Gentleman tell us before the end of his speech?

**Mr. Hughes:** Throughout his speech, the Secretary of State frequently said, "if any", "if any", "if any". To any question about the different considerations, he said that all matters would be considered. I accept in the spirit in which it was offered the hon. Gentleman's compliment to my intelligence and diligence: that, without having seen all the information held by the Department of Transport, and in a shorter time, I can give the House a definite answer this afternoon. I regret to say that the hon. Gentleman will have to wait and see.

We need to discuss a whole range of policy issues—the impact on transport policy; the impact on the environment in the areas most directly affected; the effects on regional employment policy; the importance of infrastructure developments in relation both to this sort of project and to investment in manufacturing industry. If we are to have sensible discussions on these and many other considerations on which I do not have time to dwell this evening, it is essential that there should be a public inquiry.

The proposal is a major step, and it is extremely important that we arrive at the right decision.

**Mr. Keith Speed (Ashford):** Does the hon. Gentleman accept, as my right hon. Friend the Secretary of State has said, that if there is a challenge in the High Court it might

be five, six, seven, or eight years before a decision is reached and there will be a blighting effect on many people, companies and businesses in east Kent? Does the hon. Gentleman accept the blighting effect that such a delay would cause?

**Mr. Hughes:** The hon. Gentleman must be patient until I come to canvass the arguments about a public inquiry. There is at present a great deal of blight in the area that the hon. Gentleman mentioned. If he suggests that we should simply ride roughshod over public opinion, about which I have very strong views, he is wrong. That is one of the reasons why the Government will eventually be defeated. The hon. Gentleman has a dose of Whitehall centralitis, and the sooner people realise that the better.

**Mrs. Gwyneth Dunwoody (Crewe and Nantwich):** Is my hon. Friend aware that the *Folkestone, Hythe and District Herald* sent out a questionnaire in its area, making only one simple inquiry: "What is your view of some sort of public inquiry?" Of the people who replied, 86 per cent. were in favour and only 14 per cent. were against.

**Mr. Hughes:** I am grateful to my hon. Friend for that information. Hon. Members who are passionate about the fixed link will cite various public opinion polls saying what percentage of people are in favour of the fixed link, what percentage prefer to drive, and so on. Other surveys, however, are not mentioned. They show that a minimum of 70 per cent.—in the Folkestone case more than 80 per cent.—are in favour of a public inquiry.

The Minister is embarking on a disintegrated transport policy. He has not taken any account of the tremendous investment in ferries and ports which has taken place in the past decade since the issue was last under consideration. It is argued—whether one accepts it or not it must be considered in good faith—that Dover traffic will collapse entirely. Depending on which scheme is chosen, that collapse would ripple out and affect all the ports from Hull down to Southampton. Even if we allow for some exaggeration—and almost everyone is prone to exaggerate on these issues—these matters need to be clarified.

There are many different opinions as to how the fixed link would affect transport policy. The only matter on which there is the broadest measure of agreement is that, if there is a fixed link, it should have a rail component. Many of my hon. Friends feel very strongly about that and would accept the Select Committee's recommendations in favour of the Channel tunnel proposals. Whatever final scheme is approved, all the proposals have a rail link of one kind or another, and very heavy investment would be required in British Rail. Without heavy investment, British Rail would not get the maximum benefit from rail users, whether passenger or freight. There needs to be a commitment to investment in rail and a commitment to deliver that investment on time.

**Viscount Cranborne:** Will the hon. Gentleman give way?

**Mr. Hughes:** There have been many interventions. If I allow any more, I may deprive the hon. Member for Dorset, South (Viscount Cranborne) of the opportunity to speak later in the debate.

The Select Committee on Transport considered the environmental impact very seriously. Paragraph 92 of its report states:



[Mr. Hughes]

"The Committee would therefore recommend that the Government look closely at the EIAs of all the promoters and subject the schemes to independent analysis and assessment especially with regard to cumulative secondary environmental implications, a subject which none of the EIAs adequately addresses."

That paragraph alone makes the case for a public inquiry. It clearly states that there must be assessments because the evidence submitted by the promoters does not measure up.

The Select Committee is not alone in suggesting that these matters be analysed. The local authorities in Canterbury, Dover, Shepway, Swale and Thanet have also suggested that, and they cannot be regarded in any sense as being Left-wing maverick authorities. In fact, I would describe them all as true blue Tory authorities. They have all condemned the lack of consultation.

Almost every conservation group has also called for a public inquiry. Kent county council appears to be in some difficulty. It opposed any link and now it opposes a public inquiry. It will have to make up its mind.

On Friday 6 December, the hon. Member for Thanet (Mr. Aitken) is reported in *The London Standard* as having said:

"The procedures under which it"—  
the system of selecting the link—

"is being handled is full of indecent haste, unnecessary secrecy and starry-eyed optimism."

I know that the hon. Gentleman is in his place and I am sure that he will wish to reply for himself.

The Minister of State, Department of Education and Science, told the nation on BBC that to proceed without a public inquiry would be unthinkable. I took the precaution of advising him that I intended to raise the matter in the House, but so far he has not denied the comment and he is not in the Chamber to do so now.

Regional policy is at the core of many people's suspicion about the impact of the fixed link. From Scotland, the north of England and the south-west, people have expressed anxiety to me about the effects of the fixed link. Many people believe that, quite apart from the size of the investment which is yet again going to the south-east, once the fixed link is in place there will be a magnetic pull which will attract investment in manufacturing jobs down to the start of the link.

I doubt whether there will be much investment in manufacturing, but if there is such investment we must consider these matters very seriously. We are told that we need not worry because the construction phase will create many jobs. At least one promoter is busily emphasising the regional dimension and how it will promote jobs.

It astonishes me that the Secretary of State can come to the House today and extol the virtues of capital investment, albeit private capital investment, as job creation. In Scotland we have fond memories of the Secretary of State when he was known to us as the butcher of Upper Clyde Shipbuilders. His synthetic concern for jobs does not fool me at all. I do not believe that he has undergone a massive conversion.

Behind the arguments about job creation even in the short term is the assumption that jobs will be created in the United Kingdom. The only thing that is reasonably certain—we are not absolutely sure about it—is that the French and British promoters will each have roughly 50 per cent. of the construction costs to spend. We are told, however, that European competitive rules will have to

apply, so we cannot guarantee that jobs will be created because they will have to go to open tender. We know from experience that the French Government will make sure that the French francs are spent in France and that not many jobs will go outside. Our Government blandly say that it is for British industry to put up the right competition. With 4 million unemployed we certainly need the jobs, but in embarking on a scheme of this kind we must examine the balance between jobs lost and jobs gained and between short-term and long-term jobs.

Although I appreciate the argument about magnetic pull, I believe that there is a counter-mechanism which one might describe as "magnetic push". So long as there is sufficient infrastructure investment in British Rail, for example, the development of a through rail system could benefit companies in Scotland, the north of England and elsewhere.

**Mr. Donald Anderson** (Swansea, East): My hon. Friend has referred to the conversion of the Secretary of State to job creation. Given the known attitude of the Secretary of State to regional policy, has my hon. Friend any confidence at all that the necessary measures will be taken to ensure that the magnetic pull effect does not have adverse consequence for the periphery of the United Kingdom?

**Mr. Hughes:** My hon. Friend emphasises the point. The only way of ensuring long-term benefit for people whom some may regard as being on the periphery of the United Kingdom—some of us do not believe that the United Kingdom begins and ends in the City of London—is proper investment in British Rail, for example, so that it can compete over long distances and so that industry north of Watford can benefit from the increased speed of delivery.

It was suggested at the recent CBI conference that it might be a mistake to commit such large sums of capital to infrastructure rather than to manufacturing investment. All these matters involve a large number of imponderables. Moreover, some of the promoters are already amending the schemes that they submitted on 31 October.

**Mr. Ridley:** The hon. Gentleman referred to the considerable benefit that this could bring to the railways, investment in rolling stock, and so on. If he had to choose between massive investment in development of the railway system with faster trains to the continent and the joy of a public inquiry, which would he choose?

**Mr. John Prescott** (Kingston upon Hull, East): Does the Secretary of State really think that that is the choice to be made?

**Mr. Hughes:** The parameters of the debate are constantly changing and the promoters are constantly altering their schemes. I doubt whether a decision could possibly be reached in the magical 100-day period, although the Government seem intent on going ahead as fast as possible.

The Government argue that if there is no public inquiry by hybrid Bill procedure will allow objections to be sufficiently canvassed so that all these matters can be properly tested. The Select Committee on Transport recommended by a majority that there should not be a public inquiry, but it had serious reservations about the hybrid Bill procedure. The Government reminded us that in 1974 the Secretary of State allowed wider objections to



be canvassed, but the Select Committee pointed out in paragraph 27 of its report that once such a Bill has had a Second Reading the onus of proving its expediency is deemed to be removed from the promoters. The Secretary of State has said that he will follow the 1974 precedent, but I do not think that that pledge was as firm as some might think because he went on to detail various different considerations that would apply. If he or the Parliamentary Under-Secretary of State will give a specific pledge today that no one will be debarred from arguing the case before the Joint Committee, that might take some of the sting out of the situation. So far we have been told that the right of an objector to be heard will be a matter for the Committee, so the Secretary of State cannot slide round the matter by suggesting that the hybrid Bill procedure gives almost if not exactly the same possibilities as a public inquiry.

The Select Committee said that a White Paper should be published on the Government's choice. I am glad that the Secretary of State has confirmed that today. It is essential that that White Paper be debated and approved before any treaty is embarked upon. We do not know what the treaty will contain. The invitation to promoters suggests that it will probably contain a guarantee that there will be no interference by the Government in pricing policy. Does that mean that the successful bidder would be able to abuse a monopoly position? We also need to be sure, before the treaty is signed, that there is no suggestion that the work might have to be completed with public money or some other subsidy. The Minister has given that pledge, but I prefer to see these things in writing. I believe that for the Secretary of State to bind this or any other Government to treaty obligations without those obligations being debated and approved by Parliament is too much even for the present Government to exact from their compliant Back Benchers.

We agree about the need to provide the widest possible scope for objections to be heard, but the Select Committee also expressed other worries. For instance, it said that there should be a proper study of the effect on offshore islands, sand movements and variable current patterns in the Channel. I am not sure how that can be done while the link is being built. All these other serious considerations make the case for a public inquiry even stronger. Indeed, in the light of those comments, the Select Committee's recommendation that there should not be a public inquiry seems to be at odds with its own evidence.

There are advantages and disadvantages with a fixed link. A faster, more reliable link is certainly attractive in terms of tourism and trade, and it is argued that the impact on our economic and social life could be beneficial, but many people within and outside the House are not persuaded that these matters have been properly assessed. I believe that it is better to reach the right decision with the widest public participation and knowledge than to reach the wrong decision in haste and have to repent at leisure. When we debated proposals for the Okehampton bypass recently, several hon. Members, some of whom are here today, insisted that the route could not possibly be shifted from the south to the north of Okehampton without a full public inquiry because—and I was chastised by the Secretary of State—that would be attempting to ride roughshod over the rights of individuals. How then can we take a decision of such magnitude as the fixed link, which will affect the whole country, without a full public

inquiry? I ask my right hon. and hon. Friends to join me in the Lobby today to make it clear that we must have a public inquiry so as to arrive at a reasoned decision.

5.19 pm

**Mr. Peter Rees (Dover):** I find myself on tenuous common ground with the hon. Member for Aberdeen, North (Mr. Hughes) in welcoming this debate. I cannot pretend that the subject has not been keenly debated in east Kent. I am, however, old-fashioned enough to believe that this is the place to develop a complex case and deliver a considered view. The hon. Member for Aberdeen, North has had a difficult job to reconcile the various different interests in his party and I admire the dexterity with which he has endeavoured to reconcile the views of the National Union of Seamen and the National Union of Railwaymen. However, I found his speech curiously unsatisfactory and I was left a little uncertain as to the exact official position of the Labour party on this issue.

**Mr. D. N. Campbell-Savours (Workington):** Speak for Dover.

**Mr. John Prescott:** Speak for Dover.

**Mr. Rees:** Yes, I intend to speak for Dover. I hope I will evoke an echo from the hon. Member for Kingston upon Hull, East (Mr. Prescott) who has a keen interest in maritime matters. I do not know how these questions affect the hon. Gentleman, but he may catch your eye, Mr. Deputy Speaker, during the debate, and show his deep understanding of maritime matters.

I also find myself in agreement with the hon. Member for Aberdeen, North in offering my respectful congratulations to the Select Committee. Although I do not agree with all its conclusions, they have in the short time done a remarkably thorough job.

This subject has exercised a compelling fascination for over two centuries, and in the careers of many hon. Members it has once before become a matter of debate and legislation. Relics of earlier endeavours are to be found almost exclusively in my constituency. I recall vividly the winter of 1974-75, when I stood in the mouth of the tunnel and watched the large boring machine which was about to start work. I have personal and constituency interests in this question.

I also claim, I hope without arrogance, that my constituency is the one most directly affected by this project. This may be a matter of friendly rivalry between myself and my hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) who I am glad to see assiduously seated in his place. We know he is a stout champion of his constituency interests. We regret that the conventions of public life will deny him the opportunity of giving us his views tonight.

I am aware that this is a national issue. I am not insensitive to the case for having competing and alternative methods of crossing the Channel. As my right hon. Friend the Minister has pointed out, the continental countries of the Community are our biggest and fastest developing export market. It must be right to equip our exporters with the most effective and cheapest means of getting their exports into that market. A large proportion of our Armed Forces are stationed on the Rhine and it is right that, in any foreseeable circumstances, there must be the best means of supporting and reinforcing them. However, I shall leave the national issues to other right



[Mr. Rees]

hon. and hon. Members, as I wish to concentrate on the effects upon east Kent, on the questions on which I and so many of my constituents will need reassurance.

The first issue is the future of the ferries, which the hon. Member for Aberdeen, North dealt with in a remarkably cursory fashion despite the powerful assistance at his right hand from the hon. Member for Kingston upon Hull, East. This issue has to be considered against the background of the contraction of the merchant marine. I would be out of order if I were to develop that interesting and important theme.

**Mr. Roger Stott** (Wigan): It is a national issue.

**Mr. Rees:** The hon. Member for Wigan (Mr. Stott) will return to that in his closing remarks and perhaps go beyond the question of a public inquiry.

I believe that the crossing of the Channel should not become the monopoly right of one means of transport. I hope that that will find a sympathetic echo from right hon. and hon. Members on the Government Front Bench. I recall the position in which the Government considered the European Ferries bid some years ago for one of the rival operators. It is crucial for the good of the country that there should not be a tendency to a monopoly, that there should be ample scope for the ferries and that there should be fair competition. Whichever form of fixed link crossing is chosen by the French and British Governments, if, indeed, one is, they should not be permitted or encouraged to embark on a policy of predatory pricing which might drive the ferries away from Dover. It is important that the high standards of safety which are rightly expected of the ferries should also be expected of the operators of any form of fixed link.

I know that my right hon. Friend the Secretary of State is sensitive to the issue of the environment and I look forward to welcoming him to my constituency in a few days time. My constituency contains the fairest coastline of any part of Britain. That may be the most controversial contribution I shall make to this debate. It is important that, when my hon. Friend the Minister chooses the form of fixed link, it will not devastate the white cliffs, or make a hideous inroad into Shakespeare cliff and that the downlands behind are protected.

I am glad that my hon. Friend the Minister assures me of the improvement of the A2, the M20 and the A20. I remind the House that Dover is one of the few major ports—it is the major roll-on/roll-off port—which does not have a direct connection from a motorway right to the gates of the port. If this great project goes ahead, will my right hon. Friend the Minister be able to assure me that the A2-M2 will be improved to serve Dover harbour? Can my hon. Friend the Minister assure me that, as soon as the decision has been taken on the fixed link, the M20-A20 extension will be approved and its routing and connection determined.

**Mrs. Dunwoody:** I am exceedingly grateful to the right hon. and learned Gentleman for his courtesy in giving way. Is he aware that the *Folkestone, Hythe and District Herald* has been running a questionnaire of its readers as the paper is concerned that the public's views should be known? The public were asked what would be the effect of the fixed link on the towns. Two thousand three hundred

and thirty five returned the questionnaire and of them, 2 per cent. said it would have a good effect and 98 per cent. thought it would have a bad effect in Dover.

**Mr. Rees:** I am sure that the hon. Lady will catch your eye, Mr. Deputy Speaker, in due course.

**Mr. Prescott:** She is speaking for Dover.

**Mr. Rees:** I was aware that the hon. Lady had had an opportunity to visit my constituency, but she was then as equivocal as the hon. Member for Aberdeen North on the central issue. It is all very well to scratch about in the local press, but we would like her direct view. The *Folkestone, Hythe and District Herald* may have a modest sale in Dover but it does not have quite the same salt as the *Dover Express* or the *East Kent Mercury*. If the hon. Lady revisits my constituency she will learn where to put her trust and where to form her views.

We are anxious about lateral communications, which are more the responsibility of Kent county council. Its initial costing of the likely improvements necessary is about £75 million. I hope that my right hon. Friend will consider with tenderness, sympathy and generosity any case that it might advance.

Rail links are essentially a national issue. My hon. Friend the Member for Ashford (Mr. Speed) played a notable role in the last project and will no doubt voice his fears on this aspect of the project. There is a fear, which I hope is not well justified, that when there is a fixed link and a fast rail connection between the metropolitan cities of France and Britain, the concerns of people living on each side will be overlooked. It is important that the same level of services to Dover, Thanet and Canterbury is maintained or even improved.

It will not have escaped the attention of those hon. Members who have considered the issue that our French neighbours are pouring considerable resources into the Pas de Calais. That is partly explained because, I believe, it is a depressed area, and because, legitimately, there is friendly rivalry between the Pas de Calais and east Kent. They hope, properly, to take advantage of any fixed link that is built to draw industrial and economic activity there rather than to leave it to develop in east Kent, where I believe it should be. I hope that my right hon. and hon. Friends and others concerned with these matters will devote considerable attention to our anxiety on that score. Perhaps on some other occasion I may develop the case for turning Dover into an enterprise zone or a freeport. There will of course be rivalry from both sides of the House for similar attentions, but as Dover will bear the brunt of any fixed link, its prospects for development and growth should be safeguarded. It should not be merely a site for construction and construction workers during any building phase.

The need for a public inquiry has exercised the minds of many. Justice demands that all those with a legitimate interest which might be affected by the project should be permitted to give their evidence and have it weighed and evaluated by a body independent of the Executive. A hybrid Bill might meet that test, as there would be a Select Committee of this House and another Select Committee of the other place. There is some anxiety on this score; I remember pressing the point on a Labour Transport Minister in the 1974 Government. The restrictions and limitations on those who might give evidence to such a Select Committee should be drawn generously. The rules



of relevance should not be drawn so tightly that those with a genuine point to make are shut out. I hope that my right hon. Friend will insist upon any successful consortium entering into consultation and negotiation with local authorities and other interested parties about the likely course of its operations. On that basis, justice could be done on that score as well. It is a matter of considerable concern in east Kent and, I believe, elsewhere.

**Mr. Ridley:** The Court of Referees decides status in conjunction with any Select Committee, so it is beyond the Government's hand to decide who will appear before a hybrid Bill Select Committee. I give the undertaking that the Government will not try in any way to restrict or reduce those who have status, in so far as it is within our power to do so. It will be a matter for the House.

**Mr. Rees:** I am grateful for that assurance. I am a little unclear about whether the Government would be regarded as the promoter or whether the promoter will be the successful consortium. I believe that the promoter has a certain standing in this matter. If it is the Government, I hope that they will be generous and allow a wide range of interests to present their case. If the promoter is the successful consortium, I hope that my right hon. Friend will impose a condition on it not to take a too restrictive view.

The previous hybrid Bill on this topic was introduced by the 1974 Labour Government. I have turned up the relevant records and find that I pressed Ministers on the point that I have just made. I also found that, on 26 November 1974, the late Anthony Crosland, for whom all of us had a great regard and respect, was pressed about a public inquiry. He said:

"In my view this is not a subject which ought to be farmed out to a conventional public inquiry. This is a subject on which the final decision can be taken in only one place, and that is in Parliament."—[*Official Report*, 26 November 1974; Vol. 882, c. 248.]

He rejected a public inquiry.

**Mr. Robert Hughes:** Will the right hon. and learned Member concede that the late Anthony Crosland initiated many public inquiries and that the hybrid Bill of 1974 was on a much smaller scale and had limited application, whereas this one embraces four schemes?

**Mr. Rees:** We do not know. The hon. Gentleman is anticipating which scheme will find favour with the French and British Governments.

**Mr. Hughes:** No, I am not.

**Mr. Rees:** Perhaps the hon. Gentleman will allow me to continue.

The general principle is as stated by Anthony Crosland. My basic principle is that the evidence should be given freely to and evaluated by a body independent of the Executive. No body is more independent of the Executive than a Select Committee of this House or a Select Committee of the other place. If, by his slightly tawdry request for a public inquiry, the hon. Gentleman means an inquiry undertaken by an inspector appointed by the Secretary of State for the Environment, he will remember that such an inspector reports to the Secretary of State, who takes the final decision. I do not believe that that is what the hon. Gentleman has in mind.

I am aware of the hon. Gentleman's difficulties on this great issue. The distinguished great grandfather of my hon. Friend the Member for Davyhulme (Mr. Churchill)

said that it was the duty of an Opposition to oppose. However, the Opposition have to be a little more fastidious about their grounds for opposing the Government. If anything were to put me into the same Lobby as the Government, it is the Opposition's rather shabby behaviour.

**Mrs. Dunwoody:** Try harder.

**Mr. Rees:** Allow me to state my position. Many issues will remain unresolved tonight. That is inevitable, as no decision as to the form of fixed link has been taken yet. However, to emphasise the legitimate concern of many of my constituents and myself and to emphasise the importance that I attach to the issues that I have outlined, I cannot do other than vote against the Government's position tonight.

5.40 pm

**Mr. John Silkin (Lewisham, Deptford):** I think that we all had a great deal of sympathy with the right hon. and learned Member for Dover (Mr. Rees) in the dilemma in which he found himself. I congratulate him on the eloquence which he deployed in his struggle to get off its horns. I can only tell him that his difficulties were very apparent to my right hon. and hon. Friends and I have no doubt that they were to Conservative Members.

When my hon. Friend the Member for Aberdeen, North (Mr. Hughes) opened the debate on behalf of the Opposition, he referred, rightly, to the short time that the existence of the debate has been known to the House and the country. We are all well aware that the Department of Transport's press office was telling us a short time ago that there would be no such debate as there was no need for one. Suddenly, the Leader of the House, whose judgment can be extremely wise, decided that the issue should be aired. Nevertheless, notice has been short. I am not making a point against the Secretary of State for Transport necessarily—

**Mr. Anderson:** Why not?

**Mr. Silkin:** I shall make my observations in due course. My hon. Friend need not worry about that. A two-day debate would have been rather better, and the fact that 28 right hon. and hon. Members wish to contribute to this debate rather reinforces that view.

Short notice was a problem that the Select Committee on Transport had also to face. I cannot take up the praise that the right hon. and learned Member for Dover lavished on the Transport Committee. The Committee was given 16 days in which to produce a report and its report shows every mark of having been produced in ill haste and without proper consideration having been given. Paragraph 16 of the report reads:

"The Committee has not been able, nor indeed has it attempted, to subject either the technical, economic or financial aspects of the proposals to the kind of detailed scrutiny which is appropriate for a project of such magnitude and significance". However, 16 days later it thought that it was capable of giving its decision.

At paragraph 28.6 the Select Committee sets out in detail the organisations which have complained about lack of consultation. The list includes quite powerful and prestigious groups such as the Kent Trust for Nature Conservation, Friends of the Earth, the Council for the Protection of Rural England and Transport 2000. All these



[Mr. Silkin]

organisations have stressed the need for a public inquiry. The Select Committee gives no reasons for not being in favour of a public inquiry beyond the fact that "the idea of a fixed Channel link is not new".

On that basis, one would want no discussion at all. Apparently the Secretary of State is entirely unaware—he had to be informed of the fact by the hon. Member for Isle of Wight (Mr. Ross)—that any ensuing jobs might not come to our people. The jobs in question might go to those abroad. I asked the right hon. Gentleman about the number of jobs that would be available—I thought that he must have made some assessment of the number, even in global terms—or that would be lost as a result of the project, and he was unable to answer my question. He said that that information would come out later as investigations took place. Where is the best place to investigate such matters? There is no question that the best place to air such considerations would be at a public inquiry.

When the right hon. and leaned Member for Dover quoted my friend—Tony Crosland—he was a friend of many of us—he deliberately slurred over one important word. Tony Crosland said that he was against the idea of a conventional public inquiry. The idea of an inspector treating the construction of a Channel link as a small planning matter that should go ultimately to the Minister for his decision is obviously one that is inappropriate. I am well aware of that because at one time I had ministerial responsibilities for planning. I am sure that my right hon. Friend the Member for Bethnal Green and Stepney (Mr. Shore), when he was Secretary of State for the Environment, would not have considered allowing such a project to go ahead without a public inquiry. Indeed, my right hon. Friend instituted the Windscale inquiry.

**Mr. Campbell-Savours:** And there was Sizewell.

**Mr. Silkin:** Indeed, but my right hon. Friend was not responsible for that. The Select Committee on Transport was guilty of unseemly haste. It galloped through the exercise in 16 days. That was asking for trouble and I suspect that trouble is what it will get.

If the process of consultation has been zero, which it has, should not full information have been made available to the whole country? The Secretary of State has tried to tell us that it was, but many of us think otherwise. National newspapers, *Folkestone Expresses* and *Dover Expresses* have been quoted, and I shall quote from a journal which perhaps the right hon. Gentleman does not know about but of which he should be aware when he goes on his travels next week. *News in Focus* covers the Tonbridge area, and Tonbridge will be a vital rail link if we have a Channel tunnel, or anything that provides a rail link that leads to the capital.

On 26 November, *News in Focus* undertook, somewhat unusually, a little investigative journalism. It decided to investigate what information was available for the Tonbridge area and found that the only place at which information could be obtained was the legal and administrative department at Tonbridge town hall in Tonbridge. Information could be obtained from that source on request. *News in Focus* made the request and it was supplied with four incomplete brochures, and that was all. That was public consultation.

The journalist who was engaged on this project read through the incomplete brochures. I shall quote from "Euroroute" because it illustrates the point that *News in Focus* was trying to make. The document reads:

"Euroroute devotes some attention to public consultation. Anyone wishing to test that premise would find it difficult. There is no address to which comments can be sent. Neither is there a comments book on hand in which to register approval or disapproval".

The Department of Transport can be acquitted on that score. At the place to which one goes to be consulted, there is a book in which comments can be written. It seems that not very many members of the public have been "consulted". When I asked the messengers to take me to the consultation area, they burst into laughter. They told me that a few members of the public had made a similar request and that most of them had written in the comments book. I do not suppose that the Secretary of State has visited the Department's consultation area, so I shall inform him and the House of the comments that have been made.

The first comment takes the form of a question and asks, "Is this a joke?". The second comment is, "An insult to intelligence". The third quote is "Sham" and the fourth is "Very poor". The fifth comment reads "Dear Minister, this is a farce", and the sixth states "As a means of providing information to the general public on a matter of obvious public concern, this is pathetic".

**Sir John Wells (Maidstone):** I have never heard of the newspaper from which the right hon. Gentleman has quoted. Secondly, is he aware that Maidstone is the county town of Kent, and that all information that could possibly be required by him and anyone in the Tonbridge area could be readily obtained in Maidstone, both from the county hall and the town hall? If people go to the wrong place, it is not surprising that they get the wrong information.

**Mr. Silkin:** I think that the hon. Gentleman is quite right. The journalist of *News in Focus* telephoned the Department of Transport to ask where he could find the information that had been made available. He was told that it was available in Maidstone, Dover and Folkestone. The Department's spokesman added that he could find the information everywhere in Kent, including Tonbridge. The hon. Member for Maidstone (Sir J. Wells) has told us that he has never heard of *News in Focus*, and it may be that he has not heard of the Department of Transport either.

The room in which the Department has its public consultation material—this was the cause of much ribald laughter on the part of the Department's messengers—is 11 ft. by 8 ft. There were three summaries of the scheme. Apparently the one on the bridge has been stolen. I asked when it would be replaced and the answer was never. To compensate for this lack of information on the schemes, there are over 50 copies of *Mobile and Holiday Homes*. I regret to tell hon. Members who wish to see the exhibition that they are in for a disappointment. It closed on Friday. They cannot see it today.

I have no doubt that hon. Members will refer to defence, economics, employment and health. We are limited in time so I shall restrict myself to the environmental factors that arise. We cannot limit this matter by saying that it is a national matter, and that we should therefore forget environmental factors because they only affect people locally. They are the heritage of us all.



The coast that the right hon. and learned Member for Dover and the Parliamentary Under-Secretary of State for Trade and Industry have the honour to represent is known as the heritage coast, because it is the heritage of each one of us.

The Select Committee on Transport when it was dealing with the environment correctly analysed the matter not as between one group and another, but as between one site and another. However, it missed the most important point of conservation. First, it dealt with the Shakespeare cliff. The four schemes deal with that area. I do not know whether there are bluebirds over the white cliffs of Dover, but if any of the schemes gets going there will be a hell of a mess underneath the cliffs and it will not be the bluebirds' fault, it will be the fault of all the work that will have been done there. That is clear from every report. There is no doubt that it is our heritage that is being destroyed and broken into.

There are a number of sites involved. One of them is Dungeness. It is one of the best known bird sanctuaries. The Royal Society for the Protection of Birds regards it as an extremely important site for that reason.

**Mr. Churchill (Davyhulme):** Dungeness is best known as a reserve for nuclear power stations.

**Mr. Silkin:** Perhaps the hon. Gentleman will listen to me because there is an important point here of which I do not think he is aware. It is important that the site be considered environmentally and Euroroute considers it. It says that the RSPB does not object to Euroroute's plan for spoil disposal, which could, of course, destroy bird life altogether. That has been denied by the RSPB. It says that it objects to the scheme and has told Euroroute so. The RSPB says that the Channel Tunnel Group approached it and asked whether it had any objection and it said that it had. The Channel Tunnel Group does not refer to that point in its report. At least it does not tell the untruth that Euroroute tells. If Euroroute is prepared to tell that untruth, how many other untruths are included in the schemes? That is something with which a public inquiry might have the chance to deal.

Another environmental point is one that the Secretary of State never mentioned. He has perhaps never heard of it. It is marine pollution. The tunnel spoil—the figures are quoted in the reports—amounts to 4 million cu m. If we study what the Channel Tunnel Group says we can see that it does not have the faintest idea of what to do with 1 million cu m of spoil. One of the options that it rejects is to put it into the sea. The effect of that would be appalling. It says that it will not do that. When the economic pressures begin to be a little strong, when it is trying to cut corners and save money—it has been done before—it might do so.

In addition, the seepage results in the loss of 33 million litres of brackish water a day. That is about 7.25 million gallons. There is no suggestion of how that is to be coped with. It is seeping out the whole time and destroying marine life.

The Channel tunnel Group mentions one other matter in paragraph 5.3.2:

"The possibility of hazardous freight spillage means that chemicals potentially harmful to the marine environment could also be discharged from the work area."

All those points are mentioned. The problems are known. Nowhere does it say what the solutions are, because they

are not known. Those matters may all be taken care of in due course. They are all strong arguments for holding a public inquiry.

The final point relates to fish. There does not appear to be an input from the Ministry of Agriculture, Fisheries and Food, and it is rather important that there should be. The most important fisheries laboratory is at Burnham-on-Crouch. It has experience only of the small amount of sand displacement that comes with dredging. It has experimented on that but not on anything of the scale that we are discussing.

There are redeeming features. At paragraph 7.63 Euroroute tells us:

"Because currents in the centre of the Straits of Dover are strong and the bottom is smooth and scoured, sedentary organisms"—

that means cockles, mussels, whelks and so on—

"living along one coast may be unable to reach the opposite one even if their mobile larval stages have a long enough free-swimming life. Piers of the bridge section crossing inshore waters may not only provide additional solid surfaces for the attachment of marine organisms already present, but also stepping stones towards the opposite coast."

Think of it, all the cockles and whelks from Britain will be able to go on package holidays to France and vice versa. Is that serious or does it come from Alice in Wonderland? I think that it is Alice in Wonderland and that the Secretary of State has probably forgotten the "lobster quadrille".

"What matters it how far we go",

His scaly friend replied.

'There is another shore you know

Upon the other side.

The further off from England,

The nearer is to France'."

It is astonishing. When a serious study of fish is done, what about this:

"Further study will be required to establish the importance of this stretch."—

That relates to the heritage coast—

"as a spawning area for plaice and sole."

No one knows what damage will be done. Euroroute continues:

"Figure 7.5 shows the distribution of the major spawning grounds (of herring) in the region of the Straits of Dover as they were in the period of the 1950s and 1960s."

There is no more recent information.

In 1976, as my right hon. Friend the Member for Glasgow, Govan (Mr. Millan) well recalls, he and I had to take unilateral, national action to stop the complete destruction of herring. The subsequent Tory Government gave up the unilateral right. We no longer have it.

After an absolute ban of some years the herring is beginning to recover and return. What will be done with it now if we go ahead with the scheme? No one knows. There is a complete lack of information.

I said that I would avoid matters apart from the environment and I intend to do so, with the exception of one small but rather vital point. A number of us have had some dealings with the French. They contribute much to civilisation and culture, and we love them dearly. However, Silkin's 11th and 12th law of politics tells us this: first, if something is of economic advantage to the French it is most unlikely that it is of the slightest economic advantage to this country. Secondly, if the French ever find that something turns out not to be of economic advantage to them, they will ruthlessly cut it out, whereas we will go to the end.

I recommend to the Secretary of State for Transport—I am sure that he would enjoy it—a trip to Avignon.



[Mr. Silkin]

There, along the river Rhone stands the bridge of St. Bénézet, abandoned half-way across the river because of its appalling cost—a reminder of a vainglorious project which ran out of money long before it reached the other side of the water.

Several Hon. Members rose—

**Mr. Deputy Speaker (Sir Paul Dean):** Order. The House will be aware that a large number of hon. Members wish to speak. I repeat Mr. Speaker's appeal for brevity.

5.59 pm

**Sir David Price (Eastleigh):** I shall do my best to follow your advice, Mr. Deputy Speaker. I shall come straight to the point and declare myself to be a total agnostic on the Channel fixed link question. I make no ideological stand. I do not regard a Channel fixed link as a necessary symbol of Britain's commitment to the European Community—indeed, it would be a highly expensive symbol—nor, conversely, does our continuing failure to build such a Channel fixed link guarantee our national independence. I take a simple and down-to-earth approach. I shall ask a number of questions.

Will a Channel fixed link improve significantly the efficiency and comfort, and reduce the cost, of the transportation of people and freight between the myriad of places in the United Kingdom and the myriad of places on the mainland of Europe to which one might be minded to go or to move freight? How reliable would such a fixed link be? What are the security risks? What are the dangers of monopoly pricing? That last question is one that the Select Committee did not consider in any detail. Will the fixed link create undesirable side effects? What will be the effect on the environment? The right hon. Member for Lewisham, Deptford (Mr. Silkin) dealt with a few of those aspects. Above all, who will pay?

I need not remind the House that one does not get a Channel bridge or tunnel for free. Even if the Treasury refuses to bank the proposal, the nation will still pay. I therefore ask an obvious question which is often ignored because it is so obvious: what is wrong with the current cross-Channel services by air and, above all, by sea? I look forward to an improvement in sea passage due to the efforts of my right hon. Friend the Secretary of State for Transport in getting free cabotage rights for British coastal vessels along the EEC coast. The right hon. Member for Lewisham, Deptford was right about the French in this regard. If they wish to improve communications, they should immediately give us cabotage rights along the French coast.

What is the matter with our present arrangements? The ferry companies have a good record. They have continued to offer a wide range of services geared to the changing needs of their different customers 364 days a year through 11 ports in Britain and 16 in continental Europe. In their document "Flexilink", which we have all received in recent days, the ferry companies have stated the opportunities that are open to them for further development, provided we do not go ahead with a major fixed link. Obviously, it would be rash of the ferry companies to put capital into improving ferry services if there is to be a major new competitor.

I remind the House of what our former colleague Keith Wickenden told the Select Committee on Transport in

1981. I am sure that the right hon. Member for Lewisham, Deptford would not be more censorious about that much more thorough inquiry than he has been about the current one. The report states that Mr. Wickenden

"showed considerable confidence in the ability of existing modes to cope with increased traffic and drew attention to the greatly improved efficiency of the latest generation of cross-Channel ferries which would lead both to greater profitability and a greater ability to compete with other services, including a fixed link."

**Mr. Adley:** Surprise, surprise.

**Sir David Price:** The current Select Committee on Transport has discovered that that is exactly what has been happening. What Keith Wickenden said four years ago is happening now. We do not have a static situation. Improvement is not dependent on the establishment of a fixed link. It is important for the House to recognise that, if a fixed link is operated successfully, most of our ferry services would cease to be commercially viable. Of course, if it is not operated successfully, a fixed link would be an unmitigated disaster.

Lest there be any doubt about what I am saying, I invite the House to look at the handout from Mr. Sherwood who is the promoter not only of ferries but of one of the four options offered to us. He states:

"British Ferries believes that no multi-purpose ferries will survive the competition of the Channel Expressway on the routes between south-east England and the Ostend-Boulogne range of ports, although small day tripper boats offering duty free goods might find a limited market."

Let us be under no illusions—if we go ahead with any of the current fixed link proposals, we shall on the whole be saying goodbye to our ferry services, with all that that entails not only for our merchant marine but for back-up for our defence forces.

Who wants to go from Dover to Calais? Unlike our late lamented Queen Mary Tudor, I suspect that few of us when we go for our post mortems will be found to have the word "Calais" engraved on our hearts. Surely we want something very different. We want to improve the efficiency and convenience of a multitude of journeys, actual and potential, at lower real cost and greater convenience between a great range of starting points in Britain and an even greater range of destinations on the mainland of Europe. For many such journeys currently undertaken, Dover and Calais are irrelevant, so why create unnecessarily a Dover-Calais funnel through which most of the freight and people crossing the Channel will have to be squeezed? I sympathise with the good people of Kent in their apprehensions about the consequences on them of this geographical corset. I have yet to be convinced that my constituents in Eastleigh will travel cheaper, quicker or more comfortably through the corset of Dover and Calais than by the existing air and ferry services.

Although I clearly remain unconvinced—being unpersuaded—of the overwhelming merits of any particular scheme for a fixed link connection, I shall not deny to the proponents of individual fixed link schemes the right to make their case. If their case is overwhelming, it would be wrong for us not to afford them the necessary legislation. That is why I was able to agree with the views of my colleagues on the Select Committee on Transport in 1981 when the report stated:

"If it can be demonstrated that a fixed link could be profitable and would lead to increased competition and improved services to passengers and freight operators, we see no reason why Parliament or the Government should stand in its way. Although



it should not be the function of Parliament to give subsidised support to a new form of Channel crossing which would undermine the profitability of existing modes, it is equally not the role of Parliament to prevent the development of new modes which would fairly compete with existing operators, even if some existing operators were to suffer in consequence."

Nothing has happened in the past four years to change my judgment of that evaluation of the way in which we should all look at these schemes.

I think that we could all agree that there is no overwhelming case—at least I have not read one yet—in favour of any of the proposals. Bridges are clearly not on. The idea of bridges across the Channel push the current state of the bridge building art beyond reasonable risk. The Eurobridge would be three times the length of the longest suspension bridge at present open anywhere in the world, crossing one of the most heavily used and liveliest seaways in the world. As far as I am concerned, the Eurobridge proposal is strictly for the birds.

The same applies to the splendidly eccentric idea of the Euroroute. The kindest thing that I can do for that proposal is to invite the promoters to study the Goodwin sands, learn what happens to islands and sand banks in the English Channel and learn about the ability of mariners—recorded since the days of Julius Caesar—to pile on them.

This leaves only the Channel tunnel project and the Channel Expressway as starters, but I believe that they should remain just that—starters.

I realise that my right hon. Friend the Prime Minister will have to meet President Mitterrand and settle which project, if any, both Governments would support. I suggest that she might find the following lines from one of Voltaire's discourses helpful:

"First character: "Il faut que je vive"—

I must live—

"Second character: 'Je n'en vois la nécessité'—

I do not see the necessity. That is my view on all four proposals. Je n'en vois la nécessité. I do not see the necessity.

6.10 pm

**Mr. Stephen Ross** (Isle of Wight): I have found today's speeches bitterly disappointing. Where is the spirit of Brunel? I support the fixed Channel link, although I should prefer it to be a rail-only link, as I said in 1974. The late Tony Crosland said then that that was not realistic and that we must have a car element. That is one of the schemes which is still before us.

I recognise that, since the project is to be built with private money, it is not acceptable to promote a rail-only scheme. I accept the conditions set by the Government and I support the creation of a fixed link to France. A permanent thoroughfare between our islands and Europe is in the best economic interests of our country. That applies not only to the south-east but to every part of our country—the north-east, Scotland, the north-west, Northern Ireland, Wales and even the Isle of Wight.

I should like the hon. Member for Eastleigh (Sir D. Price) to stand with me on a miserable Sunday afternoon at the bottom of Highgate hill and Archway so that we can watch the lorries merging from all parts of the country. They pour down the route to Dover. We are presented with an opportunity to put that traffic on rail.

As a member of the Select Committee on Transport, I had the advantage of having attended explanatory presentations of the four schemes which meet the two

Governments' guidelines. I was unable to be present at the final meeting, which was rushed. Two of us were missing. I confirm that I support the majority recommendation, as did the other missing member, the hon. Member for Derbyshire, West (Mr. Parris). There was thus a seven to four split in favour of the Channel Tunnel Company's scheme.

That does not mean that I did not find much to attract me in the Channel Expressway proposal. A drive-through tunnel has much to recommend it if it is technically feasible, particularly in relation to the damage to the Kent countryside—although, even with that proposal, a substantial holding area will be necessary in the event of accident, bad weather or breakdown and for customs and duty-free facilities.

The Sunday papers give the Sherwood scheme a substantial boost but the Committee did not make that its first choice, on expert advice. We were told:

"Even for the most optimistic expectations for control of traffic, fluctuations will cause variations in air flow at the intermediate ventilation shaft and the proposals are right to the limit of capacity without allowance for that effect. Detailed examination of the scheme would almost certainly expose other deficiencies, including effects of links between the two tunnels (stated to be at 500 metres intervals) unless these are totally closed."

The Secretary of State's experts will have to examine that. No 31-mile long road-only tunnel exists. The proposed tunnel is at least double the length of any similar existing tunnel. The proposition must be thoroughly investigated.

The estimated cost relative to other suggested schemes is questionable. The original concept has changed from a pair of joint-based tunnels for rail and road to separate tunnels for each, including a twin rail tunnel, which is certainly a great improvement. That proposition was not put to the Select Committee.

The fixed Channel link should offer a great opportunity to our much-maligned railway industry. I hope that we receive firm assurances today that no scheme will be approved unless it provides at the outset for a through rail connection to be built and to be in operation by not later than the opening of the roadway. Euroroute did not originally make such a promise, although it has changed its ground since October.

There appears to be a £100 million gap between the BR/SNCF proposal and the requirements of Euroroute. That must be filled somehow.

I see a real chance for the revitalisation of our rail network through a direct link into Europe, both for passengers and freight. However, we must ensure that British Rail has adequate capital resources to compete on equal terms with the French who have invested so much more in their rail network in recent years.

A recent *Guardian* article was headed:

"Anger as British Rail puts Chunnel into siding."

It stated:

"Whichever option is chosen British Rail will have to invest a further £350 million in new rolling stock and station facilities at Ashford in Kent, and Waterloo."

The article points out some of the charges which promoters will expect to receive from British Rail. We need to know whether the Government intend to provide adequate resources for British Rail above those which have already been provided under the present limitation on capital expenditure which reduces year by year. We hope that British Rail will be able to regard this as separate business on which it can rely for further Government assistance.



[Mr. Stephen Ross]

British Rail designers must be able to match the French all the way, or we might face another takeover bid. That might involve looking to private builders and British Rail leasing back. We must get our fair share of what is on offer and not hand it on a plate to the French.

As the Secretary of State admitted, contracts involving about 1 million ecus will have to go out to tender under EEC rules. British firms should be in the best position to obtain those contracts, but they will face competition. I expect our contractors to win because they are on the spot, but the contracts have to be offered and that proviso must be made.

Local consultation is a difficult question. I agree with the Select Committee that a public inquiry on the lines of Sizewell is a non-starter. That was the view of the late Tony Crosland who, none the less announced in 1974 that all relevant objectors to the proposal should be heard by the Committee. The Select Committee on Transport strongly recommends the same procedure this time, and I support that view. Paragraph 27 of our report set that out.

We have heard speeches on the issue from the right hon. and learned Member for Dover (Mr. Rees) and others. The citizens of Kent are extremely worried, rightly, as are politicians and prospective candidates in that part of the country. Their anxiety is understandable. When the Secretary of State visits Folkestone and Dover next week, he will see for himself the scale of the concern. Many questions will be put to him, particularly about environmental matters.

I appreciate that the Secretary of State went a long way in his speech today to try to reassure us and to explain exactly how the rights of petitioners will be protected under the hybrid Bill procedure.

I wish to put to the right hon. Gentleman the proposal made by John Macdonald, QC, a prospective candidate for Folkestone. He suggested to the Select Committee that a limited local inquiry be set up. He recommended that a person such as the chairman of the Bar Council or a lawyer of comparable experience should be appointed to conduct the inquiry. He said that 20 days should be set aside for the evidence. He thought that that would be sufficient time to test the proposals submitted.

**Mr. Tony Lloyd (Stretford):** The hon. Gentleman has, rightly, expressed the concern of people living in the coastal area of Kent and others who will be directly affected. What reassurance can he give to those who have worries about what will happen to the economy of the north-east of England and of Scotland as a result of these developments?

**Mr. Ross:** I thought I had dealt with that. The building of this link will improve the economy of Great Britain Limited. It is time that we got on with schemes of this sort. One need only think of some of the great schemes of the last century that were good for our economy. The Prime Minister claims to want a return to Victorian ideals. There were some great engineers in the last century, and I am willing to back their modern counterparts to the hilt. I began my remarks by urging the nation to return to the spirit of Brunel. The benefits from this link will wash off into Scotland and the north-east, from where the greatest engineers come. There will be work for all.

We could conduct a short sharp inquiry which would at least give local people the chance to express their views.

That would be preferable to asking people to come to this building and sit in a corridor in the House of Lords waiting to be called. That is a frightening experience, as I know from the remarks of constituents of mine who have done just that. We are suggesting that a barrister or other senior lawyer should be appointed to conduct an inquiry, with legal aid available to those who wish to make representations. Such an inquiry, if it started in January, could be over by 31 March.

As a leading article in *The Observer* rightly pointed out yesterday:

"Having decided to fix the link, let's give ourselves time to pick the best way."

I would add to that: and to give what assurance we can, not only to local people but to people throughout Britain who fear that, once again, all the investment will go to what they claim to be the wealthy south-east. In fact, it is not all that wealthy. For example, unemployment in my constituency is near 18 per cent. and places such as Margate are suffering greatly from unemployment.

In the long run, a fixed rail and road link will help this country's economy. I do not take the view that the ferry services from the north-east, the east coast and Portsmouth and Plymouth will close. They will remain, although what will happen in Dover, Folkestone and Margate is in the lap of the gods. It is understandable that the people in those areas should worry about whether they will lose their jobs or not; I hope that, when the Secretary of State visits those constituencies next week, he will listen to their fears and try to allay them. If a short, sharp local inquiry is needed, let us give ourselves time to conduct one.

6.22 pm

**Mr. Keith Speed (Ashford):** I agree with the hon. Member for the Isle of Wight (Mr. Ross) that there are fears about the local consultation process, although I do not accept that the sort of local inquiry he has in mind would be the answer. I cannot imagine such an inquiry being completed in 20 days; 200 days would be nearer the time required. I have a few suggestions to make about the way in which my right hon. Friend the Secretary of State for Transport might solve some of the problems.

I hope that we are not wasting our time by debating the issue now. I have been worried by some press reports and even by some of the Prime Minister's bullish remarks that seem to give the impression that it is all over bar the shouting and that a decision in principle has been made.

If we are to have assessors of the competence and calibre of Freeman Fox and Schroders, to name but two, it is clear that the Department of Transport and the House will wish to take fully into account their findings on the environmental impact, the financial and technical consequences and the other criteria that the Government have laid down for the differing schemes. It would be inconceivable that, if they found that all the schemes did not match up to those criteria, the Government would bulldoze the House into accepting a scheme that did not meet their criteria.

When the assessments have been concluded with the Department of Transport, I hope that the findings will be available for public scrutiny in a digested form—I accept that there will be a great mass of paper—perhaps as appendices to the White Paper that will be issued. The country has a right to see what the independent experts say



about the four schemes. We are entitled to that information, not least because, as taxpayers, we are paying for the assessments.

I have a strong complaint to make. Other hon. Members have referred to the issue, but not in as strong a way as I propose to cavil about it. My complaint is that the promoters are moving the goal posts although the game has already started. I received, dated 31 October, a great deal of information from the various promoters. It was also, of course, sent to the Secretary of State. The information on the Sealink Channel Expressway—what I say applies to other schemes, too—stated on the first page of the submission to my right hon. Friend:

"British Ferries Limited, the promoters of the scheme, considered carefully the options of constructing independent single or double-track tunnels to accommodate rail traffic, but at the end of the day the economic case for combining rail and road in the same tunnels was too compelling to choose one of the separate rail tunnel options."

We all know what has happened since then. Indeed, on the evening of 13 November, several of my hon. Friends and I had dinner with Mr. Sherwood, the chairman of that company, at which he gave assurances—we have received similar assurances from other people—that the various submissions had been sent in. But there have now been changes.

The important point is not that hon. Members have been misled. My remarks apply equally to the Euroroute proposals which, originally provided for a submerged rail tunnel some years after the building of a bridge, whereas now apparently it is to be a bored tunnel at the same time as the building of a bridge. Both Channel Expressway's and Euroroute's schemes may be better than the schemes originally envisaged, but Kent county council and my constituents have been assessing the schemes on the basis of what they were told in the 31 October submissions. The Kent county surveyor, reporting on the not unimportant business of the disposal of spoil, said:

"Channel Expressway have a far greater spoil disposal problem, some 6.5 million cubic metres. No firm proposals are made, and the cursory attention to this enormous problem in logistics as to train transportation (10 trains a day for four years?), let alone disposal locations, is unsatisfactory. Expectations of possible chalk quarry filling or to former aggregate workings at Dungeness are inadequately examined and could result in very significant adverse environmental impact from the activity."

That was said before it was proposed to bore a separate rail tunnel, which means that that company has doubled its spoil problem.

I trust that the environmental impact assessments that are being carried out by the Department are taking into account the latest proposals that have come in after 31 October for Euroroute, Expressway and for any changes in other routes that other promoters may have made. It is difficult for our constituents, who are trying to grapple with these major problems in a short time, particularly the local authorities, to get to grips with the issues involved when such significant changes are being proposed.

I make these remarks not to knock a particular scheme but to show that some hon. Members and our constituents feel that we are being bulldozed into agreeing to something simply to meet an international date that has been fixed irrespective of the merits of the scheme. As the Minister who moved the original tunnel measure 11 years ago and who believes basically in the concept of a fixed link,

subject to some strong and important reservations, I claim that what is happening in connection with those changes is fundamentally wrong.

What questions should we be asking in considering the various schemes? The first question is whether a scheme is needed, when in the first eight months of this year 520,000 heavy lorries went through Dover. Those of us who live in Kent know only too well that that number is increasing all the time. There has been an enormous growth in car and lorry traffic.

Secondly, we must ask whether, if we are to have a scheme, it should result in a monopoly or whether there should be competition. Any scheme that drives surface routes away from, say, Newhaven to Harwich would result in a monopoly situation, and that would not be in anybody's interest, least of all the consumer and British industry.

Thirdly, are we sure that no public money is involved? Extra investment will be needed outside the particular links. My figure for the rail investment for British Rail is £390 million. I want a 100 per cent. secure financial guarantee from the promoters that if, for whatever reason, they have to abandon the scheme, there will be enough money to abandon it safely and properly. This must be looked at, and no doubt is being looked at, by the Department of Transport.

We hope that the links can provide a 24-hours-a-day, seven-days-a-week service unaffected by weather and the problems in the Channel to which my hon. Friend the Member for Eastleigh (Sir D. Price) and others have referred. There would be a substantial advantage in maintaining the continuity of service. We sometimes forget that transport is an extension of the production lines of our industries, and that we must export to live.

I say to my hon. Friend the Minister, as I did when he came to Ashford, that whether or not we like it, and whether or not a link comes, the existing road system in Kent needs massive improvement. I welcome what my right hon. Friend the Secretary of State said about the M20 and the A20. The east-west communications, particularly the A259 and the A2070, are inadequate. I draw the attention of my right hon. and hon. Friends to the answer that I had from another Department of Transport Minister on 20 November showing that there will be no improvement to all major roads from the east to the west of Kent, and any plans are in suspension. The Brighton bypass, the Hastings bypass and the Eastbourne bypass are planned as far as the Kent border, and then nothing.

My hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) can amply testify to the need for improvements in the road system from his experience of dealing with the problems in his constituency, just as I have to deal with such problems in my constituency. The improvement of the A28—the Hastings, Tenterden, Ashford, Canterbury route—is not the answer, as my hon. Friend the Member for Canterbury (Mr. Crouch) will know, unless we wish to smash many charming Wealden towns and villages.

Any link to get my support must have a substantial rail element. British Rail reckons that it can operate daily through the Channel tunnel or the Expressway route, 16 rail freight trains each way. That will be equivalent to transferring from road to rail some 365,000 heavy lorries a year. That is a tremendous prize, with a substantial environmental gain to be won. It is equivalent to about half the annual number of heavy lorries moving through the



[Mr. Keith Speed]

port of Dover now. I have heard very little about these positive points from the promoters, from British Rail, my right hon. Friend the Secretary of State, or anybody else.

If I have the figures wrong, I hope that my hon. Friend the Minister will correct me when he makes his winding-up speech. If I have not, these points should be underlined. The employment and development prospects for east Kent could be substantial, particularly in my constituency, if there were to be an international passenger station there. Government help for areas such as Dover—Ashford is the growth point for Kent in the strategy plan—would be an advantage.

My hon. and learned Friend the Member for Folkestone and Hythe, as the House will understand, is unable to speak in this debate because he is a Minister in another Department. However, he has been assiduous on behalf of his constituents. He recognises that any decision will have to be taken in the national interest. We will have to ensure that full weight is given to the impact of the schemes on east Kent, and particularly on Folkestone and Hythe. Environmentally, my hon. and learned Friend believes that the Channel Tunnel Group proposal would inflict considerable damage to the amenities of the affected area, particularly the villages of Newington, Peene and Frogholt. He feels that the Euro-route scheme would have far-reaching consequences for Dungeness and its effect on the fishermen of Dungeness, who are the heirs to an ancient tradition, will be damaging. He believes that the Channel Expressway would do less immediate damage, but there are still many queries about this route. In other words, my hon. and learned Friend, who is my constituency next door neighbour, is saying that there are considerable problems with every one of the links.

My hon. and learned Friend has already negotiated a compensation arrangement with the Channel Tunnel Group to cover the most drastically affected area. If any scheme goes ahead, he will ensure that a careful watch is kept on it, and he will be working hard on the details. As a Minister, he can sometimes be much more effective than Back Benchers, so the rights and safeguards of his constituents can be properly looked after. Those of us who know my hon. and learned Friend and how active he has been so far on behalf of his constituents appreciate that he will discharge his responsibilities well. He is in close touch with my right hon. and learned Friend the Member for Dover (Mr. Rees).

We have talked about this project for a long time. As I said in an intervention to the hon. Member for Aberdeen, North (Mr. Hughes), it is all very well talking about a public inquiry. That would take a long time, and for many individuals the problems of blight would be substantial. Nevertheless, I feel that this rush over the past few weeks and to come over the next few weeks, the substantial changes that have taken place in the schemes and the real fears expressed by the people of Kent show that there is a substantial responsibility on my right hon. Friend the Secretary of State for Transport, his Department and the Government generally. They must ensure that when and if a decision to go ahead is made, the fullest possible information, including information from the independent assessors, is provided for the whole country, so that an informed and meaningful debate can take place.

I shall be supporting the Government tonight, but they must not take my further votes for granted, because I shall

want to know what the assessors say and what the scheme is. For example, from what I have said it is unlikely that I could support a bridge scheme. We shall have to take both a national and a local view. We must reach a decision. If it is negative, let us forget about it until we are dead and gone, and, if it is positive, let us go ahead and make a success of it.

6.37 pm

**Mr. Bruce Millan** (Glasgow, Govan): The hon. Member for Ashford (Mr. Speed) has given us two speeches for the price of one—he also told us what the hon. and learned Member for Folkestone and Hythe (Mr. Howard) felt. However, he did not tell us which way the hon. and learned Member would be voting—I suppose that it will be with the Government, at least for tonight.

I agree with the hon. Member for Ashford to this extent. It is highly unsatisfactory that the promoters have been making significant changes in their schemes after the closing date of 31 October and while the Select Committee was taking evidence from them. It is relevant to mention that point in connection with the criticism that has been expressed from both sides of the House about the Government's timetable and the way that they are rushing to take a decision in January. They argue that as we have been thinking about the Channel tunnel for 100 years, we must make up our minds. The retort to that is that, if we have been thinking about it for 100 years, a few months will not make any difference, and if that is so it is extraordinary that, in the past few weeks, the promoters have been making significant changes to their proposals.

I am not persuaded by any of these schemes and will not vote for any of them, whether or not we have a public inquiry. We should have a public inquiry. The arguments from the Secretary of State against one are extraordinary and bite into the whole concept of a public inquiry for planning purposes. He said that developers would not like a public inquiry because it would cause a delay. Speaking as a former planning Minister, I can say that that argument is used by every developer about every public inquiry. They say that if we have a public inquiry it will cause delay and the development will go away.

It was disingenuous of the Secretary of State to suggest that the Government have not made up their mind. Obviously, they have decided that there will be one scheme, even if they have not decided which it will be. The whole tenor of his speech was that there will be a scheme of one sort or another. If this is such an exciting concept, a little delay should not discourage the promoters. Equally, a public inquiry would allow us fully to expose and deal with the many worries felt not only by Labour Members but also by Conservative Members. I do not believe that the hybrid Bill procedure will be a satisfactory alternative to a full public inquiry.

I agreed with virtually everything said by the hon. Member for Eastleigh (Sir D. Price). He declared himself a Channel tunnel agnostic, and that makes me an atheist. He asked whether we needed a Channel tunnel and whether the existing services were inadequate and unable to cope with developments in the next 20 to 30 years. There can be only one answer—we do not need a fixed link. There is no suggestion that the existing services are unable to cope at present, nor is there any suggestion that they will be unable to cope in the foreseeable future.

That does not mean that under certain circumstances a Channel fixed link would not have certain marginal



advantages for some users. I do not dispute that, but there are many things on which we could spend money whose advantages would be far more than marginal. I could list many of them in my own constituency and for Scotland generally. We are not proceeding with such schemes at present, even though, like many of my hon. Friends, I believe that they have a greater priority than any marginal advantage that may arise from a Channel fixed link.

Some of the brochures give the impression that a private car will be able to be driven on to the fixed link within two minutes without customs or any other difficulties. That seems too good to be true and will be far removed from reality if a fixed link is actually built.

**Mr. Adley:** Will the right hon. Gentleman give way?

**Mr. Millan:** I know the hon. Gentleman's views. He is in favour of railways, here, there and everywhere, and I have much sympathy with him.

Although I am not in favour of any of the schemes, if I had to choose I would say that the Channel Tunnel Group scheme would have the fewest disadvantages.

**Mr. David Marshall:** Does not my right hon. Friend agree that there will have to be tight and strict controls to eliminate the possibility of rats or other animals using the fixed link to bring rabies and other endemic continental diseases into this country?

**Mr. Millan:** That is only one of the problems that spring to mind. There would also be considerable security problems.

It has been argued that, as private capital is involved, we need not worry because the market will take the risks. That is utterly absurd, but it is part of the absurdity of the Government's economic policy: it is fine if the Channel tunnel is built by private capital, whereas if it were built by public capital it would be a tremendous strain on the country's resources. In fact, the impact on the country's resources will be exactly the same whether the link is financed by public or private capital. If spending money on this kind of infrastructure project is good for the country, as the Government suggest, similar amounts of money spent on other infrastructure projects would be equally good and would be far better for the regions.

**Mr. Robert C. Brown** (Newcastle upon Tyne, North): As a former Cabinet Minister, my right hon. Friend will recall meeting deputations. I recall meeting a high-powered deputation of councillors from Essex and Kent who demanded the right to spend their own money to dual the Dartford tunnel. We did not allow that and told them, "It may be your own money, but it is coming from national resources." The same sort of arguments are obviously being put by the present Government because that tunnel has still not been dualled.

**Mr. Millan:** My hon. Friend has made an important point. The impact on resources is exactly the same whether it is private or public money. In any case, all this will not be decided by private enterprise, because the basic decision will be made by Government, and we trust that they will take account of the wider national interest. They should not take their decision solely on the basis of which project is economically the most desirable and attractive.

The Select Committee's 1981 report and its most recent report, together with the Anglo-French study group report, made it very clear that in that national interest a Channel fixed link must not destroy the existing ferry structure.

There are many sound national reasons for taking that view—for example, security and defence, and what happens if there is a breakdown in the fixed link and it has to be closed for major repairs. If that is an important consideration—I believe that it is vital—that in itself excludes some of the schemes that the Government are presently considering. On that consideration alone, the only scheme with merit, albeit marginal, is the Channel Tunnel Group project.

This also has important implications for pricing policy. In practice, it will not be possible to allow the ferries to determine one pricing policy and the fixed link another. If that happened, one or other could go out of business. Therefore, the Government will have to be involved in important matters of pricing policy, which in turn will affect economic viability. Private enterprise alone will simply be unable to determine these matters for itself, especially if we have a Government who are looking at the wider national interest.

What happens if the fixed link is half built, costs have overrun and the promoters want to stop building? It is politically absurd to think that the Government will say, "Stop. There is no more money to come." This British Government may be mad enough to abandon the project, but no French Government will allow that to happen. To my mind, it is financially and politically absurd to imagine that at the end of the day, there will be no public money guarantee.

Similarly, once the tunnel has been built, it is idle to believe that if it gets into financial trouble, the Government will simply stand aside and say, "You can just go bankrupt. It is of no importance to us. It is a normal commercial bankruptcy."

We are dealing with matters in which the Government are essentially involved and will continue to be involved. It obscures the issue to pretend that Government money is not involved one way or the other and that this is exclusively a matter for private enterprise.

I now turn to the wider environmental and economic considerations. Obviously, the impact of the fixed link will depend considerably on which project is chosen. I shall leave aside the jobs during the construction phase, not because they are unimportant, but because they will have short-term benefits. Some of the claims, such as those of Euroroute that all the work will be carried out in Scotland and the north of England, are absurd, and do not stand up to serious examination. It is not the immediate effect of the construction phase that is important, but the long-term effect on different areas.

The environmental effects will undoubtedly be bad in the south-east. There is no way in which any of the schemes can be tailored to prevent environmental damage in the south-east. If a scheme went ahead, there would immediately be a net loss of jobs and in the long term, a fixed link would act as a magnet, and attract further industrial development to the south-east, which is already the most over-crowded and economically prosperous part of the United Kingdom. The facts of geography are such that that will inevitably happen. Indeed, if that does not occur, it will mean that the fixed link has not been a success. The fixed link will either attract more business as a whole, or more of the business from cross-Channel crossings to the south-east. The real benefit in terms of economic and industrial development will ultimately go to the south-east.



[Mr. Millan]

That may be all right for the French because the Pas de Calais region is economically backward, but for us, it is entirely different. We need development, not in the south-east, but in other areas, which, contrariwise, will be adversely affected by the development. That will indeed be the case, if the scheme is geared to the railways. The idea that the north of England and Scotland would gain more benefit than the south, if we had a better railway system, is absurd. If the railway system is improved, all parts will gain, and Scotland will not gain more than other parts.

The Scottish Confederation of British Industry foolishly said that it had no view about the Channel fixed link provided that the A74 was improved. That is absurd. When my hon. Friend the Member for Glasgow, Shettleton (Mr. Marshall) asked the Secretary of State for Transport whether the A74 would be improved if the fixed link went ahead, the Secretary of State said that he did not see the relevance of the question. That is what is wrong with him and the other members of the Government. They do not see the relevance of the project to Scotland, the north of England and other depressed regions, but we do. If the project goes ahead, it will widen the north-south divide, it will not be welcomed in Scotland or the north, and it will increase the economic disparities between the different parts.

The project is not needed. The Government are pushing it through on a timetable, which is outrageous. It will do a great deal of economic damage to the most vulnerable areas, and it is being introduced by a Government who have abandoned many of the tenets of regional policy which successive Governments have followed since the end of the war. That is why I shall not only vote against the motion tonight, but shall continue to do so, whatever the Government's decision is.

6.54 pm

**Mr. David Crouch** (Canterbury): Much as I respect the views of the right hon. Member for Glasgow, Govan (Mr. Millan), as a spokesman for Scotland, I do not see why he should tell the House that an advantage to Britain which gives greater advantage to the south-east than to the north is wrong. He has every right to speak for Scotland's interest, but we are talking about an overall advantage which could arise for Britain, not whether it is more beneficial for one part than another. I hope that my speech will be short. I want only to talk about the south-east.

I am in a difficult position. It was illustrated this morning when I went to a BBC studio which was about 70 miles away from my hon. Friend the Member for Thanet, South (Mr. Aitken), who was in a BBC studio in London. We had a conversation together with a charming lady. She was in London, and I had not met her. She said, "Mr. Crouch, you must be in a difficult position. I understand that you are in favour of the tunnel, but your constituents are almost wholly opposed to it." That is, indeed, the case. That is my problem, and I have sought to explain to the House and the whole nation, particularly my constituents in Canterbury and east Kent, why I shall not follow their advice. About 80 per cent. of my constituents are wholly opposed to a fixed link.

I have sought advice from the greatest of all advisers—a parliamentarian who lived 200 hundred years ago called Edmund Burke. In 1774 he said

"parliament is a deliberative assembly of one nation, with one interest, that of the whole; where, not local purposes, not local prejudices ought to guide, but the general good, resulting from the general reason of the whole".

What good advice! I rest my position on it. Although I represent Canterbury and east Kent, I am concerned about the good of the whole, while we deliberate this question.

I recognise the two views about a Channel link—for and against. I wholly appreciate the strong arguments advanced by those who oppose the link, and I have listened to them with interest today. However, I have always believed that there is an advantage in having a fixed link. It is simply stated: as my right hon. Friend the Secretary of State said, with 64 per cent. of our overseas trade with the continent of Europe, we must have a much better line of communication than we have by relying on an uncertain sea passage. I see no other arguments.

Has any hon. Member not experienced what it is like to travel to Dover? One ends up at Dover Priory, alights at that wretched station, boards a wretched bus for the western docks and boards a boat as a foot passenger. It is a thoroughly uncomfortable way of travelling. Moreover one must hump one's luggage. Even if one is unable to carry it all, one receives no help—there are never any porters—and one is never sure whether one is on the right platform or quayside. Only last week a friend of mine returning to the United Kingdom was delayed one hour and the ferry paraded up and down in front of Dover harbour entrance, unable to pass through because of the rough weather.

Only last September after a splendid trip to Geneva, and having stopped off for an extra lunch in Paris, I arrived at Boulogne on a beautiful summer's evening, expecting to get the hovercraft, only to be told that there had been a storm in the Channel and that the hovercraft was cancelled. I then had to take a slow train to Calais—it was rather a devious trip—to join a great, empty ferry boat. Again I had to hump my luggage, and many older people than me, believe it or not, had to do the same. I could not even help them because I was laden with luggage having been abroad. Has any hon. Member ever tried to climb the stairways on those ships to reach the top deck where the bars are? They are extremely steep, and it is hard to do so.

We thought that the French ferry boat would be empty and that we would have a pleasant, quiet voyage on what was now a calm sea. Then 40 motor coaches arrived from a Belgian beer festival, loaded with my fellow countrymen who had been enjoying the festival for two days, so it was not such a calm and comfortable journey back to Dover Priory. At Dover Priory one faced the awful difficulty of finding a bus, with the added possibility of missing one's train. Clearly, I like the fixed link and I do not need to go further.

On a serious note, there is a price that has to be paid in this country, and in east Kent in particular. East Kent is used to that experience. We had to pay a price in the last war. Dover and Folkestone were in the front line. They were shelled every day from the other side of the Channel, and in return we were shelling the French coast. The area was then known as Hell Fire Corner. We did not complain in east Kent. We took it on the chin. People in the rest of the country praised us. There was a price to pay: we suffered casualties, as the whole nation knows.

Today, in peace-time, we shall also suffer some casualties from a major industrial and economic project,

the Channel fixed link. There will be a loss of jobs in Folkestone and Dover and probably in some other ports around the coast. There will also be backwater areas left in Kent. They will be bypassed by the magnet of the fixed link and the roads that lead to it. I am thinking of the constituency of Thanet, North, and possibly Deal and the area going right round through Herne Bay to Whitstable on the north Kent coast. That last town is in my constituency. Those places are already backwaters and are not part of the industrial achievement, progress and riches that epitomise much of the south-east of England, because unemployment in those areas is touching 22 per cent. today.

With the magnet of the fixed link, and the main motorways that will lead to it, I can visualise those areas becoming sad backwaters, with people not even bothering to go to them, as they drive to London at about 70 mph. Therefore, attention must be paid to planning. It is not the task of my right hon. Friend. The Department of the Environment and the Department of Trade and Industry will have to be concerned with the planning aspects of the fixed link. Indeed, the whole Government will have to be involved in ensuring that the problem arising from loss of jobs in east Kent, in the backwater areas, is alleviated by good planning and good communications. My hon. Friend the Member for Ashford (Mr. Speed) has already made that point. Another problem which is already on the horizon in Kent is the possible decline of the coalfields.

Kent will pay a high price for what is coming, but we know that we shall also have some gains. New jobs will be created within the next 25 years if the fixed link goes ahead. In the construction period, thousands of jobs will be created across the country, perhaps 50,000, but not all in Kent. Much of the fabrication will be done in the north-east and north-west of England, and in Scotland, in the major industrial constructing areas, but, or course, there will be great activity in and around the bridge or tunnel entrance and on the roads that lead to it.

The Secretary of State mentioned what the road development would be, but I ask him not to underestimate the effect of the magnet of the tunnel when planning the size of the motorway. Last week a friend of mine was held up on the M25 near Reigate for two hours, missing every engagement. That was because of one lorry jack-knifing on a three-lane motorway and causing a tailback which took two hours to clear. I hope that my right hon. Friend and his experts will study the problem very seriously and plan for the future. The M20 that feeds the tunnel entrance should be at least a four-lane motorway of the sort that is found in the United States.

**Mr. Dalyell** rose—

**Mr. Crouch:** I hope the hon. Gentleman will forgive me if I do not give way, as many other hon. Members wish to speak.

A big motorway will be a better safeguard for Kent than a small one. A small motorway will drive people on to the side roads to find other ways to the tunnel. A big motorway will enable the traffic to be properly contained. I want to see proper planning and controls to ensure that the development to which the project will give rise will not run riot or run roughshod over Kent.

I am particularly thinking of the industrial and commercial development that will of necessity, in the next 25 years, grow up around the road to the tunnel portal. I

can remember what happened on the Great West road in the 1930s. It is the most interesting example of rather haphazard modern industrial growth. We do not want haphazard planning now. We do not want the haphazard approach of saying that it will create a great number of jobs or of saying, "Come down to Kent", to the dismay of hon. Members in the rest of the country. We must create only the right amount of industrial development. A great sprawl of industrial development on the road to the tunnel would wipe out the Garden of England. That would be a tragedy. It would mean losing part of our precious heritage. It is not necessary for that to happen. We want some industrial development, but let it be properly controlled and constrained.

A nation such as ours, which can produce industrial growth, with modern communications such as we are contemplating, should also be planning to avoid any destruction of our heritage and our countryside. In Kent, we do not want to lose the Garden of England, neither would the rest of Britain like to see that despoilation of the countryside. I believe that the whole House—not just the Kent Members—will want us to embark on this great project in a 21st century and not a 19th century manner.

7.7 pm

**Mr. Tony Lloyd** (Stretford): Nothing symbolises the debate better than the contributions of my right hon. Friend the Member for Glasgow, Govan (Mr. Millan) and the hon. Member for Canterbury (Mr. Crouch). Their speeches illustrate the great gulf that has been emerging between the two Britains over the past decade or so.

The hon. Gentleman rightly talked of the need to preserve the garden of England and everything that is fine about Kent. Those from our end of the nation would support him in that endeavour, but for the north of England and Scotland the test tonight is whether the House believes in the concept of one nation, and whether it believes that it will be making a decision in the interests of that one nation or in the interests of one narrow region that is already the richest part of the country. My constituents want to know whether they are considered to be relevant to the decision-making of the Government.

The Prime Minister has already said that she had the political will to carry through the fixed link. Obviously, she has made up her mind that it will go through, but no great arguments have been put forward by the Government in support of the project. I agree with my right hon. Friend the Member for Lewisham, Deptford (Mr. Silkin) in his comments about the quality of the report of the Select Committee on Transport. Nevertheless, the question which hung persistently over the Committee's recent inquiry was whether there is any need for a fixed link. The Committee has not received any very satisfactory answer. It is scandalous that, prior to what should be an important debate, we have no answers to that fundamental question.

Many areas to the north of the south-east of England are being despoiled by the recession and have a genuine fear about the future. Inevitably, they feel that the decision to invest billions of pounds in one region, the south-east, is to their detriment. Let us make it clear that the resources that go into the fixed link are the resources of the nation. They are part of the finite resources that will not be invested in Scotland, the north of England, Wales or any other part of the United Kingdom. Since 1977 the north of England has seen the loss of nearly 750,000 jobs, which



[Mr. Tony Lloyd]

represents nearly two thirds of job losses in Britain, so we are inevitably concerned, not about whether the project will be of benefit to that one region, but about whether it continues the now almost automatic tendency of the economy to marginalise the north of England. We are not prepared to accept that marginalisation in the north. My right hon. Friend the Member for Govan was right that the pull and the attraction of the south-east of England and the north of France is stronger than that which we in the north of England or Scotland can exercise.

**Mr. Churchill:** Does the hon. Gentleman not have the vision to see that when industrialists in Trafford Park, which rests in both of our constituencies just outside Manchester, can put their products on freightliner trains leaving at 8 o'clock in the evening and arriving with their products in the heart of Europe in Frankfurt or Milan, 24 or 36 hours later, we shall be able to compete on a level footing in our principal markets?

**Mr. Lloyd:** I do see that, and I would welcome it if it were one-way traffic, but it is not. I can also see the day when the distance between the north of France and London becomes less than the distance between Manchester and London. I can see the day when the decision taken in the City of London, where unfortunately most of the decisions that affect Trafford Park take place—whether it be Lord Weinstock in Stanhope Gate or the decision-makers from any other company in Trafford Park—will not be about whether to locate in Trafford Park but about whether to locate in France. It will be easier to serve the dominant region of Britain from continental Europe than from parts of the United Kingdom.

Whether hon. Members want to accept it not, the problem of the north-west of England is not one of trying to attract mobile investment because that has all ceased to exist under the present Government. The real problem is to hang on to the companies that we have. I quote from Les Boardman, the managing director of the Greater Manchester Economic Development Council, who said in a recent *Financial Times* article concerning Greater Manchester that:

"unemployment could be 'reduced appreciably' if more was done to encourage established companies to expand locally rather than further afield."

The decision to build a fixed link will make that not easier, but more difficult. In the same article the *Financial Times* journalist talked of the infrastructure needs of Greater Manchester and the advantages that the area has. He said:

"These positive advantages, however, cannot conceal infrastructure deficiencies."

He went on to say:

"As with so many of the county's problems, more cash would make their impact much less severe."

The reality is that if we are investing in infrastructure in the fixed Channel link, we will not be investing in the infrastructure in the north-west of England or other parts of the United Kingdom.

It is ironic that the south-east has almost the converse of those problems. Conservative Members have already made that point. There is unemployment but there is also the matter of the M25, which has been described as a virtual traffic jam. House prices in the area are already twice what they are in the north of England. It is expected that over the next 30 years around 1 million more people will move into that region. The condition of life for many

people in the south-east is beginning to be considered unacceptable. However, the fixed Channel link will exacerbate all those tendencies and the regional differences between the north and the south.

We are entitled to say to the Secretary of State and the hon. Member for the Isle of Wight (Mr. Ross) that we do not believe their well-meaning comments that everything will be all right for the north of England and Scotland. That does not figure in the experience that we have of the way in which the economy has worked and it does not account for the way in which the economy is currently working. It is extremely unlikely, with a Government who have no regional policy and do not attempt to implement any form of regional thinking, that the recovery will begin to work in that way.

I share the atheistic views of my right hon. Friend the Member for Glasgow Govan about the Channel tunnel. In all circumstances it is extremely bad news for many parts of Britain. I shall do what I can to see that any fixed link is frustrated because it does not serve the needs of the area that I represent. The ultimate test is that it does not serve the need to keep the nation together. It would be foolish for any hon. Member to believe that the north of England or anywhere else in the country will put its head willingly into the noose. The worst feature of colonialism in days gone by was that it allowed no obligation to those who lived in the colonies. Unfortunately, the Government increasingly treat the north of England as their colony. They do not consult the area, have no obligation to it and take it for granted. They do not believe that the north has any role in the future of the country.

We do not see industry coming to the north under the Government because we do not have the regional policy that we need. The minimum that we want is reassurance on the fixed Channel link. What are the precise job implications for the north of England and Scotland? Unless the Secretary of State is prepared to tell us, we do not accept that the link is good for the nation because we are not considered to be part of the nation. What hidden costs are there? What are the £350 million that was quoted as being needed by British Rail? What are the £30 million that Kent county council says that it will need if a fixed Channel link goes ahead?

**Dr. Norman A. Godman** (Greenock and Port Glasgow) *rose*—

**Mr. Lloyd:** I hope that my hon. Friend will forgive me, but I have nearly finished.

Will those hidden costs be paid for by the taxpayers throughout Britain as a hidden subsidy, as already happens in other areas? The north of England will not accept its colonial role.

The Channel tunnel is a matter of great concern. It is fundamental to the way in which the nation is governed. In the north of England, or so-called peripheral region, we do not believe that the Government are the Government of one nation. They are a divisive Government of one region. The fixed tunnel link is one part of the process of separating the nation down the divide between the south-east and the rest.

7.18 pm

**Sir John Wells** (Maidstone): I wish to remind the House that the volume of traffic that is already going to the narrow Dover ports—what my hon. Friend the

Member for Eastleigh (Sir D. Price) described as the corset of Dover—is vast. Our real problem in Kent is to make life tolerable for the people who live there with the influx of modern traffic. It is my belief that if we have a good fixed link we will have better infrastructure, which will be paid for substantially from the proceeds of the hybrid Bill, not by the ratepayers of Kent. It will benefit us in many ways.

I think that the fears that have been expressed about the lack of a public inquiry are ill-founded. There can be no doubt in my mind that two Select Committees under the hybrid Bill procedure, one in the House and one in the other place, are the highest possible form of public inquiry.

I apologise for seeming cavalier in what I am about to say to hon. Members who have served on the present Select Committee on Transport, but I believe that what one might loosely call the Crossman Select Committees do a shallow, inadequate, publicity-seeking and generally pretty useless job.

**Mr. Ron Lewis** (Carlisle): Not all.

**Sir John Wells:** Not all, but in general.

The problem is that the British public have seen some of the publicity-seeking shallowness of the Crossman Select Committees, and they do not appreciate the proper in-depth work that can be done by an old-fashioned hybrid Bill Select Committee appointed for that purpose, with the good will of the Government and, perhaps more important, the Court of Referees, who are, after all, the people who decide what will be competent to be considered.

If we are to have that great procedure, it should set people's minds at rest, but I believe that it is up to my right hon. Friend the Secretary of State to sell that idea in Kent. It is up to my right hon. Friend also to sell the idea in Kent that the infrastructure will be improved at Treasury expense.

I do not want to bore on too much about our county. Various hon. Members have spoken with a tear jerk about the garden of England. Let us face it—the garden of England will be destroyed by the incompetence of the Ministry of Agriculture, Fisheries and Food far more than by the competence or incompetence of my right hon. Friend the Secretary of State. He can only do us good.

The right hon. Member for Glasgow, Govan (Mr. Millan) was at pains to point out that all the projects will be bad for his part of the country, and that there will be a magnet for jobs. My hon. Friend the Member for Canterbury (Mr. Crouch) said—and I suspect that in a few minutes my hon. Friend the Member for Thanet, South (Mr. Aitken) will say—that they will be bad for jobs in their part of the country. They all talk about the magnet. Which area will get these wonderful jobs that are to be created? The magnet that we hear about so much displeases Govan and seems to displease Canterbury and Thanet. Let us be realistic. If there are to be real new jobs and advantages for the unemployed, the lines of force—if I remember my physics right—are what we need to look at. We need to see the flow of electricity and consider where it wishes to go.

The problem that we shall be up against is in niggardly planning regulations and small-minded planning attitudes. Therefore, my right hon. Friend has not only the duties of educating and helping with the infrastructure but of

continuing to liaise, as he has already begun to do very well, with Kent county council to make sure that planning is firm so that we do not deprive Govan or Stretford of their jobs, and that suitable jobs in limited situations are fairly near the portals, but not so that they make the immediate environs of the tunnel unacceptable.

Great play has been made about the 6.5 million cu m of spoil that will be generated. How much depends on which project is accepted. For many years I knew intimately one of the great gardens of England situated near the portal of the old Great Western Railway from Somerset to Devon. That garden was constructed in and around the spoil that had come out of the Whiteball tunnel. It is only 1 mile long, and is only a single bore. If we are to have four-bore tunnels 22 miles long, there will be 100 times more spoil. If the spoil from 1 mile created a great garden—no more than that, but not a suburban back patch—the spoil from 6.5 million cu m can be seen in a better perspective. It can be considered as potential landscaping for only 100 great gardens. That may satisfy my hon. Friend the Member for Canterbury, who wishes to assist the garden of England, but I had to make that point to get the spoil into perspective.

Similarly, the environmentalists who are so passionate about what will or will not be lost must try to get their anxieties into perspective. My right hon. Friend has a fourth duty—to meet and talk to the environmentalists and get experts from his Department to be more sympathetic to them. The environmentalists are genuinely anxious. They express themselves pretty badly, very vociferously and fairly unpleasantly, but a man of my right hon. Friend's charm and sweet nature should woo them to a bit of reasonableness.

7.23 pm

**Mr. Ron Lewis** (Carlisle): I do not want to enter into an argument with the hon. Member for Maidstone (Sir J. Wells) on Select Committees, but he was a little off beam when he labelled most of the Select Committees as inappropriate and a complete waste of time. That was a little too much. Nevertheless, he made his profit, and I appreciate that.

The only person who so far in the debate has come down on one side is the hon. Member for Canterbury (Mr. Crouch). To be fair to him, in his introduction he explained his position as a Kent Member. I appreciate the problems that Kent Members have with their constituents and the project, but he is the only one who has come down in favour of one of the schemes. I want to be the second to do so.

First, I should declare my interest. Right up to the moment when I came to the House, I was employed by British Rail. For many years, right up to the present day, that has entailed my being a fully paid-up member of the National Union of Railwaymen. Over the years, the NUR has always supported a Channel tunnel link between here and the French coast. We favour the Channel tunnel route. Despite what has been said by my right hon. Friend the Member for Glasgow, Govan (Mr. Millan) and my hon. Friend the Member for Stretford (Mr. Lloyd), the union, having considered the matter over the years, feels that a link such as the one that is envisaged will be beneficial not only to railwaymen in all parts of the country but to the country as a whole. We argue the Channel Tunnel Group's case.



[Mr. Ron Lewis]

The railway unions, which have met their counterparts in France, believe that there is a case for a fixed link. It will be beneficial for Britain's economy and its construction will stimulate employment and industry. A fixed link will ensure that Britain obtains maximum benefit from the already growing trade with the rest of Europe. It will enable the increasing tourist trade to be handled with more speed and convenience than it is at present. Such a link will be unaffected by adverse weather conditions.

**Dr. Godman:** The local economy in my constituency would be stimulated only if the Euroroute were introduced, because Scott Lithgow would play an active part in the construction. Otherwise—and I declare an interest—there would be little or nothing to stimulate the Scottish economy.

**Mr. Lewis:** I am grateful to my hon. Friend for his intervention. The Channel Tunnel Group estimates that for the north of England and Scotland the link will mean 6,470 jobs; for the east and the west Midlands 16,250 jobs; for Kent 1,750 jobs; and elsewhere 530 jobs. It will be beneficial for steel in my hon. Friend's constituency because of the boost to the economy. The NUR believes that such a link will help to stimulate the economy.

The link will benefit the railways. A rail link will reduce journey times to continental destinations for passenger and freight traffic and will enable more frequent services to be made available. Whether we like it or not, a vast proportion of British people would never attempt to board an aeroplane because they have a dread of flying. Many people dislike crossing the sea, especially the Channel, because of currents and other hazards. If we had a rail link, people from Manchester or Scotland could board a train and go direct to the continent without the hullabaloo that they experience now. Those people would benefit considerably from the rail link.

British Rail will begin with 16 freight trains a day in each direction compared with the present three or four freight connections with ferry services. That alone would benefit industry. The hon. Member for Canterbury, who has just left the Chamber, said that container traffic could be put on a wagon, for example, in Scotland and travel direct to its destination. Over a long distance, such as 250 miles, it is much cheaper to use the railway network than the road network.

**Mr. Roger King** (Birmingham, Northfield): Will the hon. Gentleman confirm something that has always intrigued me—that the British Rail loading gauge is smaller than the continental one? British rolling stock will be able to amble over the entire European railway system, but European rolling stock will be restricted to Britain. Therefore, there are greater opportunities for our manufacturers of rolling stock.

**Mr. Lewis:** I agree with the hon. Gentleman that that will be beneficial for us, but that is a matter for the Europeans.

Assuming that the link goes ahead, it will benefit the railways which have been run down. It is estimated that from the first year of operation, which some people believe could be in 1993, container traffic will increase by about 7 million tonnes by the year 2003.

The NUR supports the construction of the tunnel because it believes that it will be beneficial to the country as a whole. We can only hope that the Prime Minister, who will be meeting the President of France, will not show the hostility towards the railways that she has shown in the past.

7.36 pm

**Sir John Osborn** (Sheffield, Hallam): To debate the Channel fixed link implies arguing not only the case for a fixed link but considering the merits and demerits of each proposed scheme.

I declare three specific interests. During the past 18 months I have been chairman of the all-party Channel Tunnel Group, a task previously carried out by my hon. Friend the Member for Maidstone (Sir J. Wells). I joined the group in 1960, 25 years ago, following presentation of a scheme by Leo d'Erlanger similar to that which was pursued in 1974 and similar to that put forward by the Channel Tunnel Group, a concept which was so ably defended by the hon. Member for Carlisle (Mr. Lewis).

The all-party Channel Tunnel Group has decided to keep its name. We support the fixed link, but assert that it must have provision for rail as well as for heavy goods vehicles and passenger cars. I believe that the need for such a fixed link is greater today than it was in 1974. However, the British people are more indifferent to that greater need than they were 12 years ago.

My second declared interest is that I am an active member of the Council of Europe committee dealing with transport, and 10 years ago I was a member of the committee in the European Parliament which dealt with similar issues. I have spoken to Commissioners of the EC and I have become aware of the views of the European Council of Transport Ministers, which has tried to accelerate, through co-ordination, the removal of barriers to trade caused by poor transport links. Examples of such barriers are the chasm across the Baltic to the north, between Sweden and Denmark and the Alps to the south, which have been opened up by the Brenner pass and the Mont Blanc and Gothard tunnels. Since Britain joined the EC 13 years ago there has been a dynamic expansion of trade. Sixty per cent. of our exports go to the EC. However, the inadequate access caused by the 20-mile water barrier puts this country at a disadvantage.

Thirdly, as a northern Member of Parliament, I cannot agree with the hon. Member for Stretford (Mr. Lloyd). I am worried about jobs and about the prosperity of Britain as a whole, and I support the bold view of my hon. Friend the Member for Canterbury (Mr. Crouch). As a northern industrialist involved with special steels and engineering, I was aware of the need for customers to have ready access to suppliers, in my case in Sheffield. My right hon. Friend the Secretary of State will be aware of my failed campaign to develop an airport for Sheffield. I also believe that the cities of the north could gain a distinct advantage from railway freight links, perhaps using containers, travelling regularly and speedily from the midlands to Milan, Madrid and elsewhere. I hope that British Rail is alive to that challenge and opportunity. I am certain that rail has a distinct advantage over lorries. The hon. Member for Carlisle mentioned the advantage up to 250 miles, but I believe that it has a great advantage over the freight lorry over distances of 500 to 1,000 miles.

Although I should have liked a gas pipeline to have been built alongside the Channel tunnel, I welcome the

fact that there will be an electricity link. However, time prevents me from describing its ready advantages. I see huge benefits to the nation from a fixed link across the Channel.

It should be remembered that aviation fuel and even petrol for cars will be more expensive, if not scarcer, in the early part of the next century. Therefore, the use of electric trains will have increasing advantages over the use of other forms of transport.

For business, but above all for tourism and pleasure, passenger trains and long-distance buses will compete with air travel up to distances of 600 to 1,000 miles—certainly an average of 800 miles. A fixed link could capture much of the market and enable British Rail to compete with air on speed, if not on price, and enable long-distance bus companies to compete on price using the fixed link as has been found on motorway routes in Britain and Europe.

A fixed link would make Britain part of a changing and accelerating pattern in the EC and western Europe. The barrier of the sea denies us an advantage that other EC countries have.

Perhaps my right hon. Friend the Secretary of State would comment on the fact that the European Council of Transport Ministers is discussing with the French an extension of the TGV—the train à grande vitesse—to Brussels. It already covers the 400 kilometres between Paris and Lyons in less than two hours, and the service could be extended to other European capitals. Train journeys between London and Paris and London and Brussels would be greatly improved if they took only four hours, let alone the forecast three and a quarter hours, with appropriate improvements to the tracks. However, at this time of year, as a delegate to the Council of Europe, I would welcome an evening train that would get me to Paris as quickly as I can get from Strasbourg to Paris. The present system puts British representatives of commerce, trade and Parliament at a disadvantage.

The hon. Member for Aberdeen, North (Mr. Hughes) argued for a full inquiry. But there was a full investigation in 1930. I was actively involved in the proposals put forward in the 1970s by Lord Peyton who then represented Yeovil and was Secretary of State for Transport. In the early 1970s, I attended a debate at the Institute of Civil Engineers addressed by General Sverdrop on the merits of a tunnel against those of a bridge. During a visit to Transpo '72 in Washington, he arranged for me to drive across the 22 miles of Chesapeake bay, which took me 17 minutes. He said to me, "When are you Europeans going to do the same? I forecast 1985, but how wrong I was."

I have listened to the anxieties expressed by hon. Members on behalf of the citizens of Kent, but I ask, as the Americans did, "Why are we dithering over this matter, which has been on the agenda for more than 150 years?" The problem of Dover, Calais and the other ports was a hot issue 15 years ago, but whatever the solution then, I am convinced that we must arrange for Yarmouth, Hull, Felixstowe, Margate, Portsmouth, Southampton and Plymouth to obtain just under half of any traffic. The major feature of competition is flexibility, and the purpose of monopolies legislation is to ensure that a monopoly does not eliminate competition. I hope that my right hon. Friend will consider the matter.

I have had meetings in France with the equivalent of the Channel Tunnel Group. We must gain its confidence that Britain means business this time. The fact that Britain

reneged in 1975 caused distrust that the Government and Members of Parliament must try to overcome. The courtesy of the French to us at that time must not be forgotten.

The hon. Member for Linlithgow (Mr. Dalyell) asked whether the hot favourite in the Sunday press—the Expressway—is worth considering. I have driven through the Gothard pass, which is about 17-km long. As a member of the House of Commons Motor Club and the Institute of Advanced Motorists, I would have no trouble driving through a 50-km tunnel, but not everyone would find it so convenient. Therefore, my right hon. Friend must discuss with the Royal Society for the Prevention of Accidents, the police, the Institute of Advanced Motoring and perhaps the Freight Transport Association whether a 50-km tunnel is feasible. Similarly, the spiral of the Euroroute project would be a hazard to tired heavy vehicle drivers plying between Paris and London.

I support a fixed road-rail link. With the hon. Member for Carlisle, I hope that the Channel Tunnel Group will succeed, although that goes against the assessment of the Sunday newspapers—[*Interruption.*] Perhaps some advance notice was given. My hon. Friend the Member for Ashford (Mr. Speed) cavilled at the promoters' moving the goal posts. The Channel tunnel Group has not done that. It has the same posts as it had 25 years ago. I look forward to the outcome of the assessment. However, it is important that it should be an Anglo-French assessment, bearing in mind some of the problems that will be caused to those who live in Calais as against the advantages to those who live in the north of France generally.

7.48 pm

**Mrs. Gwyneth Dunwoody** (Crewe and Nantwich): Hon. Members laughed at the hon. Member for Sheffield, Hallam (Sir J. Osborn) when he said in effect that he was worried about the Sunday newspapers. However, the Secretary of State must tell us what we are discussing today. Are we being asked to debate and to give an opinion on the need for a fixed link, or are we going through an elaborate dance of death because the decisions have already been taken? I ask the Secretary of State that because I believe that there is no greater cynicism or insult to Members of Parliament than to say suddenly, "Of course you may have a debate on such a major matter as a fixed link between Britain and the continent," but to imply that that will be done within a foreshortened timetable, because the important decisions have already been made in 10 Downing street.

I am happy to join my hon. Friend the Member for Carlisle (Mr. Lewis), who is a most respected member of the Select Committee on Transport, in discussing the various types of fixed link and the advantageous which we both feel strongly, favour a rail tunnel. I am not prepared to go through a totally empty exercise if the Prime Minister is not concerned about the transport, economic or political implications of the fixed link and the Secretary of State is not prepared to talk about planning implications, job losses or investment.

The Government have decided to make a vast gesture, to be timed for a general election, so that they can say to the electorate, "Look what we have done. We have instigated a great white elephant to prove that we have at least done something during the time of our parliamentary control." That is a real and agitating problem. What possible objection can there be to a public inquiry if this



[Mrs. Gwyneth Dunwoody]

scheme is so important? We have been told that there was a full inquiry before, but that was years ago. The Government have said that consultation has taken place, but that was only in the county of Kent and it has not actually assuaged the fears of the people in that area. There has been no consultation with the regions. Hon. Members who represent areas outside the south-east are very concerned about the implications of whatever link is to be foisted on us by the Secretary of State.

In the area affected, which is represented mainly by Conservative Members of Parliament, the *Folkestone, Hythe and District Herald* was so anxious about the lack of consultation that it devised a questionnaire. A junior Minister from the Department of Transport has visited the area and his visits are not only welcome but informative—I can hardly imagine anything more devoutly to be wished than a visit from a junior Minister at the Department of Transport—but one or two niggling doubts remained, so the *Folkestone, Hythe and District Herald* produced its questionnaire three weeks ago. Readers were asked to fill in and return the questionnaires to the editorial offices. The editor intends to make the results public at the end of the week, but he has been kind enough to allow me to use them today as they are extremely interesting.

A total of 2,335 questionnaires were returned and more are coming in with every post. One of the main questions was: "Are you in favour of a fixed link?" The figure in favour was 5.6 per cent. and those against 94 per cent. Another question asked whether readers would be in favour of some sort of public inquiry, which is the question that the House is discussing today. There were 86 per cent. in favour of a public inquiry and 14 per cent. against.

The questionnaire also asked what effect the fixed link would have on the environment. Of those who replied, 90 per cent. said that it would worsen the environment, 2.2 per cent. said that it would improve it and 7.8 per cent. said that it would make no difference.

The questionnaire also asked what effects the fixed link would have on the local towns. In Dover, 2 per cent. said that it would have a good effect and 98 per cent. said that it would have a bad effect. In Folkestone 4 per cent. said that it would have a good effect and 96 per cent. a bad one. As for whether there had been enough information about the fixed link proposals, the answer was yes from 18 per cent. of respondents and no from 75 per cent. of the respondents; the "don't knows" were 7 per cent.

I am very worried about the results of that questionnaire. The Select Committee has been castigated today for the speed of its response. It should be borne in mind that not only was the Committee told that it would have a short time to make its considerations, but the House does not have the benefit of the evidence which the Committee examined in relation to the various schemes. There may be something to be said for the different schemes and for evaluating the economic impacts of a fixed link as a whole, but the House does not have access to proper independent assessments.

If the Secretary of State is so confident of the outcome, why has he had to set such a tight timetable? Why does he now intend to allow the Prime Minister to sign what in effect will be a treaty with a foreign Government, before the House has had time to evaluate any responses? The Secretary of State said today that the White Paper will be

published after the evaluation has been made not by the House but by the Department of Transport. The House must consider that information before decisions are taken and the House needs access to the information to know exactly what we are committing ourselves to.

The sad, hard lesson that I have learnt from the Secretary of State is that he has one undying and reliable trait—when the rest of the House are discussing transport, he is talking about money. He did that in the Transport Act 1985, he did it in relation to other basic and important services and he is doing it now in connection with the fixed link.

The fixed link cannot conceivably go ahead without any cost to the state or to other basic services that must be connected to the link. If there is to be an efficient rail service, it is inconceivable not to talk about the amounts of money required for British Rail to link in and provide the infrastructure and necessary services. It is also inconceivable that a major change of this nature could be made without examining the implications for the south-east and all the coastal regions that would be affected.

It is not beyond the wit of man or even woman to work out that, if there is an effective motorway system running from Scandinavia through northern Germany, down through the Benelux countries as far as the shortest Channel crossing, that will distort traffic movement and, particularly if it is a road pattern used only with road links, undermine other forms of transport, including many of our ports.

**Mr. David Marshall:** My hon. Friend asks the reason for the undue haste and she has mentioned the finances that would be involved. One of the reasons for the undue haste is to encourage and speed up the profits that the winner of the contract can make. Paragraph 61 of the Select Committee report states:

"When, however, it was suggested to Sir Nigel Brookes that if the EuroRoute scheme were built, the Channel would remain the most expensive stretch of water in the world to cross, he replied 'I do not disagree with you. I hope you are right!'" That is the real reason for the speed—to make vast profits for whatever scheme gets the go-ahead.

**Mrs. Dunwoody:** Whatever the reasons—I do not disagree with the assessments of the Select Committee or of my hon. Friend—the House ought to have better information available so that hon. Members can make up their own minds on the issue.

The whole system of EEC tendering will make it impossible, even if the promoters were prepared to give undertakings, for a specific percentage of employment arising from the construction of the fixed link to be retained in this country. The history of EEC contracts has shown that the British have played according to the rules and that almost every other EEC country has gained a higher proportion of the contracts involved. We may talk about generating more employment in the south of Spain or in certain Portuguese mills, but we are not talking about generating employment in the United Kingdom. It is important to be honest and straightforward about that.

I have an objection that is stronger and more important than that. There may be a case for a fixed link, which may be a rail tunnel. It would be remarkable if the House of Commons announced that it approved of a system that arbitrarily rides over the interests of all the people involved, refusing public inquiries, refusing consultation, replacing a correct assessment of the basic needs of the

people of this island with an arbitrary public relations effort in which glossy pamphlets are preferred to correct economic assessment. If that is the situation, the Secretary of State is carrying out a cynical, unacceptable, anti-democratic exercise, and his contempt for the House of Commons will be noted by people outside.

7.59 pm

**Mr. Jonathan Aitken** (Thanet, South): I share, although not in the same language, some of the reservations expressed by the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) about the decision-making process at the heart of government in relation to the Channel fixed link. Nevertheless, I begin by congratulating my right hon. Friend the Secretary of State on his restraint, which was apparent not only in his low key speech but in his decision to come to the Dispatch Box without a Santa Claus costume. He began by asking the House to enter with him into a world of pure Yuletide fantasy when he suggested that the Government had not yet made up their mind whether they wanted a fixed link, and he ended by giving us a tantalising glimpse of the pork barrel bran tub of glittering prizes on offer for those who win the competition.

Even the most dedicated opponent of the link would be foolish not to admit that there are glittering short-term prizes for the winners. There will be a short-term boom in contracts for construction companies and temporary jobs for workers, although it is not clear how many of them will be on this side of the Channel. In the short term, there will be some luscious front-end fees and financial rewards for the promoters and their friends in the City. In the short term, too, the project may even create enough political excitement to deliver some election-winning votes on both sides of the Channel—and all from a decision reached in fewer than 100 days.

At the risk of sounding like a Cassandra at the Christmas party, I wish to express some sombre warnings about the long-term implications of the fixed link and, above all, to urge the Government to slow down their headlong rush to pick a winner by mid-January through their present secretive and unsatisfactory procedures.

I begin on a historical note. We British are an island people living in an island kingdom. Our heritage, our culture, our history, our way of life and our traditions are what they are, partly, perhaps largely, because we have always been geographically separated from continental Europe by the English Channel. If we believe that our distinctive island sense of nationhood is still important, we should be under no illusion that today we are merely debating a large construction contract mainly for the benefit of cross-Channel travellers—far from it.

The fixed link is not only the biggest civil engineering project that this country has ever seen, but it is capable of being a massive social engineering project with enormous and unforeseen consequences for our future destiny and way of life. I believe, for example, that the decision that the Government intend to take behind closed doors next month could have as much impact on the lives of our children and grandchildren as the decision taken behind closed doors 20 years ago by another Government to permit widespread Commonwealth immigration. Even if that prediction is not correct, one does not need to be clairvoyant to see that free and unrestricted movement of goods, services and people on the scale envisaged by the

promoters is likely to have incalculable consequences for the economy, security, health and status quo of these islands.

An early warning of the ability of a fixed link to change established patterns and procedures in this country is clear from the effect so far on the Department of the Environment and the Department of Transport. Those two Departments are or should be the embodiment of our national planning procedures and their inspectors the respected arbiters of fair play. The two Secretaries of State should be the keepers of the ark of the covenant which lays down an agreed law on all public inquiries and consultative procedures leading up to major planning decisions which are so important in a small country. Since the fixed link was announced, the accusations about goal posts being moved halfway through the match have applied to the Secretary of State for Transport. Instead of a public inquiry, even in the shortened and unconventional form which I believe Anthony Crosland envisaged, we are to have 100 days of secret political decision-making by a Minister and his civil servants followed by an equally unsatisfactory hybrid Bill procedure. It is an Alice-in-Wonderland world, reminiscent especially of the passage in which the Queen of Hearts calls for "Sentence first—verdict afterwards."

There are only two reasons for the overthrow of all established rules on planning inquiries. My hon. Friend the Minister of State gave one at Ashford on 28 November, when he said:

"A public inquiry would mean a delay of about 3 years. There is no way in the world that the investment institutions will keep their money standing for that long. If there was to be that delay the whole project would be dead." That is a somewhat naive view. Like many hon. Members, I worked in the City long enough to know that if the figures are enticing enough, this year, next year, some time, whenever, the punters will still be willing.

The second reason for throwing all the procedures overboard is pressure from the French. President Mitterrand is an old man in a hurry. He faces difficult elections next year and he wants to remain at the Elysée palace rather than to retire to Angoulême les Deux Eglises. There is pressure on the British to fall into the quicker and more centralised French decision-making procedures to produce a quick result in time for a glamorous announcement at the summit meeting at the end of January. Bowing to French pressure is no good reason for the secretive rush job on which the Department of Transport has embarked. In fewer than 40 working days, teams of civil servants and their Ministers have to try to evaluate more than 20,000 pages of rival bids following a feeble and half-hearted consultation exercise. It is a recipe for a half-baked result in which the more profound technical, financial, environmental and social problems will be inadequately investigated, glossed over in haste and served up to the public as a fait accompli.

Who will be held accountable if the assessors and evaluators make mistakes under pressure of the frenetic timetable? It will not be the British or the French Government. Paragraph 58 of the invitation to promoters states:

"The evaluation carried out by the two Governments will not imply any responsibility for the assumptions, forecasts or analyses contained in the proposals submitted by promoters." That is one of the most discreditable small-print exclusion clauses ever relied on by any public authority. The 100 days of total power will be followed by 100 years of total



[Mr. Jonathan Aitken]

abdication of responsibility. If we condone that by our votes today, let us not kid ourselves that Parliament will be able to put things right later through the hybrid Bill procedure. The shape, size and very nature of the fixed link project will be determined and set in stone on the day the name of the winning consortium is announced, and only peripheral adjustments will be possible thereafter.

Paragraph 12.42 of the invitation to promoters conveys the flavour of the cursory nature of the hybrid Bill as the Government first envisaged it. The document states:

"During the Bill's passage a Committee is convened to hear over a period of weeks the views of those who have locus standi—being directly affected by the proposals more particularly than the general public—and to consider possible amendments to the Bill."

Many important questions arise from that. Why should the general public be excluded and evidence taken only from a handful of insiders considered to have locus standi? Why should expert witnesses from respected organisations without a direct interest, such as the Council for the Protection of Rural England or Friends of the Earth, be excluded? Why will the hearings last only for a period of weeks? It all adds up to inadequate, unfair, rushed and partisan procedures for evaluating the project.

Against that background, Parliament and the public must take a suspicious and sceptical view of the promoters' claims. Disraeli had a good line about "lies, damned lies and statistics."

In the past few weeks, some of the figures released by the promoters' PR men about jobs and traffic forecasts seem to have been plucked out of thin air and multiplied by two or three for good measure. Until the promoters have had their figures subjected to open, detailed, independent scrutiny, all their important forecasts remain nothing more than unreliable guesswork.

The Government, who should be defending the public interest, have no right to accept the consortium's figures for the purpose of taking a decision and then abdicating responsibility for those figures afterwards.

The House should be alerted to the fact that there has been at least one serious and genuinely independent assessment of the promoters' figures. It was published last week by the well known stockbrokers Phillips and Drew. It revealed one central and uncomfortable truth about the Channel fixed link—the project is almost certain to be a monopoly. I know how embarrassing it must be for the Secretary of State, whose political life has been spent championing the free market and the forces of competition, to find himself at the controls of an engine of state patronage handing out a powerful monopoly. I am sure he will do all that he can to avoid that embarrassment. But he should mark the sinister words of the Phillips and Drew report, especially the third paragraph of its conclusions which were based on careful statistical analysis:

"We expect most of the longer regional ferry routes to become uneconomic and close, resulting in a large diversion of traffic to the fixed link."

That is the view of Phillips and Drew and it is my view. What it means is that most of the ferries which now operate to the continent from towns like Hull, Immingham, Yarmouth, Felixstowe, Harwich, Sheerness, Ramsgate, Folkestone, Newhaven, Portsmouth, Poole, Weymouth and Plymouth are likely to be put out of business. That may be disputed by the Secretary of State. But where will

it be disputed? In secret with his own civil servants and before the decision is made. Unless the Secretary of State is prepared to contradict the Phillips and Drew conclusions with his own effective new traffic and financial forecasts, hon. Members who, like myself, represent ferry port towns must recognise that by our votes we will soon be signing the death warrant of the ferry industry. The industry will either die quickly in a cut-price war or it will die by a slow haemorrhage of traffic towards the fixed link. Either way, the killing off of an industry which has great strategic importance in times of war, as the Falklands conflict demonstrated, which employs between 30,000 and 40,000 people and which is part of our maritime way of life, is not a decision to be taken lightly in 100 days' superficial haste by a Minister and his civil servants.

**Mr. Roger Stott:** I hesitate to interrupt the hon. Gentleman's devastating analysis, with which I absolutely agree. I take up his last interesting point. Ten years ago the British merchant fleet had 1,600 ships registered under the British flag. Today, 10 years later, that figure is 640. Any further losses, especially to our ferry services, will do exactly what the hon. Gentleman predicts.

**Mr. Aitken:** I agree with the hon. Gentleman. The further erosion of the ferry fleet is a matter not just of commercial regret, but of great strategic concern. Parliament should take that point into account carefully.

I wish to say a brief word about the special problems of my constituency in east Kent which contains the second biggest, fastest growing Channel port—Ramsgate. The east Kent coastal towns resent being categorised as part of the prosperous south-east. They are, in effect, much more like north-east towns, with high unemployment, low wages, closing factories and coal mines and a crumbling down-at-heel infrastructure. This sad and seedy side is often masked by the courageous cheerfulness of the people who somehow manage to cope, all too often uncomfortably close to the poverty line.

Those who live in east Kent need some political and economic reality to back up the famous quotation of St. Francis of Assisi, delivered at the door of 10 Downing street—

"Where there is despair, hope."

There has been too much despair for too long in east Kent. But recently there has been some hope. For example, in the town of Ramsgate we are starting to see spirits lift as the economic vitality of the ferry port starts to bring good business into the town. Ramsgate is a new ferry port. Within four years it has built up its cross-Channel traffic from nothing, and it is now Britain's second biggest Channel port. It is a real success story in spite of the inevitable teething troubles. One thousand new jobs have been created and traffic figures are growing at 30 per cent. a year.

Most of the shops, small businesses and hotels owe their survival and modestly growing prosperity to that ferry industry. When I return to metropolitan London from Ramsgate and see the promoters, glossy PR men in their biscuit sun-coloured suits, driving their BMWs to and from the Ritz taking Members of Parliament out to expense account lunches twice the average weekly wage of a Ramsgate worker, I get angry. Those sort of people do not understand what the destruction of a small community's principal employer and central industry will mean in terms of economic and human misery and despair. Promises of temporary construction jobs and new roads are

no substitutes for destroying the going concern of a good industry. On this issue Ramsgate will fight and Ramsgate will be right.

The problems of Ramsgate suggest, as is now well known, that Kent does have special problems, and there is a growing feeling in Whitehall that Kent will have to be bought off. There is much talk of shopping lists, of new roads, of special assisted area status, enterprise zones, sympathy from Ministers and many fine words. But as the Kent farmers say, "Fine words butter no parsnips." The Government have to reconcile their announcement that no public money will be spent on the fixed link with hard cash to meet the demands that will soon be piling in from Kent. British Rail wants £350 million for investment on the Dover line and Kent county council wants £75 million to £100 million for new roads. The east Kent local authority wants special assisted area status and it wants grants for industrial and tourist projects which will probably amount to another £50 million. With £50 million here, £100 million there, £350 million there, pretty soon we will be talking about real money! The midlands and the north may well have something to say about the price of buying Kent off. In any event, it would be an unacceptable and unworkable manoeuvre.

The Channel fixed link is a national, not just a Kent, issue. There should be national concern that the ferry industry in 14 or 15 ports around the country will face closure. There should be national concern that the Government's reputation of fair and open planning procedures has been stained by the refusal to have a public inquiry. In its place there is the frantic 100-day rush of secret political assessment and decision-making. There should be national anxiety, which perhaps is only starting to grow, that the Channel fixed link may have profound and unforeseen consequences for our whole way of life. People are only beginning to ask the question: do we really need or want a Channel fixed link? On that question the great British jury, not having heard the evidence, is still undecided. Alas, the Government do not want to hear any verdict other than the one they have already decided upon. That is the tragedy of this debate, and that is why I shall be in the Opposition Lobby tonight.

8.18 pm

**Dr. John Marek (Wrexham):** I wish to follow a different line from the hon. Member for Thanet, South (Mr. Aitken). I am firmly committed to the fixed link and to the construction of a Channel link. The hon. Gentleman put forward an argument with which I have a great deal of sympathy. I agree that changing the infrastructure radically and paying no attention to its effects on the surrounding countryside and other parts of the country is a recipe for disaster.

That is certainly not the Opposition's view or philosophy—we believe in planning. The Government take the view that, if the fixed link is built, no public money need be put into it and everything can be left to market forces. If that happened I would share the views of hon. Members who have expressed grave disquiet about what would happen in Kent, Scotland, the north, the north-west, the north-east and Wales if the fixed link is built. That argument cannot be sustained. We cannot shy away from progress simply because we are not prepared to plan for the consequences.

Crossing the Channel by ship is not as convenient or quick—and certainly not as good for the country—as a

fixed link. There is a political will on both sides of the Channel to build a fixed link. The capital is available and the people demand it. The project has been on and off for well over 100 years and there is a good possibility that it will be built now. I hope that the House will seize the opportunity with both hands and say that we should commit ourselves in principle to it and worry later about what else we might have to consider to ensure that the disasters of which we have heard do not occur. That is quite possible.

I am not a supporter of the Common Market and I abhor the common agricultural policy, but I support our being in Europe on a geographic basis. We have to accept that much of our trade is done with Europe. It will be better for all parts of the United Kingdom if such trade is made easier. The advantages of a fixed link might well accrue more to Kent and the south-east than elsewhere but it is within the bounds of possibility for the House to arrange matters so that the advantages are more or less evenly distributed.

Like my hon. Friend the Member for Carlisle (Mr. Lewis), I am sponsored by the National Union of Railwaymen, but I do not share the honour of having been a working railwayman. Nevertheless, I have a long and continuing interest in the railways and rail transport. Both have a vital part to play in the United Kingdom. Contrary to some opinion, the tunnel would benefit the environment and the railways would gain an immense advantage. Manufacturers could load their goods in Manchester or Glasgow knowing that they would arrive in Dusseldorf in three days' time rather than in nine days' time, as at present. We fail to appreciate that, although we trade with Europe, we are put at an enormous disadvantage because of a 20-mile stretch of water.

**Mr. Roger Moate (Faversham):** Does the hon. Gentleman agree that a tunnel or even a rolling motorway-type tunnel would facilitate lorry traffic and increase the opportunities for transfer from rail to road?

**Dr. Marek:** Yes. The tunnel would also attract more traffic to the railways. The quantity of transport will increase but, with the tunnel, there would be less traffic on the roads than there would otherwise be. Railways and barges play a much more important part on the continent. A tunnel can do only good for us.

It is said that the fixed link would destroy the Kent countryside and environment. I disagree. Roads in Kent and the south-east are not particularly good, but if money is spent correctly and traffic is kept from the middle of towns and villages by an adequate motorway, the quality of life and the environment will be protected. The M2 is not complete. Indeed, the last bit to Dover is dreadful. Nor is the A20/M20 finished. I am not arguing for development in the south at the expense of development in the north, but there is room for extra infrastructure in the south-east. That would help our manufacturing base—which I fear the Government do not value highly enough—which is to be found mainly in the north.

I have considered all of the schemes. With the exception of that proposed by the Channel Tunnel Group, the goalposts have been moved every two or three weeks. I am not convinced that Channel Expressway has solved the ventilation problem. I hope that the Minister's experts will publish their detailed findings as an annex to the White Paper. The country should have access to detailed



[Dr. Marek]

technical information to decide whether such problems have been solved. The idea of a drive-through tunnel appeals to me. Like the hon. Member for Sheffield, Hallam (Sir J. Osborn), I have driven through the Gothard tunnel. I did not find it so unpleasant after about 10 km. I agree, however, that 50 km is a lot longer.

**Mr. Dalyell:** Is my hon. Friend aware that the electrostatic precipitators which are advocated in the Channel Expressway brief will stick up into the Channel? Does that not represent a hazard to shipping and support my hon. Friend's case?

**Dr. Marek:** Yes. However, it is not the electrostatic precipitators that will stick up. The problem is to get rid of carbon monoxide, which involves an island in the middle of the Channel. There is no alternative. I have read many representations about the island or islands. I am not sure that they would be safe. If the Government opt for one of the schemes involving an island or islands, I hope that they will lean over backwards to explain why, and guarantee that it will be safe.

**Dr. Godman:** There are numerous navigational aids as a result of which such obstacles could be avoided. I seem to remember that the captain of the Torrey Canyon was unable to avoid a natural obstacle, but navigational aids are now much improved. They would protect seafarers and the islands.

**Dr. Marek:** That might be so, but do the captains of ships invariably use such aids? Will those aids work all the time? I am not an engineer and I might be wrong, but I doubt whether a scheme involving islands in the middle of the Channel is safe.

**Mr. David Marshall:** I share my hon. Friend's concern about safety but, unlike him, I am not in favour of any fixed link. Does he share my concern about the Channel Tunnel Group's scheme, which involves train loads of double-decker type vehicles packed to the gunwales with cars and lorries? The drivers and passengers of the vehicles that are being carried will be free to roam in compartments. What does he think the effect of a derailment, possibly at high speed, would be in such a tunnel, or even the action of severe braking by the train? Is he not concerned about the safety of the scheme?

**Dr. Marek:** Of course I am concerned about safety. However, we have experience with the present inter-city network. We know that safety can be ensured, barring acts of god or other such matters. In talking about trains being packed to the gunwales, my hon. Friend is giving away his position slightly. I accept that we must be extremely careful and that safety must be paramount, but it may be that no scheme is completely safe. That can be said of any scheme, and at the end of the day it is a matter of percentages. Nonetheless, I believe that the CTG scheme is much safer than any of the others at present. It is certainly the least environmentally damaging option. Environmental damage in the south-east could be limited by adopting the CTG proposals.

The CTG scheme could coexist with ferries. The short sea ferry routes would have to go but I imagine that routes from Harwich, Folkestone and Hull would remain. The construction of whatever scheme is adopted will span more than one Government or two or three Parliaments. That

means that we must arrive at a bipartisan policy. If the Government of the day are prepared to control the operation of the fixed link, one of the conditions should be that sea ferries, except those operating on the short routes, must remain.

I wish to see all the details of the various proposals in a White Paper. I recognise, of course, the problems of concentrating development in the south-east. I am aware of the problems that will flow from the loss of jobs in shipping. Perhaps it is inevitable that more and more infrastructural development would be channelled into the south-east. However, there would be a spin-off to the advantage of all the other regions. We should not be thinking of picking up crumbs that fall from the table, and it is unfortunate that that is the effect of the present industrial policy. There are a few crumbs here and there and everybody wants them.

If the Government looked after Britain's prosperity and well-being properly and ensured that there were jobs at John o'Groat's, Land's End and Kent, arguments over jobs would not arise. If such an enlightened policy prevailed, it would be obvious to everyone that a fixed link would be to the benefit of the entire country. There are worries only because we are in a difficult industrial and economic period. I do not want 3,000, 4,000 or 5,000 workers to be made redundant in Dover. If the scheme goes ahead, it is the job of the Government of the day to ensure that there is diversification, relocation or retraining.

I see that the hon. Member for Southend, East (Mr. Taylor) shakes his head. I have no doubt that he is one of the greatest exponents of the free market economy, and in that respect I disagree with him fundamentally. I believe in Government planning. If the Government decide that we must move with the times, as I believe we must, we must ensure that the decision is followed by relocation or retraining so that we do not inflict any unnecessary hardship. The hon. Gentleman and I will have to agree to disagree.

It is decided to go ahead with the project, ferries must remain in the interim. There will be a role for ferries after the construction of the fixed link. Other employment will have to be made available. It is interesting that the CTG proposals do not automatically involve job losses. The Government must accommodate the Opposition and the minor parties. The scheme will span two or three Parliaments and some account must be taken of Opposition Members' legitimate fears.

I hope that the White Paper will explain how the Government will ensure that the majority of the development will not take place on the French side of the tunnel. If there are to be interchange facilities, there must be a 50-50 allocation. The French must get their share of these facilities but they must not be allowed to get any more than that.

I commend the Select Committee on its investigation and report. It has been said by some that the report is not especially good but I do not accept that. The members of the Committee had much expertise and I support the Committee's general recommendations. I support especially its recommendation that the Government must ensure that there is no predatory pricing policy that is followed by exploitation of a monopoly.

I associate myself with the hon. Member for Isle of Wight (Mr. Ross). I want to see a public inquiry, but that should not be used as a means of delaying the project. I

do not want a long inquiry but it is necessary that we address ourselves to some of the matters subsequent to the decision to go ahead. It must be a quick public inquiry.

If we do not build a tunnel and if there is no enterprise in Britain—as the hon. Member for Isle of Wight said, if there is no spirit of Brunel or of others who built up Britain 150 or 200 years ago during the industrial revolution—we have no business talking about these matters or anything else, and we might as well pack up the shop and go back home. Let us get on with a scheme this time and build the link.

8.37 pm

**Mr. Robert Adley (Christchurch):** As the founder and first chairman of the Brunel Society, I share some of the views expressed by the hon. Member for Wrexham (Dr. Marek). In a nutshell, I do not think that there is a case for a public inquiry. The issue has always needed a political decision. The speeches of those who have contributed to the debate so far have left us in no doubt that the issue remains a political decision that must be taken by Parliament.

We are faced with a slightly eerie re-run of the debates that took place some years ago on a Channel link. I have always remembered the sad and wistful expression on the face of the late Anthony Crosland when he was forced to cancel the previous project. I have always felt that that announcement went against his own personal views and wishes.

We are considering a transport issue that involves environmental and social considerations, especially for those of my hon. Friends who represent Kent constituencies. It would be arrogant and foolish of any of us to do anything other than pay the closest attention to what they have to say. They and others are right when they argue that there is an environmental price to pay for the project, whichever scheme, if any, is chosen. Much of that price will have to be borne by the taxpayer.

We should be discussing which of the projects best serves the travelling public and public interests generally and least damages the environment. I began by saying that we are discussing a political question, and I was not surprised to hear one or two Members contributing to the debate who were among the strongest opponents of Britain's entry into the European Economic Community. The few letters that I have received from my constituents on this issue tell me that we are faced with yet another attempt to denigrate our membership of the EC. I have received letters from a few flat earthers as well. I remain of the view that whilst we are faced with transport, environmental and social considerations, we must understand that primarily we are taking a political decision. The most tragic irony of all is to hear those on the Opposition Front Bench and some Opposition Back Benchers say that we must try to limit regional damage.

The last tunnel project that we cancelled was a rail-only tunnel. It would undoubtedly have brought the greatest regional benefits to this country and would have done the least possible damage to regional policy. It was the Labour party that cancelled it. That makes me sad, because many hon. Members will be aware of my commitment to this country's railway system.

I wish to make a simple point about the road versus rail argument. The relationship between the percentage of traffic on the road to that on the rail in the proposed schemes will determine the amount of environmental

damage that will be done. My hon. Friend the Member for Ashford (Mr. Speed) graphically illustrated the problem that heavy lorries pose to Kent. The simple proposition is that the more traffic that goes on the railway and the further away from Kent it is loaded, the less will be the environmental damage done. That is one of the main factors that I hope the Government will consider when they come to take their decision.

I am sure that Kent does not want to be turned into a car park like the M25 which has already been turned into a car park. The idea of unfettered road-only access by heavy vehicles to a fixed link appals me because it would be an environmental disaster.

We were all impressed by the speech of my hon. Friend the Member for Thanet, South (Mr. Aitken). Everyone understands the points that he put forward. I do not share his gloomy prognostications about the ferries' inability to exist with a fixed link. I am sure that I shall be put right if I am wrong, but, studying the four proposals, it seems that the higher the cost of the project the greater will be the traffic generation necessary to make it pay and the greater will be the impact on the ferries. That is a simple issue that must be faced.

I regret that we have heard hardly anything tonight about air traffic. One of the advantages of the previous scheme—the rail only scheme—was that it would have taken traffic away from the airlines—Heathrow and Gatwick—on to the rail tunnel. With the advent of the TGV in France and our improved electrification, a fixed link will be a great attraction to the business traveller, and that is good.

At the end of last week I received from the Department of Transport figures which showed that 27.9 per cent. of all international scheduled flights from Heathrow, and 16.7 per cent. of scheduled flights from Gatwick are to destinations 400 miles or less from London. A fixed link would do a great deal to reduce the pressure on our airports. Had we gone ahead with the previous project we might not have had to waste our time discussing Stansted and all the problems that has entailed.

Everyone talks about rail traffic without fully appreciating what can be done. In the last century the South Eastern Railway built a line from Tonbridge to Reading to carry traffic from the north of England, Scotland, and the midlands and the west country to a Channel tunnel. That was built about 100 years ago. The line is still open. Furthermore, the Government have sanctioned—the construction is under way—the reopening of the Snow Hill link through London.

The 250-mile barrier which makes British Rail's freight prospects currently so dismal would be smashed to smithereens by the prospect of a rail tunnel. The further freight has to travel, the more competitive is rail travel. That is one of the most important factors that my colleagues who represent constituencies at a distance from London should bear in mind. That is why I urge them to recognise the importance to their constituencies and the regions of putting as much freight traffic as possible on to the railways.

I should like to comment on the subject of funding guarantees. The funding guarantees given by the promoters are the taxpayers' protection that there will not need to be major public funding of the project. A fixed scheme with guaranteed finance provides the best safeguard against overrun and bankruptcy. I share the anxiety expressed by my hon. Friend the Member for



[Mr. Robert Adley]

Ashford and others about the extraordinary moving target that we have had from some of the promoters—in particular, from Mr. Sherwood, who reminds me of the chap who answered the telephone at Accrington Stanley football ground. When asked what time the game began, he answered, "What time can you get here?" The trouble for us is that every time we speak to some of the promoters we gain the impression that they are giving the answers that we want to hear. It is essential that the Government stick to guidelines and to a project which has the merit of consistency.

I share the distaste of some of my colleagues for some of the lobbying activities as well as the changing plans from which we have suffered during the past few weeks.

I ask the hon. Member for Wigan (Mr. Stott) the same question as I posed to the hon. Member for Aberdeen, North (Mr. Hughes) when he was speaking. I did not receive an answer. The hon. Member for Wigan appeared angry with me for asking it. I believe that we are all entitled to know where the Labour party stands. We fully understand that there are strains and that there are Members of all parties who have doubts and reservations about the project. We understand the parliamentary reasons that cause the Opposition to pursue the argument for a public inquiry. However, we must all decide where we stand on this project—whether we are or are not in favour, in principle, of a Channel fixed link.

There are problems, and we have heard all about them. We know all about the environmental difficulties. None is insuperable. We need a decision to be taken clearly and, I hope, supported by the majority of Members of the House. There will always be those who, for political, anti-EEC, constituency, transport or other reasons, will never support this project. When the debate is over tonight, I hope that Labour Members will at least feel able to say "We have had our debate. We must recognise that this major project is in our national interest and, despite our reservations, we shall support it." I hope that the House will agree to do that.

8.42 pm

**Mr. Donald Anderson** (Swansea, East): The hon. Member for Christchurch (Mr. Adley) advanced a powerful case that the greater the rail component of the option adopted, the fewer will be the adverse consequences on the regions and the periphery of the country because of the points about rail freight that he made so well.

I understand and adopt much of the criticism made by the hon. Member for Thanet, South (Mr. Aitken) about the hasty and undemocratic procedure adopted by the Government. I shall answer the point made by the hon. Member for Christchurch. I am in favour of a fixed link for reasons of trade and tourism and because it is the answer to those on the continent to show that we are no longer an island. In his more lyrical moments, I thought that the hon. Member for Thanet, South was going to talk about "this sceptre'd isle". The quicker that we can be seen symbolically and actually to link ourselves to the continent the better. We shall then disabuse and divest ourselves of the island complex which I believe has damaged our national prospects and consciousness over the years.

In principle, I am in favour of a link with the continent. That might be considered a lofty view unless one studies

in detail the gains and losses of a fixed link. We have had nothing like the great debate that we need to enable us to make up our minds about those gains and losses. I shall not rehearse the points about the likely effect on our ports and ferries, because they have already been made by hon. Members from both sides of the House. Some options will have a greater impact on the future viability of ferries than others.

What about the regional impact? Kent members argue that Kent should enjoy some protection. How much more so should this be argued for those regions on the periphery? As France is building up the Pas de Calais region industrially, will the Government be tempted to follow that road and build up Kent as a pole of attraction to compete with the Pas de Calais? What will then be the repercussions on the regions which are already suffering grievously? The Government must take this north-south argument properly on board and view the project through national spectacles.

This is a major project of national resource allocation. It will affect other investments. It is not enough for the Government to say, "We are not using taxpayers' money. The market will bear the risk." Clearly, because of our limited resources, we cannot do everything. The project will therefore affect major infrastructure investments, whether it is the Morecambe barrage, the Severn barrage or the second Severn crossing. What assurances can the Government give?

Will the additional road investments in Kent occur at the expense of road investments elsewhere in Britain? Up to £400 million may be invested in new rail programmes. What will be the effect on rail investments elsewhere in Britain? As the project must be seen not only in national terms but in EC terms, to what extent has the EC been consulted about the additional resources that it will give Britain for additional road and rail investment? Has the Commission any particular view on the options that are available?

These are major questions. We do not have a basis on which to make an informed decision. If the Government had carried out this exercise democratically and well, we would have had that basis.

I share the Select Committee's views that there are two front runners—the Euroroute and the Channel Tunnel Group proposals. The other options have too many technical and financial uncertainties. The Euroroute proposal is the more imaginative. It seems to accord with what we are told are the wishes of the great British public. However, it is pushing beyond the frontiers of existing technological knowledge. I was in the Foreign Office at the time of the hard sell on Concorde and have noted the cost overruns that have occurred since.

I am sceptical about the salesmen's puffs, especially those from the Euroroute proponents. Their rail component has altered twice since October, when we were told that they intended to construct the rail link as an immersed tube on the sea bed. After French objections from the SNCF, the Euroroute proponents said that they would complete both links simultaneously, both with immersed tubes. It was only on Tuesday last week that they said that they had abandoned their proposal for an immersed tube rail tunnel in favour of a conventional bored tunnel. That change has significant job implications. Euroroute's revised standard version clearly has less job creation potential than its initial proposal. The sums must be worked out again.

I favour the Channel Tunnel Group's proposal because it would give a 24-hour all-weather link. July, August and September are the worst months for fog in the Channel and the period of maximum traffic. This proposal would be the least environmentally damaging and the least costly and would rely on the most proven technology. It would be the project most likely not to affect ferry services adversely. As my hon. Friend the Member for Carlisle (Mr. Lewis) said, that proposal would be likely to have the least adverse effects on the regions because it would boost rail freight traffic. The Channel tunnel would join us to the high-speed European rail network via the TGU to Brussels and Paris. It would be an enormous boost to the rail network which is one of our most under-utilised assets. The Channel Tunnel Group's proposal is the least costly of the options and the one least likely to collapse financially half way across the Channel.

8.56 pm

**Mr. Andrew Rowe** (Mid-Kent): We have heard a great deal about the Brunels. I regret that the United Kingdom is no longer in the position of world dominance that it held when the Brunels were contemplating the Channel. Technical problems gave their contemporaries reason to pause. There was no doubt in anyone's mind that Britain could take advantage of an easier crossing in Europe to sell British goods to the rest of the continent and beyond. After a century during which British Governments have wrestled with the problems of relative international decline, no such confidence exists. The problems that give us reason to pause as we contemplate the possibility of a fixed link between Britain and the rest of Europe have comparatively little to do with technology and everything to do with cost-benefit analysis.

As one who travels to France three or four times a year by ferry and who counts himself lucky if he leaves or arrives on time, I am attracted by the prospect of a form of crossing which will not mean that today's or yesterday's weather or the state of the ferries are reasons for not meeting passengers' expectations. On the other hand, extensive experience of British Rail's southern region and roadworks on the M2 and M20 motorways certainly limit any feeling of euphoria that might otherwise be engendered by a fixed link. At least under the present arrangements some opportunities exist for substituting one carrier for another.

I therefore approach the debate with pessimism on the practical side of the proposals, tempered with optimism on the theoretical side. In theory, I see the faster, easier, more predictable crossing. I see also a further affirmation that in the late 20th century Britain's future lies primarily with the countries of free Europe with which we do 60 per cent. of our trade and with which we are most closely linked in terms of culture and tradition.

It is not surprising that the impetus for this latest affirmation of European solidarity should come from a Prime Minister who has been one of the more trenchant critics of present forms of European unity as well as one who has worked increasingly effectively to improve them.

In theory I see an unparalleled opportunity for British firms to rush their goods cheaply, with predictable delivery times, into the heart of Europe and beyond. As my hon. Friend the Member for Stretford (Mr. Lloyd) tried to say, I can imagine Kent filled with new and expanding enterprises which have deserted the M4, the M11 and even

the M8 to set themselves up in a county where industrial land can still be rented at £1.50 per square foot and commercial property at £2 or £2.50 per square foot.

If the rail-only option were chosen, the Kent road would shed hundreds, if not thousands, of vehicles per hour onto the railways, as several of my hon. Friends have said. I can even see new enterprises springing up like mushrooms to mop up not only the 6,000 places that would be lost on the ferries, but to make a sizeable dent in the 19.8 per cent. unemployment rate in parts of east Kent. When I stretch my mind, I can even imagine a sizeable proportion of the predicted 10 million or 12 million cross-Channel passengers stopping in Kent long enough to benefit the Kentish economy.

In practice, why should I not be optimistic? I do not believe that in practice an easier crossing to mainland Europe will result in the United Kingdom capturing a larger share of European trade. It should, as Opposition Members have declared, but it will not on present performance. Let us compare the numbers of English people who cross each day to France to raid the French hypermarkets with the number of French people who make the trip in reverse. Cox's apples, British cider, English cheese and British beer are better than their French equivalents, yet not even food from Britain has reversed the popular belief that the opposite is true. That will not happen until we realise that being in Europe means speaking a European language other than ours.

Thanks to the Kent economic development board I have seen details of the assistance available to the Pas de Calais to ensure that that depressed area of France will derive the principal benefits from the fixed link, if it is built. The average unemployment in that area is only 1.3 per cent. higher than it is in Kent. Its highest unemployment is 1.8 per cent. lower than it is in Kent. The Pas de Calais has already lost most of its obsolete industrial base. Kent has still to lose about 6,000 jobs in its dying coalfields, yet the French Government and the EEC are prepared to pump money into the region on a scale which conjures up the visions of what Rotterdam and the Dutch Government did to British ports.

I understand that any British Government, conscious of Cleveland, Middlesbrough and Govan, will have difficulty in giving preference to Kent, but I also understand that in connection with the fixed link we are talking about competition with the full power of France.

I agree with my hon. Friend the Member for Thanet, South (Mr. Aitken) that in some respects the French will take us for a ride. If the United Kingdom as a whole is to reap the benefit of a fixed link, Kent will have to be helped in the short and medium term to become a centre of excellence which will be a magnet to investment rather than the sump of England through which the national wealth drains away to Paris and the Pas de Calais.

I have enormous respect for the Minister, but he is not the right person to sum up the debate. I shall give some examples of what we want. We welcome the commitment to upgrade the M20 to six lanes, but we wonder whether even that will be enough. We welcome the commitment to continue the investment in Chatham dockyard. My hon. Friend the Member for Medway (Mrs. Fenner) is prevented from speaking in the debate because she is a Minister, but she has been present for most of the debate and I know that she shares my view. My hon. Friend the Member for Gillingham (Mr. Couchman) is abroad and unable to express his opinion, although Chatham dockyard



[Mr. Andrew Rowe]

is in his constituency. The dockyard borders my constituency and many of my constituents work there. The dockyard is potentially one of the most important development sites in Kent. We must be sure that investment continues without hiccup and that it will have enterprise zone status.

If Kent is to compete with France we need a road system in and out of Chatham that will enable the area to realise its full potential. Lille in France is regarded as one of the "research poles" for the whole of France. That means that even under the present regime it can attract grant aid of up to £4,350 per job created. What plans have the British Government to assist the university of Canterbury to match that largesse?

If industrial and commercial land in pockets of Kent is cheap, the same is not true of house prices. We in Kent do not want our areas of outstanding natural beauty to be overwhelmed with new houses, although we need now, and shall need more in the future, to attract skilled labour from other parts of the United Kingdom. Will the Government examine policies on rent controls and other restrictions so as to recreate the possibility of allowing people to move into Kent as tenants, a status which they might be able to afford, rather than keeping them out because they cannot afford to buy?

The fixed link will probably come, more because it can now be built than because anybody in Britain really wants it. I sometimes think that the Prime Minister believes that if she sets a sufficiently steep challenge to British business, it will sharpen itself up to meet it. The evidence for believing that that is how she operates is incontrovertible. The evidence that others are not so resilient is everywhere apparent, although some important strides forward have been made under this Administration. It will be for British industry large and small, and in particular for Kent business large and small, to respond to the challenge. Coming from a constituency which includes part of the county town in which the only sizeable hotel has just closed down, I am not sanguine of success.

Unless the Government plan and execute in partnership with Kent—with a massive investment in roads, depots, manufacturing and commercial sites and in tourism—and unless they work out policies which allow a free market in labour to operate, the fixed link will be a disaster for Kent and a bonanza for France.

9.7 pm

**Mr. Tam Dalyell** (Linlithgow): As a Scot in favour of rail, I will use my three minutes to ask questions.

What thinking do the Government have about accidents, should there be one of the motorway options? What will happen if a lorry jack-knives? We have seen on the M6 how pile-ups, albeit on slippery roads, delay traffic for hours. What contingency plans do the Government have should that happen in mid-Channel? Without being absurd, would there have to be a great reversal of traffic should such an accident occur?

In relation to the psychology of drivers, the hon. Member for Sheffield, Hallam (Sir J. Osborn) said that, as an advanced driver, he had not had any difficulty in the big tunnels of the Alps. What will be the situation with less advanced drivers? After all, only a few drivers need

suddenly lose their nerve or suffer claustrophobia to cause an accident. My hon. Friends may laugh, but have they ever been stuck in the Dartford tunnel? I have.

Such matters may have been thought through, but there is no mention of them in the literature that I have seen. In other words, are there contingency plans to cope with the situation of a driver suddenly losing his nerve, say, midway through the tunnel? How do the rescue services get through?

The proposals for the expressway suggest that the ventilation problems have been overcome by using the most modern Japanese methods of electrostatic precipitators. Do the Government have a view on their reliability? Many people believe that it is not easy to get exhaust fumes out of a tunnel 25 miles long. If there are to be shafts, as Maureen Tomison suggests, will they, in the view of the Department, be dangerous to shipping?

If the railway tunnel is accepted, are the same problems of exhaust, accident and pile-up serious in the Department's view? I am completely in favour of a rail link, but I am against a road link, until I have answers to the questions asked about it tonight, and many others. If I could have the Secretary of State's attention for a moment, I might get an answer. Does there exist, in the Department of Transport, any assessment of the psychological effects on drivers? When the Under-Secretary of State makes his wind-up speech, will he answer that? Has any thought been given to it? If so, what is it?

9.10 pm

**Mr. David Gilroy Bevan** (Birmingham, Yardley): I am obliged to you for having called me, Mr. Speaker, because so far the only member of the Select Committee to have spoken is the hon. Member for Isle of Wight (Mr. Ross). I am obliged also because I am the Chairman of the Tory Back-Bench tourism committee. The effect of the tunnel will be to spread tourism countrywide. That is a point of great interest to me, and a matter that has not been dealt with. I declare an interest as adviser to Best Western Hotels and as governor of the Old Course golf hotel at St. Andrews. I am old enough to remember headlines in the newspapers in the 1930s saying, "Fog over Channel, continent cut off." It was a method of disguising our offshore position. I am naive enough to believe that at long last a decision will be taken and the fog will clear and a tunnel will be built. Unusually in transport matters, I find myself congratulating my right hon. Friend the Secretary of State for Transport on having taken an excellent stance on this matter and got these things afoot.

I am certain that we need the tunnel link, not just for the reasons that have been spelt out tonight, but for many others. My hon. Friend the Member for Eastleigh (Sir David Price) and the right hon. Member for Glasgow, Govan (Mr. Millan) described themselves alternately as an atheist and an agnostic—I almost heard them say, "Thank God." They are doubting Thomases. I am not. I am a believer that not only should there be a Channel link—a proposal that has been talked about since the time of Napoleon, and on which there have recently been inquiries and debates ad nauseam—but that there should be an alternative to having merely a rail tunnel, which would be nothing more than a shuttle.

The St. Gothard tunnel showed that, once a through-tunnel system was created through the mountain, the service shuttling cars never ran again. We should be in

danger of making a decision in favour of obsolescence if we put in a rail-only tunnel, although I feel that a rail connection, without vast marshalling yards, is essential.

On resolution No. 130 in the Select Committee I voted for the Euroroute proposals. It will create 30,000 jobs, 8,000 of which will be in Scotland, 8,000 in the north-east and many in the midlands. The work will be spread, and the proposal follows the widely expressed public view that there should be a link with a road structure through which people can freely drive and through which our freight can be expedited in its delivery to the continent. In a public opinion poll, over 70 per cent. said that they were in favour of such a route.

For those reasons, the Select Committee got to the stage on resolution No. 130 that we had to vote either for the Channel Tunnel Group or for the Euroroute proposals. Having been advised by technical advisers of great eminence that the proposal for the Expressway was not proven and that the fume extraction problems were too great, we moved a vote. It was carried in favour of the Channel Tunnel Group proposals by one vote—the Chairman's casting vote.

The hon. Member for Sunderland, South (Mr. Bagier), the Chairman, is an excellent man. He cannot be with us tonight as he is in the Falklands. He is, quite properly, a member of the National Union of Railwaymen. His casting vote made the decision. In taking this great and exciting decision in favour of a Channel tunnel, not only is a rail link necessary but in the opinion of the vast majority—not reflected in this debate but elsewhere—a road connection is additionally necessary.

9.15 pm

**Mr. Roger Stott** (Wigan): At the outset I should perhaps explain that I did not find the comments of my hon. Friend the Member for Linlithgow (Mr. Dalyell) amusing. His remarks were extremely interesting, and that is another reason why the Opposition are taking such a stance in this issue.

The debate has clearly demonstrated that the building of a fixed link across the English Channel will have an enormous impact on the entire United Kingdom mainland. That has been fully appreciated and understood by every hon. Member who has spoken in the debate, yet we are about to embark on the biggest civil engineering project this century with only the merest pretence at an intellectually objective assessment of the consequences that are bound to impact on a host of strategic issues throughout the United Kingdom.

During his visit to Kent the Parliamentary Under-Secretary of State said a lot about a thorough analysis, and, according to him, it has taken place. The schemes have been submitted to his Department, and the analysis must be finished by 17 December—next week. That will be only 31 days since it began.

Ministers in the Department of Transport will have a month at most to try to master the immensely complicated analysis that has been provided by expert opinion, and they will have to do so before they reach a decision. They will have to do so between eating their Christmas pudding and having a glass of whisky when they usher in the new year. I do not envy them that task, but that is the time scale about which we are talking.

The view of the Opposition and of many people outside the House—certainly it is the view of the hon. Member for Thanet, South (Mr. Aitken)—is that the Government

are embarking on a procedure that is totally unacceptable. Even the Secretary of State's apparent conversion to the virtues of public consultation has failed to reassure the people that the project will be subjected to the widest possible scrutiny. That is not surprising. I do not know how any consultations can be meaningful when the Secretary of State merely announces in the national press that public comment will be welcome, and invites those who are interested to go to their local government offices to obtain details of the proposals, only to find that all that is available are four flimsy publicity brochures that contain almost no information at all. The Secretary of State then asks for comments on this important issue to be prepared and submitted to him within a few working weeks. That is no way in which to treat the nation. It deserves a much more objective and long-term look at the problems associated with the fixed link.

The *Financial Times*, in its editorial of 29 November, was right when it said:

"Essex residents, it will be recalled, enjoyed the luxury of three lengthy public inquiries spread over several decades before they were finally obliged to accept that an expansion of Stansted airport would take place. A fixed Channel link is a project on a quite different scale with a host of environmental and social implications, few of which have been properly aired. Yet all the people of Kent are being offered are a few glossy brochures from the promoters themselves, a series of short meetings with Mr. David Mitchell, a junior Transport Minister, and an as yet unspecified right to petition"

in respect of a hybrid Bill. The editorial continues:

"The issue of consultation has nothing to do with arguments about the desirability of a fixed Channel link. It would be quite consistent to believe fervently that a fixed link was in the national interest but simultaneously to hold that in a mature democracy a public inquiry was an essential precursor to any form of legislation, hybrid or otherwise."

I could not have put it better myself.

**Mr. Peter Rees:** If the hon. Gentleman could not have put it better himself, will he state clearly whether or not the Labour party believes the fixed Channel link to be in the national interest?

**Mr. Stott:** I heard the right hon. and learned Gentleman's speech. Representing the port of Dover, which employs 11,000 people, for him to say what he said was a disgrace to his constituents. [HON. MEMBERS: "Answer."] Many hon. Members have paid tribute—

**Mr. Ridley:** My right hon. and learned Friend the Member for Dover (Mr. Rees) asked the hon. Gentleman a perfectly proper and correct question. Instead of attacking my right hon. and learned Friend, who is doing a magnificent job for his constituents, unlike the hon. Gentleman, will the the hon. Gentleman tell us whether the Labour party is in favour of the jobs and prosperity which go with the link or whether it is against them?

**Mr. Stott:** If the Secretary of State would cease to interrupt me, I might find time to answer that question. I did not start my speech until a quarter past nine to enable his hon. Friends to speak. If the Secretary of State keeps interrupting me, I might not get round to answering the question.

Many hon. Members paid tribute to the Chairman and members of the Transport Select Committee, who produced their report in a short space of time. I echo those tributes to my hon. Friend the Member for Sunderland, South (Mr. Bagier), but I profoundly disagree with his



[Mr. Stott]

conclusions in respect of a public inquiry. As hon. Members will know, because they will have read the report, the Committee stated:

"However, it should be recognised that the idea of a fixed Channel link is not new and that various proposals have been widely discussed over many years. The Committee does not therefore recommend that a public inquiry be held."

Even the consultative arrangements that are laid down in the Government's Blue Book have not been adhered to.

The British Ports Association, which recently wrote to the Department of Transport about the issue, said:

"In Section 5, the outline draft of duties to be undertaken by consultants and government experts in the assessment about to be undertaken of various schemes, paragraph 5.11.2 requires an assessment of the adequacy of consultation. This specific reference deals with the question of whether the promoters have prior to finalising their proposals, carried out appropriate consultation with all relevant local authorities, expert bodies and other interested parties.

None of the promoters have sought formal meetings with the BPA nor indeed with any of their members on a sufficiently general basis to, in our view, be capable of being said to be representative. Had they consulted us we would have raised a number of issues, particularly in relation to their freight traffic forecasts. That opportunity has been denied us and since there are now very sharp differences between the BPA's members and the . . . promoters"

on a whole range of issues, we demand more time to examine those proposals.

There have been many concerns expressed tonight over a wide range of issues related to the viability of the projects. Hon. Members who raised those questions—I see the hon. Member for Thanet, South in his place—will recognise, as I do that there are several examples of large civil engineering projects over the past decade or so, although not quite as large as those that we are discussing tonight. I will refer to several of them.

The Thames barrier was originally estimated to cost £23 million. The actual cost was £461 million. The NatWest tower was supposed to cost £15 million. It ultimately cost £115 million. The Humber bridge—[*Interruption.*] I am being fair. I am not choosing my statistics on a partisan basis. The Humber bridge was originally intended to cost £19 million and it ended up costing £120 million. Those are examples of cost over-runs on very large civil engineering contracts.

The civil engineering contracts that we are talking about this evening, whether they be for Euroroute, Eurobridge, or the Channel Tunnel Group's twin-bore railway tunnel, are for massive programmes of construction. If inflation rises over the next two or three years by even 2 per cent., the interest on the capital employed, particularly for the bigger construction projects will be enormous.

The Minister will know that the port of Dover, in volume and value terms, handles more cargo than the port of Felixstowe. When I was in Dover in September—I wrote to the right hon. and learned Member for Dover (Mr. Rees) to say that I would be there—I was told that the earning capacity of the port in freight, passengers, duty-free sales, and so on, was about £500 million a year. That is what Dover earns as a port. More freight goes through Dover than through Felixstowe. Under the Euroroute scheme, the interest on the money borrowed in one year would be £5 billion.

It is difficult, in present circumstances, to arrive at an authoritative estimate of the job losses in Britain's ports

that would result from a fixed link. Nevertheless, it is possible to provide some reference points for the efficiency of a fixed link, based on the figures of the current British ports industry. In 1984, the last year for which figures are available, the total container and roll-on/roll-off traffic in the ports of the Thames, Kent, Sussex and Hampshire going to or coming from foreign locations represented 1.702 million units. If a fixed link were to attract just 30 per cent. of the total cargo that goes through the ports which is 0.5106 million units, it would be almost equal to the traffic passing through the ports of Medway, Ramsgate, Folkestone, Newhaven, Portsmouth and Southampton.

According to a manpower survey in 1983, that group of ports employed 5,300 workers in direct port and stevedoring jobs. We all know that there are many ancillary jobs attached to each port that I have mentioned. There is a strong possibility—I put it no higher than that because I have grave doubts—that the actual market share of a fixed link, particularly if it is Euroroute or Channel Expressway is 100 per cent. I put it to the Minister that when spending such vast sums of money, one has to generate that volume to make a return on the capital. If those companies were out to get 80, 90 or 100 per cent. of the market across the Channel, it would have devastating effects on the ports of Colchester, London, Medway, Whitstable, Ramsgate, Dover, which employs 11,000 people, Folkestone, Newhaven, Shoreham, Portsmouth, Cowes and Southampton.

In addition to the loss of jobs that may follow the introduction of a fixed link, there would be considerable wasting of investment in port infrastructure, such as quays, terminal buildings, railheads, and so on. I cannot understand why the Parliamentary Under-Secretary of State was so blasé in giving way to the Felixstowe Dock and Railway Company's attempt to force through a Bill in the House to extend the facilities on its quays. The Minister must be aware of the damage to the ports that could follow if a fixed link were agreed to, particularly the port that was under debate a couple of weeks ago.

**Mr. Jonathan Sayeed** (Bristol, East) *rose*—

**Mr. Stott:** I do not have time to give way.

Most of the debate concerning a fixed link has concentrated on the ports situated close to the Channel crossings, and the effect that such a fixed link will have on a wider range of our port facilities in the United Kingdom. That has not yet been touched upon, except in a sedentary intervention by my hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott).

I draw the attention of the House to the recent report by Phillips and Drew, which says:

"We believe that a more important source of new traffic will be the diversity from smaller ferry ports to the fixed link. At present most of the long haul ferry routes from Newhaven, Portsmouth, Felixstowe, and Harwich etc are only marginally profitable and are effectively subsidised by the ferry companies' profitable short sea routes."

It goes on to say more about that, but ends by saying:

"The effects of the closure of many of the regional routes does not seem to be taken into account in some of the fixed link assessments."

That is right. If the ferry companies are forced off the Channel route, some of their marginal enterprises in other ports in the United Kingdom will suffer.

As the hon. Member for Thanet, South said, we are an island nation. I agree that we have a long and proud

maritime history. On many occasions from this Dispatch Box I have said that I am profoundly worried about the decline of our ports industry and our merchant fleet. I do not think that there can be anybody, whether he agrees or disagrees with a fixed link of whatever nature, who can doubt that if the fixed link were to go ahead, it would have a devastating effect on our ports and merchant shipping fleet.

I have already said to the hon. Member for Thanet, South that 1,600 ships were registered under the British flag in 1975. Today that figure is down to 640. This great island nation has only 640 ships registered under the British flag. Any further losses, particularly in ferry capacity, would have a profound effect upon our defence capabilities. The House must recognise that. We would have serious difficulties in mustering a maritime operation on the same scale as during the Falklands conflict. [*Interruption.*]

Some of my hon. Friends mentioned the problems of the regions. My hon. Friend the Member for Stretford (Mr. Lloyd) spoke of his worries. Throughout the debate, and during the weeks preceding it, all of us have had several submissions. One is worthy of further scrutiny. Presumably it has been given to all of us. It comes from the northern regional consortium, a group of local authorities representing the north of England—somewhere that the hon. Member for Lancaster (Mrs. Kellett-Bowman), who keeps barracking me from a sedentary position, represents. Therefore, she should take more notice of what the consortium said. As my hon. Friend the Member for Aberdeen, North (Mr. Hughes) said, the consortium is profoundly worried that the creation of a fixed link would act like a magnet to draw and suck in industry in and around that area. I, too, am very worried about that.

My hon. Friend the Member for Aberdeen, North and other hon. Members discussed the employment implications of a fixed link. It is undeniable that in the short term a fixed link could generate thousands of jobs, but I suspect more on the French side.

The Pas de Calais, which has been mentioned, is in a special development area, and will attract millions of pounds of European finance. Even if some of the employment projections are true, there is serious doubt whether all the contracts will come to the United Kingdom. The Phillips and Drew report says:

"However, the employment created during the construction phase will be of little interest to the directors of the winning scheme whose primary concern, as a commercially financed company, will be to maximise the returns to their shareholders. Obviously, this will involve buying materials outside the EEC should they be priced more competitively."

That is absolutely right. Therefore, there can be no guarantee that the so-called jobs that will come from the construction of a fixed link will come to the United Kingdom. The other day someone said to me that a German company, employing Portuguese labour, using Japanese steel, might be involved in one of these projects. That is not as fanciful as it may seem. It is a real problem. I am not convinced that all the figures that have been bandied about by Euroroute, Eurobridge and others regarding the employment potential will stand the test of scrutiny.

We are asking the House of Commons to make a judgment; do we seriously believe that there is sufficient information or that the projects that have been submitted to the Government for evaluation are right? Do we

seriously believe that long-term employment and the ports industry will be adequately protected by what the Government decide to do in a couple of weeks' time? I do not. That is my personal view.

I fully understand that many of my hon. Friends have said that they prefer a fixed link. Whether they have that preference or another, the House of Commons and the nation should be given the benefit of a public inquiry before we do anything else. That is what we are demanding tonight.

9.39 pm

**The Parliamentary Under-Secretary of State for Transport (Mr. David Mitchell):** The debate has served three useful purposes. First, it has enabled hon. Members to present their views to the Government on whether there should be a Channel fixed link. Secondly, hon. Members have been able to discuss what characteristics the link should have and which of the four proposals are individually preferred. Thirdly, hon. Members have highlighted areas of special concern that need safeguards or investigation. Throughout the debate, Ministers have listened carefully and they will ensure that the wide range of matters that has been drawn to our attention is passed to the assessment teams.

The Government value the advice in the report of the Select Committee. I thank the Committee for completing its report so soon, at considerable inconvenience to its members.

In opening the debate for the Opposition, the hon. Member for Aberdeen, North (Mr. Hughes) asked whether the Government would carry out a proper assessment of the important matters arising from the Channel fixed link proposals. Britain has 20 assessment teams and the French Government have similar assessment teams at work, which are considering in depth the individual areas, such as civil engineering and road safety. I can tell the hon. Member for Linlithgow (Mr. Dalyell) that, in the case of accidents, there will be television surveillance and arrangements for cross-over from one lane to another. There will also be buffer parks at the entrances to any drive-through system, so the hon. Gentleman's point has been met by the promoters. However, we shall be studying the assessment to discover whether it has been met adequately.

Assessment teams deal with programme, capital and operating costs, project management and third party insurance. I was asked earlier what would happen if the scheme had to be aborted. I can add that promoters are required to put up a bond or insurance to cover the cost of removing any structure that has been erected by them. [*Laughter.*] Hon. Members may laugh, but I have been asked for this information.

Traffic, revenue, cash flow, tax and revenue implications and financing will be assessed not only by the Treasury but by Schroder Wagg, the merchant bankers. It is essential that the project is viable and that no public money is needed. That is a *sine qua non*. The scheme must be viable, and that is why we have such a strong team to assess whether it is.

The hon. Member for Wigan (Mr. Stott) said that the interest costs were high, and asked whether inflation would be taken into account. I can assure him that it will be. The hon. Gentleman said that the costs were £5 billion. I suggest that the hon. Gentleman employs a turf accountant to do his accountancy, because he has



[Mr. David Mitchell]

exaggerated the figure 10 times. Having sat on the Transport Bill Committee with the hon. Gentleman, I am not surprised by a 10 times exaggeration in his figures.

**Mr. Stott:** I realise now that what I said was incorrect. It was an easy mistake to make. I meant to say £500 million.

**Mr. Mitchell:** I could not resist pulling the hon. Gentleman's leg on that faux pas.

The hon. Member for Aberdeen, North asked about shifting sands in the Channel. The hydrology team will assess that. We also have a frontier control team, which will assess the risks of rabies. The hon. Member for Glasgow, Shettleston (Mr. Marshall) was anxious about that. We have assessment teams for maritime and environmental requirements. I can tell the right hon. Member for Lewisham, Deptford (Mr. Silkin) that tunnel spoil is one matter that they will consider. In this case, we have also brought in land use consultants, Roger Tym and Partners and others to help us with that assessment. We have assessment teams considering the adequacy of the consultation process, the protection of the marine environment, economic and employment implications, legal matters, railways technology, inland rail, inland road infrastructure and security. I assure the hon. Member for Linlithgow that the psychological effects of driving through a long tunnel will be considered by the Transport and Road Research Laboratory, which is advising us in that area.

Our assessment team will consider those important matters in depth.

**Mr. Dalryell:** Will the Minister give way?

**Mr. Mitchell:** No, I shall not give way. The hon. Member for Wigan took some of my time and I have many points to cover.

The hon. Member for Crewe and Nantwich (Mrs. Dunwoody) said that the decision has been taken. I must tell her that no decision has been taken, and cannot be taken until we have received the reports of the assessment teams. The hon. Lady also said that a poll had been conducted in Folkstone, and she made much play with a newspaper questionnaire. The House will recognise that someone who fills in a questionnaire and returns it must have strong feelings about the matter. Understandably, those who have strong feelings in Folkstone are the people whose properties will be affected. Had the hon. Lady wished to give the House a fair assessment, she would have added that the chamber of commerce and the hoteliers association in Folkstone voted in favour of a fixed link.

Many Kent Members, including my right hon. and learned Friend the Member for Dover (Mr. Rees) and my hon. Friends the Members for Ashford (Mr. Speed) and for Canterbury (Mr. Crouch), asked about roads. Whether there is a fixed link or not, there will be a substantial increase in traffic through Kent in the future. We estimate that by 2003, the peak average flow will have increased from 7,000 cars a day to 13,000 cars a day. Lorries will have increased from 500 to 1,100 a day, and coaches from 400 to 700 a day. Of course, the promoters have produced higher figures taking into account the traffic that they expect to attract. Although we have not yet agreed those figures, we are considering them critically.

As my hon. Friends have said, that means that we need road improvements. Not only will the M25 be completed by 1986, but the missing link of the M20 will be completed in 1989—subject, of course, to delays caused by a public inquiry. But provided that we are not delayed, we shall make rapid progress. The Maidstone bypass will be improved and the A20 between Folkestone and Dover will go ahead when we know the form of the link. There will be a dual three-lane carriageway from the M25 to the mouth of whatever project is chosen.

Several hon. Members asked about the future of rail. My right hon. and learned Friend the Member for Dover asked whether a fixed link would remove normal British Rail services to his constituency. British Rail tells me that it will not. The hon. Member for Carlisle (Mr. Lewis) and my hon. Friend the Member for Canterbury mentioned the substantial potential gains for railways, railway passengers and freight. For example, the journey from London to Paris would take about three and quarter hours, which compares favourably with flying from Heathrow and with going by ferry. It also compares favourably in terms of passenger frustration and the fact that passengers must often carry their baggage. The hon. Member for Carlisle, who is sponsored by the National Union of Railwaymen and understands such matters, was right to say that if British Rail can obtain a link with the European rail network, the long distances will give an enormous advantage to rail compared with road transport and should succeed in shifting much freight traffic from the roads onto the railways. Many of my hon. Friends have covered that point.

The hon. Member for Aberdeen, North and the hon. Member for Isle of Wight (Mr. Ross) asked about investment and in particular whether British Rail would be able to carry out the investment required. British Rail will be able to invest, subject to its proposals being financially viable when presented to the Government. If the promoters require more from British Rail than it can economically and viably justify, the promoters will have to pay the additional costs.

Many hon. Members, including the right hon. Member for Deptford, have referred to the environmental effects of the link. The right hon. Gentleman remarked that the heritage of the Kent coast is everybody's heritage. He is absolutely correct and during the debate many hon. Members have taken the same view.

My right hon. and learned Friend the Member for Dover referred to Shakespeare cliff and the downs behind the cliffs. I have been to see the cliffs and the downs and I understand the impact that the link will have in that locality. The assessment team working jointly with the Department of the Environment and with Land Use Consultants recognise that, wherever the link is situated, it will cause environmental damage. The Government do not seek to hide that. It is an essential part of our assessment and the House will have to consider in due course, whether the link is worth the environmental damage that we report.

My right hon. and learned Friend the Member for Dover and my hon. Friend the Member for Ashford raised the question of monopoly. That is a very important aspect and the Government will include it in their assessment of the possible effects on the ferries. While the promoters are free to decide tariffs and commercial policy, they will be subject to United Kingdom and EC competition legislation. That means that there is the potential for

reference to the Office of Fair Trading, investigation, report, persuasion and, if that fails, reference to the Monopolies and Mergers Commission. After investigation, the Monopolies and Mergers Commission has power to invite the Secretary of State to make an order requiring changes, so there are substantial safeguards in relation to monopoly.

**Mr. Aitken:** Will my hon. Friend give way?

**Mr. Mitchell:** I have many points to cover, and I have no time to give way now.

There has also been substantial consultation by the promoters. For example, they have produced a substantial parcel of material on environmental assessment work. That parcel of material is available from responsible organisations, direct from the promoters or through local authorities in the affected area. In addition, there have been field visits by the promoters and an exhibition in the Upper Waiting Hall of the Palace of Westminster. I must refer rather apologetically to the room at the Department of the Environment which was mentioned during the debate. I agree with hon. Members who visited it that it was inadequate, and it has now been changed. If hon. Members visit the DOE again they will find a larger room with a quarter of the space devoted to each of the proposers, with videos, models, and things of that nature.

**Mr. Silkin:** The hon. Gentleman may have given instructions for the room to be changed, but as it was closed today it seems that the hon. Gentleman's action was not taken early enough to assist in this debate.

**Mr. Mitchell:** The room is kept locked unless people wish to see it, as we do not wish to risk its being vandalised. There are expensive models provided by the promoters and we have a responsibility to ensure that they are properly looked after.

There has also been consultation by the Government. We have inserted advertisements in a number of newspapers and the large number of replies received are all being assessed. Officials have visited every council in Kent and have reported the results of their assessment. As has been mentioned, I have been on listening visits to Kent. Ministers have also listened to today's debate. We have had the advice of the Select Committee and there will also be the hybrid Bill procedure.

The essence of the Opposition attack has been to ask why there is to be no public inquiry. The real question is why the Opposition have fastened on to that. It is a cynical attempt to obtain support from opponents by pretending that it will not kill the project, thus reconciling the differences between Members sponsored by the National Union of Railwaymen and those sponsored by the National Union of Seamen and the Transport and General Workers Union. A public inquiry would take three years. There is no way in which investors and investment institutions will keep money standing idle and earmarked for the project if it does not go forward at this stage.

The hon. Member for Isle of Wight asked for a short, sharp local public inquiry. The Select Committee dealing with the hybrid Bill has the right, with the leave of the House, to sit in Dover or Folkestone to hear local opinions. I think that it is better for people in the area to be able to present their views direct to the Select Committee rather than to a Queen's counsel.

If there is a public inquiry, the Secretary of State appoints the inspector, who reports back to the Secretary

of State and the Secretary of State then takes the decision. In this case, rather than a local public inquiry, it is right that the matter should be decided by the highest tribunal in the land—this House and the House of Lords—as my hon. Friend the Member for Maidstone (Sir J. Wells) pointed out so clearly. Had we had a public inquiry and a hybrid Bill—statutorily, we must have a hybrid Bill—objectors would have incurred the cost of going through their objections twice. Moreover, a hybrid Bill Committee, rather than a public inquiry, has already been approved by the Select Committee.

Many Members have questioned the point of having a fixed link at all. In 1980-81, the Select Committee on Transport had plenty of time to consider the matter in depth. Its report refers to the benefits of speed, convenience, comfort and a clear passage free of adverse weather conditions and the like. My hon. Friend the Member for Canterbury described his recent trip across the Channel, the difficulty of humping luggage around, and so on. With the fixed link, one could board a train in London and be in Paris three and a quarter hours later, without any of the problems associated with lugging baggage and being at the mercy of bad weather.

Hon. Members have referred to the spirit of Brunel and Victorian achievement, but that is not the point. There are perceived advantages to passengers, to exporters and to much of our economy. A rail link to all the major EEC markets would be a major change. It is the assessment of users and the advantage to so many of our fellow men and women in this country that attract investors and promoters alike. Let us see whether our assessments prove that the link is a worthwhile project from their point of view. If it is, let it go ahead. If it is not, let it fall.

*Question put:—*

*The House divided: Ayes 181, Noes 277.*

Division No. 19]

[10.00 pm

#### AYES

Adams, Allen (Paisley N)	Cohen, Harry
Aitken, Jonathan	Coleman, Donald
Anderson, Donald	Conlan, Bernard
Archer, Rt Hon Peter	Cook, Robin F. (Livingston)
Ashley, Rt Hon Jack	Corbett, Robin
Ashton, Joe	Corbyn, Jeremy
Atkinson, N. (Tottenham)	Cormack, Patrick
Banks, Tony (Newham NW)	Cox, Thomas (Tooting)
Barnett, Guy	Crowther, Stan
Barron, Kevin	Cunningham, Dr John
Bell, Stuart	Dalyell, Tam
Benn, Rt Hon Tony	Davies, Rt Hon Denzil (L'li)
Bennett, A. (Dent'n & Red'sh)	Deakins, Eric
Birmingham, Gerald	Dewar, Donald
Bidwell, Sydney	Dixon, Donald
Boyes, Roland	Dobson, Frank
Bray, Dr Jeremy	Dormand, Jack
Brown, Gordon (D'f'mline E)	Douglas, Dick
Brown, Hugh D. (Provan)	Dubs, Alfred
Brown, N. (N'c'tle-u-Tyne E)	Duffy, A. E. P.
Brown, R. (N'c'tle-u-Tyne N)	Dunwoody, Hon Mrs G.
Brown, Ron (E'burgh, Leith)	Eadie, Alex
Buchan, Norman	Edwards, Bob (W'h'mpt'n SE)
Caborn, Richard	Evans, John (St. Helens N)
Callaghan, Rt Hon J.	Ewing, Harry
Callaghan, Jim (Heyw'd & M)	Fatchett, Derek
Campbell-Savours, Dale	Field, Frank (Birkenhead)
Canavan, Dennis	Fields, T. (L'pool Broad Gn)
Carter-Jones, Lewis	Fisher, Mark
Clark, Dr David (S Shields)	Flannery, Martin
Clarke, Thomas	Foot, Rt Hon Michael
Clay, Robert	Forrester, John
Clwyd, Mrs Ann	Foster, Derek
Cocks, Rt Hon M. (Bristol S.)	Foulkes, George



Fraser, J. (Norwood)  
 Freeson, Rt Hon Reginald  
 Garrett, W. E.  
 George, Bruce  
 Gilbert, Rt Hon Dr John  
 Godman, Dr Norman  
 Golding, John  
 Gould, Bryan  
 Gourlay, Harry  
 Hamilton, James (M'well N)  
 Hamilton, W. W. (Fife Central)  
 Hancock, Mr. Michael  
 Hardy, Peter  
 Harman, Ms Harriet  
 Hart, Rt Hon Dame Judith  
 Hattersley, Rt Hon Roy  
 Haynes, Frank  
 Healey, Rt Hon Denis  
 Heffer, Eric S.  
 Hogg, N. (C'nauld & Kilsyth)  
 Holland, Stuart (Vauxhall)  
 Home Robertson, John  
 Hoyle, Douglas  
 Hughes, Dr. Mark (Durham)  
 Hughes, Robert (Aberdeen N)  
 Hughes, Sean (Knowsley S)  
 Janner, Hon Greville  
 John, Brynmor  
 Jones, Barry (Alyn & Deeside)  
 Kilroy-Silk, Robert  
 Kinnock, Rt Hon Neil  
 Lambie, David  
 Lamond, James  
 Leighton, Ronald  
 Lewis, Ron (Carlisle)  
 Lewis, Terence (Worsley)  
 Lloyd, Tony (Stretford)  
 Lofthouse, Geoffrey  
 McCartney, Hugh  
 McDonald, Dr Oonagh  
 McKay, Allen (Penistone)  
 MacKenzie, Rt Hon Gregor  
 McNamara, Kevin  
 McTaggart, Robert  
 McWilliam, John  
 Madden, Max  
 Marek, Dr John  
 Marshall, David (Shettleston)  
 Martin, Michael  
 Mason, Rt Hon Roy  
 Maxton, John  
 Maynard, Miss Joan  
 Meacher, Michael  
 Michie, William  
 Millan, Rt Hon Bruce  
 Miller, Dr M. S. (E Kilbride)  
 Mitchell, Austin (G't Grimsby)  
 Moate, Roger  
 Oakes, Rt Hon Gordon

## NOES

Adley, Robert  
 Alexander, Richard  
 Alison, Rt Hon Michael  
 Alton, David  
 Amess, David  
 Ancram, Michael  
 Arnold, Tom  
 Atkins, Robert (South Ribble)  
 Atkinson, David (B'm'th E)  
 Baker, Rt Hon K. (Mole Vall'y)  
 Baker, Nicholas (Dorset N)  
 Baldry, Tony  
 Beaumont-Dark, Anthony  
 Bellingham, Henry  
 Benyon, William  
 Best, Keith  
 Bevan, David Gilroy  
 Biggs-Davison, Sir John  
 Blackburn, John

O'Brien, William  
 O'Neill, Martin  
 Park, George  
 Parry, Robert  
 Patchett, Terry  
 Pavitt, Laurie  
 Pike, Peter  
 Powell, Raymond (Ogmore)  
 Prescott, John  
 Radice, Giles  
 Randall, Stuart  
 Redmond, M.  
 Rees, Rt Hon M. (Leeds S)  
 Rees, Rt Hon Peter (Dover)  
 Richardson, Ms Jo  
 Roberts, Ernest (Hackney N)  
 Robertson, George  
 Robinson, G. (Coventry NW)  
 Rooker, J. W.  
 Rowlands, Ted  
 Sedgemore, Brian  
 Sheerman, Barry  
 Shore, Rt Hon Peter  
 Short, Ms Clare (Ladywood)  
 Short, Mrs R. (W'hampt'n NE)  
 Silkin, Rt Hon J.  
 Skinner, Dennis  
 Smith, C. (Isl'ton S & F'bury)  
 Smith, Rt Hon J. (M'kl'ds E)  
 Soley, Clive  
 Spearing, Nigel  
 Stewart, Rt Hon D. (W Isles)  
 Stott, Roger  
 Stradling Thomas, Sir John  
 Strang, Gavin  
 Straw, Jack  
 Taylor, Rt Hon John David  
 Taylor, Teddy (S'end E)  
 Thomas, Dafydd (Merioneth)  
 Thomas, Dr R. (Carmarthen)  
 Thompson, J. (Wansbeck)  
 Thorne, Stan (Preston)  
 Tinn, James  
 Torney, Tom  
 Wardell, Gareth (Gower)  
 Wareing, Robert  
 Weetch, Ken  
 Welsh, Michael  
 White, James  
 Williams, Rt Hon A.  
 Wilson, Gordon  
 Winnick, David  
 Woodall, Alec  
 Young, David (Bolton SE)

Tellers for the Ayes:  
 Mr. Lawrence Cunliffe and  
 Mr. Ron Davies.

Butcher, John  
 Butler, Rt Hon Adam  
 Butterfill, John  
 Carlisle, John (Luton N)  
 Carlisle, Kenneth (Lincoln)  
 Carlisle, Rt Hon M. (W'ton S)  
 Cartwright, John  
 Cash, William  
 Chalker, Mrs Lynda  
 Chapman, Sydney  
 Choje, Christopher  
 Churchill, W. S.  
 Clark, Hon A. (Plym'th S'n)  
 Clark, Dr Michael (Rochford)  
 Clark, Sir W. (Croydon S)  
 Clarke, Rt Hon K. (Rushcliffe)  
 Clegg, Sir Walter  
 Cockeram, Eric  
 Conway, Derek  
 Coombs, Simon  
 Cope, John  
 Corrie, John  
 Cranborne, Viscount  
 Crouch, David  
 Currie, Mrs Edwina  
 Dickens, Geoffrey  
 Dicks, Terry  
 Dorrell, Stephen  
 Douglas-Hamilton, Lord J.  
 Dover, Den  
 du Cann, Rt Hon Sir Edward  
 Durant, Tony  
 Dykes, Hugh  
 Eggar, Tim  
 Emery, Sir Peter  
 Evennett, David  
 Eyre, Sir Reginald  
 Fairbairn, Nicholas  
 Favell, Anthony  
 Fenner, Mrs Peggy  
 Finsberg, Sir Geoffrey  
 Fletcher, Alexander  
 Fookes, Miss Janet  
 Forman, Nigel  
 Forth, Eric  
 Fowler, Rt Hon Norman  
 Fox, Marcus  
 Franks, Cecil  
 Fraser, Peter (Angus East)  
 Freud, Clement  
 Fry, Peter  
 Galley, Roy  
 Gardner, Sir Edward (Fylde)  
 Garel-Jones, Tristan  
 Glyn, Dr Alan  
 Goodlad, Alastair  
 Gow, Ian  
 Gower, Sir Raymond  
 Grant, Sir Anthony  
 Greenway, Harry  
 Gregory, Conal  
 Griffiths, Sir Eldon  
 Griffiths, Peter (Portsm'th N)  
 Grist, Ian  
 Ground, Patrick  
 Grylls, Michael  
 Gummer, Rt Hon John S  
 Hamilton, Hon A. (Epsom)  
 Hamilton, Neil (Tatton)  
 Hampson, Dr Keith  
 Hanley, Jeremy  
 Hannam, John  
 Harris, David  
 Harvey, Robert  
 Haselhurst, Alan  
 Hawkins, C. (High Peak)  
 Hawksley, Warren  
 Hayes, J.  
 Hayhoe, Rt Hon Barney  
 Hayward, Robert

Heddle, John  
 Henderson, Barry  
 Heseltine, Rt Hon Michael  
 Hickmet, Richard  
 Hicks, Robert  
 Higgins, Rt Hon Terence L.  
 Hind, Kenneth  
 Hirst, Michael  
 Hogg, Hon Douglas (Gr'th'm)  
 Holland, Sir Philip (Gedling)  
 Holt, Richard  
 Hordern, Sir Peter  
 Howard, Michael  
 Howarth, Gerald (Cannock)  
 Howell, Rt Hon D. (G'dford)  
 Howell, Ralph (Norfolk, N)  
 Howells, Geraint  
 Hubbard-Miles, Peter  
 Hunt, David (Wirral)  
 Hunt, John (Ravensbourne)  
 Hunter, Andrew  
 Irving, Charles  
 Jackson, Robert  
 Jessel, Toby  
 Johnson Smith, Sir Geoffrey  
 Jones, Gwilym (Cardiff N)  
 Jones, Robert (Herts W)  
 Joseph, Rt Hon Sir Keith  
 Kellett-Bowman, Mrs Elaine  
 Kershaw, Sir Anthony  
 King, Roger (B'ham N'field)  
 Knowles, Michael  
 Knox, David  
 Lang, Ian  
 Lawler, Geoffrey  
 Lawrence, Ivan  
 Lee, John (Pendle)  
 Leigh, Edward (Gainsbor'gh)  
 Lennox-Boyd, Hon Mark  
 Lester, Jim  
 Livsey, Richard  
 Lloyd, Ian (Havant)  
 MacKay, Andrew (Berkshire)  
 MacKay, John (Argyll & Bute)  
 Maclean, David John  
 McNair-Wilson, M. (N'bury)  
 Major, John  
 Maples, John  
 Marshall, Michael (Arundel)  
 Mather, Carol  
 Mawhinney, Dr Brian  
 Maxwell-Hyslop, Robin  
 Mayhew, Sir Patrick  
 Merchant, Piers  
 Meyer, Sir Anthony  
 Miller, Hal (B'grove)  
 Miscampbell, Norman  
 Mitchell, David (NW Hants)  
 Morrison, Hon C. (Devizes)  
 Morrison, Hon P. (Chester)  
 Moynihan, Hon C.  
 Murphy, Christopher  
 Neale, Gerrard  
 Neubert, Michael  
 Newton, Tony  
 Norris, Steven  
 Oppenheim, Rt Hon Mrs S.  
 Osborn, Sir John  
 Ottaway, Richard  
 Page, Sir John (Harrow W)  
 Page, Richard (Herts SW)  
 Parkinson, Rt Hon Cecil  
 Parris, Matthew  
 Penhaligon, David  
 Pollock, Alexander  
 Powell, William (Corby)  
 Powley, John  
 Price, Sir David  
 Prior, Rt Hon James  
 Raison, Rt Hon Timothy

Rhodes James, Robert  
 Rhys Williams, Sir Brandon  
 Ridley, Rt Hon Nicholas  
 Rippon, Rt Hon Geoffrey  
 Roberts, Wyn (Conwy)  
 Robinson, Mark (N'port W)  
 Roe, Mrs Marion  
 Ross, Stephen (Isle of Wight)  
 Rossi, Sir Hugh  
 Rost, Peter  
 Rowe, Andrew  
 Rumbold, Mrs Angela  
 Sackville, Hon Thomas  
 St. John-Stevas, Rt Hon N.  
 Sayeed, Jonathan  
 Shaw, Giles (Pudsey)  
 Shaw, Sir Michael (Scarb')  
 Shelton, William (Streatham)  
 Shepherd, Colin (Hereford)  
 Shepherdy, Richard (Aldridge)  
 Shersby, Michael  
 Skeet, T. H. H.  
 Smith, Tim (Beaconsfield)  
 Soames, Hon Nicholas  
 Speed, Keith

Speller, Tony  
 Spence, John  
 Spencer, Derek  
 Spicer, Jim (Dorset W)  
 Spicer, Michael (S Worcs)  
 Squire, Robin  
 Stanbrook, Ivor  
 Steen, Anthony  
 Stern, Michael  
 Stevens, Lewis (Nuneaton)  
 Stevens, Martin (Fulham)  
 Stewart, Andrew (Sherwood)  
 Stewart, Ian (Hert'dshire N)  
 Sumberg, David  
 Taylor, John (Solihull)  
 Temple-Morris, Peter  
 Terlezki, Stefan  
 Thatcher, Rt Hon Mrs M.  
 Thompson, Donald (Calder V)  
 Thompson, Patrick (N'ich N)  
 Thorne, Neil (Ilford S)  
 Thornton, Malcolm  
 Thurnham, Peter  
 Townsend, Cyril D. (B'heath)  
 Tracey, Richard

Trippier, David  
 Twinn, Dr Ian  
 van Straubenzee, Sir W.  
 Viggers, Peter  
 Waddington, David  
 Wainwright, R.  
 Wakeham, Rt Hon John  
 Waldegrave, Hon William  
 Walker, Bill (T'side N)  
 Wallace, James  
 Waller, Gary  
 Ward, John  
 Wardle, C. (Bexhill)  
 Warren, Kenneth  
 Watson, John  
 Watts, John  
 Wells, Bowen (Hertford)

Wells, Sir John (Maidstone)  
 Wheeler, John  
 Whitfield, John  
 Whitney, Raymond  
 Wilkinson, John  
 Winterton, Mrs Ann  
 Wolfson, Mark  
 Wood, Timothy  
 Woodcock, Michael  
 Wrigglesworth, Ian  
 Yeo, Tim  
 Younger, Rt Hon George

Tellers for the Noes:  
 Mr. Peter Lloyd and  
 Mr. Francis Maude.

Question accordingly negated.

[Continued in column 719]



CC/BG



Treasury Chambers, Parliament Street, SW1P 3AG

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

9 December 1985

CDQ  
9/12

*Dear Nick,*

**CHANNEL FIXED LINK: TREATY**

In your letter to Geoffrey Howe of 25 November you described progress on the Treaty. I am broadly content with the draft Treaty but would like to register some points which I imagine you have well in mind.

I understand that you propose to consult us again about the draft on commercial policy after further discussion with the French, and I should welcome that. I do not see why promoters would see the present English draft as not fulfilling the commitment given in the guidelines, since those made it clear that national laws would apply as regards abuse of a dominant position and anti-competitive practices. Because most users of the link are likely to be British, we have a particular interest in safeguarding our powers against the abuse of a dominant position, and I should be reluctant to make their use subject to French agreement.

Apart from that, I wonder why we should be promising effective exemption from exchange controls for transactions with third countries. This goes beyond the guidelines, and also beyond the arrangements agreed in 1973. It is an academic point in current circumstances, but the Treaty and link will have a long life. I therefore suggest that officials clarify the purpose of the French in asking for this exemption, and report on the balance of advantage in our conceding it.

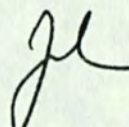
I also suggest that what is said about duty-free facilities should be looked at again in the light of apparent French unwillingness to make a joint application to Brussels. Although the text refers to our international obligations, it may still seem presumptuous to the Commission. On the substance, I suggest that you might ask your French counterpart to confirm that his Government still wishes duty-free facilities to be available on the link.



Finally you have asked about representation on the Intergovernmental Commission. I believe that it has been helpful for the Treasury to have been involved so closely in work with the French up to now, and hope that this can continue. The Tresor will, I am sure, be represented on the French side. The representative of this Department would, of course, keep closely in touch with the Revenue Departments and draw them in as necessary.

I am sending copies of this letter to the Prime Minister, Geoffrey Howe, Douglas Hurd, Michael Heseltine and other members of E(A) and to Sir Robert Armstrong.

*Yours ever,*



JOHN MacGREGOR



TRANSPORT PART 3  
THE CHANNEL TUNNEL EU







QUEEN ANNE'S GATE LONDON SW1H 9AT

9 December 1985

Dear Nicholas,

EDP  
9/12

CHANNEL FIXED LINK

Thank you for sending me a copy of your letter of 25 November to Geoffrey Howe with a progress report by officials on the drafting of the Treaty for the Channel Fixed Link.

My officials have been closely involved with the drafting of the Treaty and the negotiations with the French, and I am generally satisfied with the way in which it deals with matters which are of interest to my Department. As you are aware, however, a good deal of work still lies ahead on security, policing, frontier control and jurisdictional questions. These matters will need to be the subject of detailed negotiations with the French, with a view to concluding protocols to the Treaty (as envisaged in, for example, Article 9 of the draft Treaty) and other necessary bilateral arrangements. Some of the questions that will have to be dealt with in this field will have implications for the Lord Chancellor's and Attorney General's responsibilities, as well as my own. It is therefore important for the Treaty to provide a framework for these further detailed negotiations without unduly constraining our freedom of action in devising solutions to the varied and complex problems that are likely to arise.

Against this background I am somewhat concerned about the apparent inclination of the French to seek to add to existing references in the Treaty to frontier control and security matters (which already provide a perfectly adequate framework for further work once the Treaty is signed) by bringing in specific references to particular operational matters such as the establishment of juxtaposed frontier controls and the notification of authorities responsible for defence and security matters. I hope that in your further negotiations with the French, you and Geoffrey Howe will be able to resist as far as possible the introduction of new and unnecessarily detailed points into the Treaty, or at least ensure that such new points are formulated in a way which does not undesirably constrain our freedom of manoeuvre in future discussions with the French. Given the necessary urgency with which the negotiations to agree on the Treaty are to be completed, I think it is all the more important not to allow the French to bring in new points unless they are seen as absolutely essential.

The Rt Hon Nicholas Ridley, M.P.

/over...



Transp; Chan Tunnel Pt 3

- 2 -

You also sought views on representation on the commission which is to play a key role in communications between the Governments and the concessionaire. I support the principle of keeping the proposed commission small, but in view of the importance of the control and enforcement aspects of its work I would wish to consider nearer the time whether it should have a Home Office member.

Copies of this letter go to the Prime Minister, Geoffrey Howe, Michael Heseltine, members of E(A) and Sir Robert Armstrong.

Lowery,  
Doyl.





CONFIDENTIAL

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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CONFIDENTIAL

- 2 -

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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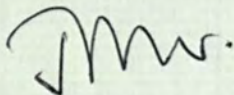
CONFIDENTIAL

- 3 -

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

CONFIDENTIAL





CC BG  
PC

FCS/85/317

SECRETARY OF STATE FOR TRANSPORT

CD:Ri

Channel Fixed Link: Compensation

1. Thank you for your letter of 26 November.
2. I am glad that you accept, at least for the time being, the arguments of Michael Heseltine, John McGregor and myself on the distinction between cancellation of the Link Concession for political and defence reasons. I note that you may wish to return to the question.
3. On compensation between Governments where the Concession is terminated unilaterally on account of the default of the Concessionaires, or where the construction or operation of the Link is interrupted or terminated on grounds of national defence, I understand that officials and legal advisers of the departments concerned are in agreement with the propositions in your letter. I am quite content, therefore, that they should be instructed to finalise the wording of the compensation article of the Treaty on the basis described in your letter.
4. I am copying this minute to the Prime Minister, the Secretary of State for Defence, Home Secretary, and other members of E(A) and to Sir Robert Armstrong.

Foreign & Commonwealth Office  
9 December 1985

GEOFFREY HOWE



TRANSPORT  
CHANNEL TOWN  
PT 3







Treasury Chambers, Parliament Street, SW1P 3AG

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

CDP  
G/n

6<sup>th</sup> December 1985

*Dear Nicholas,*

**CHANNEL FIXED LINK: COMPENSATION**

I broadly accept the reasoning in your letter to Geoffrey Howe of 26 November, and note what you say about compensation to concessionaires on defence grounds. I understand, however, that the latest French draft of the treaty simply limits intra-governmental compensation to that conforming to the principles of international law. I would prefer to have the formula you mention, and which you say the French accept, provided it is understood that "actual and direct loss" excludes tax revenue.

I am sending copies of this letter to the Prime Minister, the Secretary of State for Defence, the Home Secretary and other members of E(A) and to Sir Robert Armstrong.

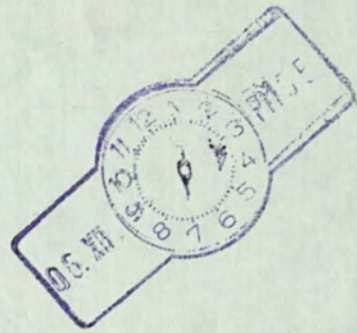
*Yours ever,*

*JM*

JOHN MacGREGOR



TRANSPORT : Channel Tunnel : Pt 3





CC 70  
✓ JSGCDD  
5/12FCS/85/314SECRETARY OF STATE FOR TRANSPORTCFL: Treaty

1. Thank you for your letter of 25 November enclosing our officials' joint progress report on the Treaty and a copy of the latest draft. I am impressed by the good progress which has been made. I note that the major outstanding question concerns commercial and competition policy. I understand that officials in the DTI are working on a solution.
2. I am glad you raised the question of the Intergovernmental Commission. I am sure you are right in wishing to keep the Intergovernmental Commission as small as possible, although I suppose the number of 16 is not immutable. In this respect I doubt whether it would be wise to include a precise number in the Treaty itself. It would be burdensome to have to amend the Treaty just to change the numbers.
3. I should like to make a firm bid for the FCO to be represented on the Commission. As you know, we have a representative on the Anglo-French Plenary Group which currently oversees all matters connected with the Fixed Link. I understand your officials have found this very useful. I imagine the IGC will, particularly during the pre-construction phase, have many of the same responsibilities as that Group. This is a project of major significance to Anglo-French relations and it has important foreign policy implications. I therefore believe that

/the





the FCO should sit on the Commission. There will certainly be a representative from the Quai d'Orsay. An obvious task for the FCO representative would be to continue his present role, coordinating security and defence questions on the British side, and speaking on these issues at meetings of the Commission. There will of course be separate arrangements for Anglo-French coordination of security and defence matters on a more day-to-day basis.

4. For the rest I entirely agree that as you suggest we should instruct our officials to settle the outstanding matters of policy in the Treaty as quickly as possible on the lines described in their report.

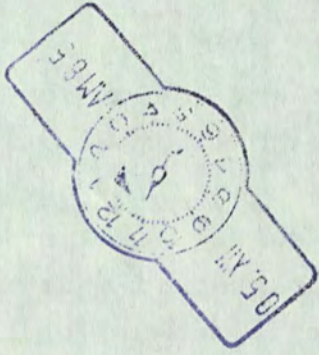
5. I am copying this letter to the Prime Minister, Douglas Hurd, Michael Heseltine, members of E(A) and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office  
5 December 1985



TRANSPORT  
CHANNEL TUNNEL  
PT 3





CONFIDENTIAL

CCPC  
✓ BG



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Kenneth Baker MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
LONDON SW1P 3EB

27 November 1985

CJP  
28/11

Dear Kenneth

CHANNEL FIXED LINK: CONSULTATION AND ENVIRONMENTAL ASPECTS

I am grateful for your letter of 21 ~~October~~<sup>NOVEMBER</sup> agreeing to my proposals for consultation on the Channel Fixed Link. I am also generally content with the other suggestions you make for handling the environmental aspects.

You said that it was essential to allow your Department sufficient time to make a clear input on environmental and local matters. Your officials are in the lead on the environmental assessment and I see no great difficulty in what you suggest, but it is, of course, essential that we stick to the timetable we have agreed with the French. Subject to that, I will do all that I can to see that you have maximum opportunity to put forward the DOE view.

Equally, I have no difficulty in principle in agreeing that the report by Land Use Consultants, together with the statements by NCC and the Countryside Commission, should be published. Before committing ourselves to this course, however, I think we need to see the documents and make sure that they do not injure our case. I would also want to be satisfied that publication would not lead to pressure to publish the assessors' report as a whole. In this connection, I think your suggestion that the documents should be published under cover of a commentary by your own Department is helpful. It would help to underline the exceptional nature of the arrangements. I should also emphasise that we have no intention of relying solely on the LUC report.

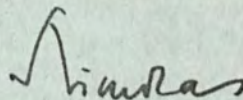
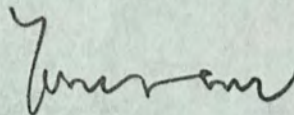
I note your support for a Debate in Parliament before the final selection is made. I had already reached that conclusion myself, and I have now written to John Biffen

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asking him to make time available during the first two weeks of December. I think it is important that we hold the Debate before Ministers here have received the report of the assessment group.

I am copying this letter to the Prime Minister, other members of E(A), the Foreign Secretary, the Lord Chancellor, the Minister of Agriculture, Fisheries and Food, the Chief Whip and to Sir Robert Armstrong.



NICHOLAS RIDLEY



TRANSPORT  
CHANNEL TUNNEL  
PT3







DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON SW1

*CC [Signature]*  
*ESP*  
*27/11*  
26 November 1985

*Dear Geoff*

#### CHANNEL FIXED LINK: COMPENSATION

Thank you for your letter of 25 October about compensation between Governments and in respect of cancellation or termination of the Link concession for defence reasons.

You agreed generally with my proposals on compensation

- a. between Governments; and
- b. to concessionaires for interruption on grounds of defence or national security

But you were unhappy about my suggestion that termination on defence grounds should be regarded in the same way as any other form of political cancellation. John MacGregor and Michael Heseltine made the same point.

Though I would not wish to press my argument at this stage, I am not wholly convinced that this distinction actually gains anything at all. It is by no means certain that it would be cheaper, and it is a point that may worry any chosen promoter. But it is not a matter on which the French have expressed strong feelings, and adopting your line would not cause any problems in the Treaty negotiations. I must sound a warning, however, that I may need to return to this question in due course, if it proves to be a sticking point with a promoter, and if the French are disposed to concede the point.

#### INTER-GOVERNMENTAL COMPENSATION

Since my letter, the French have raised a point of detail on the question of Inter-Governmental compensation



on which I would be grateful for further views. They have argued that if one State unilaterally terminates or interrupts the concession, either because of default by the Concessionaire, or on defence grounds, then the "innocent" State would still have a claim against the other.

It would be easier for us to reach a conclusion on both these issues if the concession agreement had already been signed. As it is currently drafted, termination or interruption for a breach by the Concessionaire would have to be joint to be effective. It is highly improbable that the French Government and the Concessionaires would sign an agreement which provided a right of unilateral termination or interruption, even where there was an actual default by the promoter. In the circumstances envisaged by the French, therefore, compensation between Governments would probably be payable anyway, because a unilateral termination or interruption would be a breach of the Treaty.

In the case of termination or interruption on defence grounds, the question is slightly different. It is difficult to imagine circumstances where the defence interests of the two States would diverge, so what the French fear is so unlikely that their proposal is probably acceptable. The present draft of the concession agreement would, however, need to be amended to meet this point.

I think we can agree to accept the principle that compensation would be payable to the other Government, in a case of defence termination or interruption, provided that the action is not in the defence interests of both States. I suspect that what this means in practice is that no compensation would be paid at all, because a unilateral termination would imply that a state of hostility existed between the two signatory powers.

A point of principle about which we felt strongly at an earlier stage was that we should seek to restrict the expenditure in respect of which compensation would be payable to the other Government, for whatever reason. This principle has now been accepted by the French and the draft Treaty now includes words on the following lines:

"Such compensation shall be limited to the actual and direct loss suffered ..... in respect of the establishment of the Fixed Link and shall exclude any indirect loss or damage, in particular it shall exclude any loss of benefits derived from the establishment or operation of the Fixed Link."

If you agree, I suggest that we should instruct our officials to finalise the wording of the compensation Article of the Treaty on the basis I have described above.



I am copying this letter to the Prime Minister, the Secretary of State for Defence, the Home Secretary, other members of E(A) and to Sir Robert Armstrong.

*Yours sincerely*

*Nicholas*

NICHOLAS RIDLEY



Transport:  
Channel Tunnel

PE3







DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON SW1

25 November 1985

*Dear Geoffrey*

#### CHANNEL FIXED LINK: TREATY

Our officials have submitted to me the enclosed joint progress report on the drafting of a Treaty for the Channel Fixed Link. The latest English draft of the Treaty text is attached to the report.

The report suggests that good progress has been made in these negotiations. With one major exception, there is Anglo-French agreement on most issues of substance which arise on the Treaty. We are, therefore, on target to sign the Treaty in February, if required.

The major outstanding question concerns the way in which we are to give effect in the Treaty to the undertaking in the "Invitation to Promoters" that "promoters will be free to decide their own commercial policy, tariffs and the type of service to be offered." The present draft of Article 5 does not satisfy the French and would not be seen by the promoters as fulfilling the commitment given in the guidelines. DTI officials are discussing this with their French opposite numbers and it appears that it is the French, not ourselves, who have the most problems with this Article.

#### INTER-GOVERNMENTAL MACHINERY

One of the most difficult parts of the Treaty to negotiate has been the Inter-Governmental machinery. To create a bi-national "clearing house" for Governmental decisions affecting the concession and a channel of communication between the Concessionaire and the two Governments, the Treaty provides for:

1. an Inter-Governmental commission; and







34211

JOINT REPORT BY OFFICIALS OF THE DEPARTMENT OF TRANSPORT AND THE FOREIGN AND COMMONWEALTH OFFICE TO MINISTERS ON PROGRESS ON THE DRAFTING OF A TREATY FOR THE CHANNEL FIXED LINK

Introduction

1. The legal arrangements necessary for the establishment and operation of a Channel Fixed Link comprise:-

- a) a Treaty and other intergovernmental agreements and arrangements setting out the intentions of, and regulating the obligations between, the United Kingdom and France;
- b) a Concession by the United Kingdom and France authorising the successful promoters to construct and operate the Link, and regulating their operations. The Concession is the principal instrument regulating the Fixed Link;
- c) legislative provision for the ratification of the Treaty, for enabling the Governments to grant the Concession, and for the adaptation of laws. Due to the different approach in the United Kingdom and France to the effect in domestic law of an international agreement, there will be differences in the legislation of the two countries. In the United Kingdom, it will involve both a Bill and subordinate legislation.

Timing

2. It will be necessary to complete and sign the Treaty and the Concession at least before Second Reading of the Bill. It is the present intention to sign the Treaty during February 1986. The Bill must be enacted before the Treaty is ratified and as a condition of the Concession coming into force.



### Contents of the Treaty

3. The substantive provisions of the Treaty will be limited to broad basic agreements between Governments. Although it will be necessary to come to an agreement with the French over many matters of detail, it is neither possible nor desirable to attempt to go into such matters in the Treaty itself. These details (relating eg to the legal regime of the Link, policing, customs, immigration, safety and emergency services) will be worked out (and possibly changed from time to time) over the next couple of years. The Treaty will therefore expressly provide for such matters to be dealt with in implementing protocols and arrangements. Some of them will be highly sensitive, eg precautions against, and response to, terrorism; these will be the subject of confidential arrangements.

4. The main provisions of the draft Treaty will be as follows:-

(a) Concession: The grant by both Governments to permit the Concessionaires to construct and operate a Fixed Link. The Concession cannot be amended without the agreement of both Governments. The Link is to be financed without recourse to government funds or government guarantees of a financial or commercial nature. Subject to competition law, the Concessionaires will be free to fix their own tariffs and determine their commercial policy.

(b) Political guarantee: If a Government interrupts the Concession or terminates it prematurely, save eg for non performance or on defence grounds, compensation is payable to the Concessionaires. Compensation comparable to that payable on a requisition of property would also be payable on interruption or termination on defence grounds. Compensation will also be payable to the other Government for a premature termination of the Concession; the exact terms of this latter provision are still the subject of negotiation.



- (c) Jurisdiction: The frontier on the Fixed Link will be the same as the frontier on the Continental shelf agreed between the United Kingdom and France by Treaty in 1982. In general the frontier will determine jurisdiction, but because of the nature of the Link and the probability of juxtaposition of controls, there will inevitably be a need for some extraterritorial jurisdiction. This is to be the subject of Protocols (and necessary domestic legislation).
- (d) Finance: The draft provides that matters relating to direct taxation will be dealt with through the Anglo-French Double Taxation Convention. Provision is also made for duty-free facilities, though this will be subject to agreement by the EC.
- (e) Intergovernmental machinery: A system of inter-governmental control is to be established consisting of a Commission, through which the governments will in practice act vis-a-vis the Concessionaires, a safety authority, and provision for consultation. It has been proposed that the Commission and the Authority should be funded by a levy on the Concessionaires.
- (f) Disputes: There is provision for arbitration both as between the governments and as between the governments and the Concessionaires.

#### Present state of negotiations

5. There is substantial agreement on these main provisions and the current English text of the draft Treaty is annexed to this Report. There is to be a drafting committee later this month to reconcile the English and French texts, eliminate anomalies and ensure consistency. There are still a number of substantive



issues outstanding of which the most significant from the British side are the question of payment of compensation to the other Government on a termination of the Concession for defence reasons; the application of competition law to the Fixed Link; and the provision of duty-free facilities. If necessary, these will be the subject of separate submissions. The other matters currently outstanding are likely to be resolved so as to enable the Treaty to be signed on time though tactical considerations will affect the timing of agreement on them.

6. The current draft of the Treaty is suitable for any of the schemes proposed by the promoters. It will be necessary to review the text after the selection of the successful scheme to see if any additional, in particular "scheme specific", provision is needed.

#### Future work plan

7. Planning for the future work on the Treaty will therefore be on the following basis:-

- a) drafting committee and production of a common text: November 1985;
- b) continued work to resolve outstanding issues: December 1985/1-15 January 1986;
- c) examination of additional, eg "scheme specific", provisions: January 1986;
- d) scrutiny by FCO Treaty Department: January 1986

FCO/DTP

15 November 1985



DRAFT

D.T. Rev 5

6.xi.85

TREATY BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE FRENCH REPUBLIC CONCERNING THE CONSTRUCTION AND OPERATION OF A CHANNEL FIXED LINK BETWEEN THE UNITED KINGDOM AND FRANCE

Her Majesty The Queen of the United Kingdom of Great Britain and Northern Ireland and of Her other Realms and Territories, Head of the Commonwealth, and the President of the French Republic;

CONVINCED that a link comprising a [ ] will greatly improve communications between the United Kingdom and France and give fresh impetus to relations between the two countries;

DESIRING ALSO TO contribute to the development of relations and the expansion of trade between the Members States of the European Communities and more generally between European States;

CONFIDENT of the ability of private enterprise successfully to construct and operate such a Channel Fixed Link in accordance with the criteria laid down by the Government of the United Kingdom and the French Government;

HAVE DECIDED to conclude a Treaty and to this end have appointed as their Plenipotentiaries :-

Her Majesty The Queen of the United Kingdom of Great Britain and Northern Ireland and of Her other Realms and Territories. Head of the Commonwealth :

[

]



The President of the French Republic :

[ ]

WHO, having presented their full Powers, found in good and due form, have agreed as follows :

Article 1 [F. 13.1]

Definitions

\* In this Treaty :-

(a) "the Fixed Link" means the ..... referred to in Article 2 (6) ;

(b) "the Concessionaires" means .....;

(c) "the Concession" means .....

(the text of which is attached to this Treaty but does not form an integral part thereof), and includes any subsequent agreement concerning the construction and operation of the Fixed Link made between the Governments or one of them and the Concessionaires in accordance with Article 3(3).

Article 2 [F.1; F.3; F.4.4 and F.5]

Object

(1) The High Contracting Parties undertake, in accordance with



the provisions of this Treaty and any arrangements made pursuant thereto, to facilitate the construction and operation by [private undertakings] of a Fixed Link [across/under] the English Channel between                      and                      as provided in the Concession. The Fixed Link shall be financed without recourse to government funds or to government guarantees of a financial or commercial nature.

(2) The High Contracting Parties undertake not to interrupt or terminate the right of the Concessionaires to construct or operate the Fixed Link during the terms of the Concession save -

[(a)] on grounds of national defence; or

[(b)] in the case of a failure by the Concessionaires to satisfy or comply with the terms of, and as provided in, the Concession.

A High Contracting party which fails to comply with this obligation shall be liable to pay compensation to the Concessionaires as provided in the Concession.

(3) Where the right of the Concessionaires to construct or operate the Fixed Link is interrupted or terminated on grounds of national defence, the Concessionaires shall be eligible for just and reasonable compensation such as that which the High Contracting Party concerned pays to enterprises deprived, on grounds of national defence, in like circumstances of the right to operate their own undertakings. The Concessionaires shall not be eligible for double compensation on account of the same facts.

(4) In the event of the Concessionaires becoming entitled to compensation, each Government shall bear the cost of the payment of any compensation to the Concessionaires in proportion to its responsibility, if any, in accordance with international law.

† (5) In the event of either High Contracting Party interrupting or terminating the right of the Concessionaires to construct or operate the Fixed Link during the term of the Concession otherwise than [in the case of a failure by the Concessionaires as provided by

† Unofficial suggested draft



| Article 2.2b,] the other High Contracting Party shall be entitled to  
| compensation. Such compensation shall be limited to the actual and  
| direct loss suffered by that other High Contracting Party in respect  
| of the establishment of the Fixed Link and shall exclude any  
| indirect loss or damage, in particular it shall exclude any loss of  
| benefits derived from the establishment or operation of the Fixed  
| Link. No compensation shall be payable under this Article in  
| respect of [an interruption or termination of such a right on  
| grounds of national defence where such termination serves the  
| defence interests of both High Contracting Parties or in respect of  
| an interruption of such a right on grounds of national defence.]

(6) The Fixed Link will consist of .....

Article 3 [F.4.1]

Power to grant concession

(1) The High Contracting Parties shall, according to their own procedures, adopt such legislative and regulatory measures, and take such steps, as are necessary for the construction, and operation of the Fixed Link by the Concessionaires in accordance with the Concession.

[(2) Any United Kingdom legislation which may be required to give effect to the provisions of the initial Concession shall have been enacted before this Treaty enters into force.]

(3) Neither Government shall modify or replace the terms of the Concession without the prior approval of the other Government.



Article 4 [F.4.2]

International organisations

Measures taken by the Governments with respect to the construction and operation of the Fixed Link shall be consistent with their international obligations. The two Governments shall co-operate in making any necessary approaches to the relevant international organisations.

Article 5 [F.4.2]

[New text proposed by French side]

Commercial Character of Fixed Link

[The two Governments shall ensure that the Concessionaires are free, within the framework of national and community laws, in particular those relating to competition, to determine their own commercial policy, tariffs and the type of service to be offered. [The Governments shall not apply price controls to the Fixed Link for the duration of the Concession.] [This shall not affect the right of the Governments to apply the provisions of their respective laws relating to restrictive practices or the abuse of a dominant position.]]

Article 6

Government Shares in Concessionaires

[Item II.3]



Article 7

Apportionment of liability for Compensation

[See now Article 2(4)]

Article 8 [F.5]

Frontier and national jurisdiction

(1) As regards any matter relating to the Fixed Link, the frontier between the United Kingdom and France shall be the vertical projection of the line agreed in the Agreement signed at London on 24 June 1982 relating to the delimitation of the Continental Shelf in the area east of 30 minutes West of the Greenwich meridian, and, [subject to paragraph 3 of this Article or any arrangements made pursuant to Articles 7, 10 or 10c], the respective States shall exercise jurisdiction accordingly.

(2) The frontier [on/in] the Fixed Link shall be marked by a joint commission, composed of representatives of the two States, as soon as possible after the completion of the relevant section of the Fixed Link and, in any case, before the Fixed Link comes into operation.

[(3) Save as may be provided by any specific arrangements made pursuant to this Treaty but notwithstanding the provision of paragraph (1), if in the construction of the Fixed Link any works which continuously project from [the mainland of one State/the artificial island constituting the entrance to the tunnel from one State] extend beyond the line of the frontier, the law that applies in that part of the works which so extends shall, in relation to matters occurring before that part is effectively connected with works which project from the other State, be the law of the first mentioned State.]



Article 9 [F.7]

Frontier arrangements and Police

(1) The frontier controls shall be organised in a way which will reconcile, as far as possible, the rapid flow of traffic with the efficiency of the controls.

(2) Provisions for the exercise of police, immigration, customs and health controls, including animal and plant health controls, and of other necessary controls, shall be the subject of an additional Protocol or other arrangements.

(3) Such a Protocol or arrangements shall include provisions for the free circulation throughout the Fixed Link of public officials and other persons, so far as is necessary for the exercise of their functions in relation to the construction and operation of the Fixed Link and for the protection and assistance to be accorded to them.

(4) The construction and maintenance of the buildings and installations necessary for frontier controls will be at the charge of the Concessionaires on terms determined in the Concession Agreements.

(5) Each Government is responsible for the payment or recovery of the costs of its own controls.

Article 10

Cooperation in law enforcement

In relation to the Fixed Link, the two Governments may make provision, by an additional protocol or other arrangements, for mutual assistance in the enforcement of the criminal, administrative and civil law.



Article 10A [F.9]

Defence and Security

(1) Defence and security matters relating to the construction and operation of the Fixed Link shall be the subject of special arrangements between the two Governments. Such arrangements shall include provisions for the free circulation throughout the Fixed Link of public officials and other persons so far as is necessary for the exercise of their functions in relation to the defence and security of the Fixed Link and for the protection and assistance to be accorded to them. [Each Government will inform the other Government of the authorities designated by it to take in its name any decision necessitated by the defence and security of the Fixed Link].

(2) The Concessionaires shall submit to the two Governments for their approval any proposed designs, plans or arrangements affecting the defence and security of the Fixed Link and the two Governments shall agree a joint response to any such proposals.

(3) The Concessionaires shall, if required by the two governments, take measures in the interest of the defence and security of the Fixed Link. Except in emergencies of the kind envisaged in Article 10B, the two Governments shall act jointly in this respect, and in particular consult each other before requiring the Concessionaires to take such measures.

Article 10B [F.10]

Emergencies

In the event of any emergency, such as natural disasters, acts of terrorism or armed conflict, or the threat thereof, each Government, after consultation with the other if circumstances permit, may take measures derogating from its obligations under this Treaty or any such arrangements as are referred to herein or in the Concession.



measures derogating from its obligations under this Treaty or any such arrangements as are referred to herein or in the Concession.

Such measures may include closure of the Fixed Link but shall be limited to the extent required by the exigencies of the situation and shall be notified immediately to the other Government and, as appropriate, to the Concessionaires.

#### Article 10C

##### Social Security, Labour and Safety Laws of the Fixed Link

The two Governments may make provision, by an additional protocol or other arrangements, relating to social security, employment and health and safety at work applicable as regards the construction or operation of the Fixed Link.

#### Article 11 [F.8]

##### Financial Matters

[(1) The taxation by the two States of profits and gains derived from the construction or operation of the Fixed Link shall be in accordance with the laws of the two States, including any Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income that is in force for the time being and any protocol thereto.

(2) The two States shall observe the principle of non-discrimination in relation to taxes and charges made to users of transport in direct competition for cross-channel traffic.]

(3) Subject to application being made as necessary under the terms of national laws and regulations relating to exchange control made consistently with Community law and without prejudice to any other approval that may be required, approval will be given under those laws and regulations to transfers of funds and financial



settlements necessitated by the construction and operation of the Fixed Link, whether between the two States or from or the third countries, conversions being made at the market rate applicable to transactions of a similar nature. The Governments shall not levy any tax on such transfers of funds or financial settlements other than generally applicable income taxes on the payments which they represent.

(4) Both Governments intend, so far as may be consistent with their international obligations, to allow to travellers through the Fixed Link from the mainland of one State to that of the other duty-free facilities which are comparable to those available to persons travelling from one State to the other by sea or air.

#### Article 12 [F.15]

##### Consultation between the parties

The two Governments shall consult, at the request of either :-

- (a) on any matter relating to the interpretation or the implementation of this Treaty or the Concession;
- (b) on the consequences of any measure announced or taken which could substantially affect the construction or the operation of the Fixed Link;
- (c) on any action proposed in relation to any rights or obligations of the Governments under the Treaty or the Concession.

#### Article 13 [F.11]

##### Intergovernmental Commission

(1) An Intergovernmental Commission shall be established to supervise, in the name of and on behalf of the two Governments, all



*matters concerning the construction and operation of the Fixed Link.*

(2) With regard to the Concessionaires, the two Governments shall exercise their rights and obligations under the Concession, other than those relating to the amendment, extension, suspension, termination or assignment of the latter, through the Intergovernmental Commission.

(3) The functions of the Intergovernmental Commission shall include :-

- (a) monitoring the construction and operation of the Fixed Link;
- (b) taking decisions in the name of the two Governments for the implementation of the Concession;
- (c) approving proposals made by the Safety Authority as provided by Article 13A;
- (d) drawing up, or participating in the preparation of, regulations applicable to the Fixed Link, including regulations relating to maritime matters and the environment, and monitoring their subsequent implementation;
- (e) considering any matter referred to it by the Governments or the Safety Authority or any other matter affecting the construction or operation of the Fixed Link which appears to it to be necessary to take into consideration;
- (f) giving advice and making recommendations to the two Governments or the concessionaires.

(4) Each Government shall appoint half the members of the Intergovernmental Commission, which shall comprise at most 16 members including at least two representatives of the Safety Authority. The Chairmanship of the Commission shall be held for a period of one year by the head of each delegation alternately.



period of one year by the head of each delegation alternately..

(5) The decisions of the Intergovernmental Commission shall be taken by agreement between the heads of the British and French delegations. In the event of disagreement between them, the procedure for consultation between Governments provided for in Article 15 shall apply.

(6) The Commission shall draw up its own rules of procedure and submit them for the approval of the two Governments.

(7) For the purpose of carrying out its functions the Commission may make appropriate arrangements with the authorities of each Government or any body or expert of its choice.

(8) The Governments shall

(a) take all necessary measures to ensure that regulations applicable to the Fixed Link have the necessary force and effect within their national laws; and

(b) grant to the Intergovernmental Commission such powers of investigation, inspection [and direction] as are necessary for the performance of its tasks.

(9) [The expenses of the Intergovernmental Commission shall be met by the Concessionaires as provided in the Concession.]

#### Article 13A [F.12]

##### SAFETY AUTHORITY

(1) A Safety Authority shall be established to -

a. advise and assist the Intergovernmental Commission on all matters concerning safety in the construction and operation of the Fixed Link and, in particular, to



1) deliver on request, or on its own initiative, advice, ~~or proposals~~.

or proposals to the Intergovernmental Commission on all matters concerning safety;

ii) participate in the drawing-up of any regulations applicable to safety and present them to the Intergovernmental Commission;

iii) discharge, within the scope of its powers, any function delegated to it by the Intergovernmental Commission;

b. ensure that the safety measures and practices applicable to the Fixed Link comply with the national or international regulations in force; monitor and, insofar as they confer functions on the Safety Authority, enforce such regulations; and report thereon to the Intergovernmental Commission; and

c. examine reports concerning any accident within the confines or vicinity of the Fixed Link, make such investigations as are necessary, and report thereon to the Intergovernmental Commission.

(2) In an emergency, the powers conferred on the Authority may be exercised by the Chairman of the Authority or his delegate who may take or cause to be taken any decisions or actions necessary for the safety of persons and property within the Fixed Link. The Chairman, or his delegate, shall report thereon to the two Governments and to the Intergovernmental Commission.

(3) The composition of the Authority shall be determined by the two Governments by agreement, each Government appointing half its members. The Chairmanship of the Authority shall be held for a period of one year by the head of each delegation alternately.

(4) The Safety Authority shall draw up its own rules of procedure and shall submit them through the Intergovernmental Commission for the approval of the two Governments.



(5) The Safety Authority may make appropriate arrangements with the authorities of each Government or any body or expert of its choice for the purpose of carrying out its functions.

[(6) The Safety Authority may, in regard to any matter in which it has a responsibility, make a report and recommendation to the two Governments at the same time as its reports to the Intergovernmental Commission.]

(7) The Governments shall grant to the Safety Authority and its members and agents such powers of investigation, inspection, direction and enforcement as are necessary for the performance of its functions.

(8) [The expense of the Safety Authority shall be met by the Concessionaires as provided in the Concession.]

#### Article 14 [F.6]

##### Discoveries

Rights to any natural resources discovered in the course of construction of the Fixed Link shall be governed by the law of the State in the territory, or in the continental shelf, of which the resources lie.

#### Article 15 [F.13.2]

##### Reversionary rights of Governments

(1) Each Government shall ensure that when the Concession Agreement terminates, whether by effluxion of time or prematurely, it will have a present right to the property in the structure and any fixed installations of the Fixed Link within its jurisdiction, and power to operate, or grant a concession to operate, the Fixed Link. [The Governments shall make such arrangements with the



Concessionaires as will ensure that continued availability for the service of the Fixed Link of any moveable property necessary for its maintenance and operation.]

(2) On any such termination of the Concession Agreement[s] the two Governments shall consult together, [on the basis of equal rights and obligations,] as to the future use of the Fixed Link, its continued development and its continued operation.

Article 16

[See now Article 10B]

Article 17 [F. 16]

[Disputes] [Arbitration]

- (1) (a) If a dispute arises between the two States as to the interpretation or application of this Treaty or otherwise relating thereto which is not settled through consultations under Article 12 within three months, it shall be submitted to an arbitral tribunal at the request of either of the Governments.
- (b) The arbitral tribunal shall be constituted for each case in the following manner :
- (i) Within two months of the receipt of the request for arbitration each party shall appoint one arbitrator.
  - (ii) The two arbitrators shall, within a period of two months of the appointment of the second, appoint, by mutual agreement, a national of a third State as third arbitrator who shall act as chairman of the tribunal.



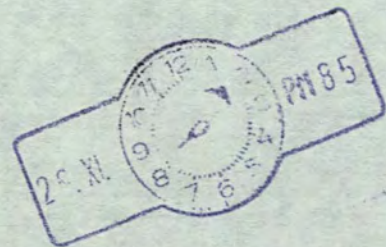
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- (iii) If within the time limits specified above any appointment has not been made, either of the parties may, in the absence of any other agreement, request the President of the Court of Justice of the European Communities to make any necessary appointment.
  - (iv) If the President of that Court is a national of either State, or if he is otherwise unable to act, the Presidents of the Chambers of the Court in order of seniority shall be requested to make the appointment.
  - (v) If the latter are likewise unable to act, the member of the Court next in seniority who is not a national of either State or otherwise unable to act shall be requested to make the appointment.
- (c) Decisions of the tribunal shall be taken by a majority vote and shall be binding on the parties. #
- (d) Each party shall bear the costs of the arbitrator appointed by it, or appointed on its behalf; the other costs of the arbitration process being borne by the two parties in equal shares.
- (e) The tribunal shall determine its procedure relating to all other matters.

# Footnote : Consideration needs to be given to the drafting of a provision excluding an abstention by an arbitrator.













DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon John Biffen MP  
Lord Privy Seal  
Privy Council Office  
68 Whitehall  
LONDON SW1A 2AT

ceffg  
Prime Minister  
CDP  
22/xi

22 November 1985

Dear John

CHANNEL FIXED LINK

We agreed last week that we should have a debate on the Fixed Link. We need to consider quickly the timing and form of any such debate.

There are three points at which debates would take place - one before a decision is taken, at which Ministers could only listen - two, after a decision is taken when we would ask the House to endorse our decision - three, at Second Reading of the Hybrid Bill. Three would be too many debates, so I suggest we try and settle for the first and the third only. An ideal time for the first debate would be during the first two weeks of December. That would enable Members to make their views known to us in time for them to be taken into account in the Government's decision. It would be unwise, however, to put off holding the debate beyond 17 December. That is the day when I expect to receive the report of the assessment group which is currently considering the four proposals. From that point on, it will be difficult for me to resist pressure to reveal the results of the assessment.

Clearly the House could not debate a substantive Government motion; this would not be possible in advance of a decision. The only way would be to have a debate on the adjournment and this is the course I think we should follow. No doubt opponents of the Link will vote against the Adjournment, but this cannot be helped.

I should be glad to know that you agree that we should arrange a debate on the adjournment during early December.



I am sending a copy of this letter to the Prime Minister,  
Willie Whitelaw, Geoffrey Howe, Douglas Hurd, Michael Heseltine,  
John Wakeham, members of E(A) and Sir Robert Armstrong.

*Yours*

*Nicholas*

NICHOLAS RIDLEY







CCMS



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

21 November 1985

*DN road*  
*CDP*  
*2/1/85*  
*NBSM*

*Dr Mick,*

## CHANNEL FIXED LINK: CONSULTATION AND ENVIRONMENTAL ASPECTS

I have not replied previously to your letter of 24 October partly because it was somewhat overtaken by your announcement that there was to be no public inquiry at the press conference you held last month, but mainly because William Waldegrave and I have been giving careful consideration on how we can best handle the questions that are bound to arise over the environmental implications of the various Channel Fixed Link schemes.

In general I agree very much with the line that you propose. As Patrick Jenkin said in his letter of 3 April, which I fully endorse, we have to accept that the sort of timetable associated with a public inquiry is not compatible with the requirements of this project and its potential commercial backers. But this means that we must be seen to be as open as possible in giving the public the opportunity to have their say. The sort of procedures that you propose seem to me to be consistent with that objective, so far as the very tight timetable permits.

There is great public sensitivity over the environmental implications and I am sure you will agree that we must be seen to be scrupulous both in the conduct of our assessments of the environmental aspects, and in making their outcome public.

As you know, I welcomed your appointment of Land Use Consultants to evaluate the adequacy of the Environmental Impact Statements made by the proposers of the different schemes, and I am pleased to learn that they are likely to report to us by the end of the year. I expect to receive, within the week, comments on the schemes from the Nature Conservancy Council and the Countryside Commission who have a statutory duty to advise us both on the implications of the development for wildlife and landscape quality. I shall be passing their comments to Land Use Consultants within a few days. I have also noted that you are now conducting a national publicity campaign, alerting members of the public to the availability of the proposers' Impact Statements so that they can send us their views prior to our choice of a preferred option.



What is essential when all these environmental options and comments have been received, is that my Department should have time to make a clear input to colleagues, as part of the final decision-taking process, about what the balance of environmental considerations between projects is. I shall need to make it clear, as attention focusses on the Channel Fixed Link in the next weeks, that this is so. It will not be enough just to rest on the consultants' report, however interesting that may be.

I would like to suggest some further action which I think we should take. The Nature Conservancy Council and the Countryside Commission could be asked to alert the voluntary conservation movement to the availability of the promoters' reports and to indicate the major conservation issues to which they give rise. We should also ensure that the LUC Report is published, together with the NCC and CC statements if possible at the same time as the Government's decision is announced. It might be accompanied by a commentary by my Department. This would enable us to show that we have considered this sensitive question thoroughly.

Obviously, the environmental implications are only one of the critical factors we need to take into account when coming to a decision. However, their sensitivity is so great, and the need to carry public opinion and Parliament with us so pressing that we must do everything within our power to satisfy people that the environmental assessment has been properly done and thoroughly evaluated.

There are 2 other points that I should make about your consultation proposals. First, I agree with the principle of public meetings attended by officials from both our Departments subject of course as far as my Department is concerned to the availability of suitable staff. Second, you will no doubt wish to consider how to respond to demands for a Debate in Parliament before the final selection is made. I should be inclined to support this in principle.

I will be grateful for your views on my proposals for handling the environmental aspects.

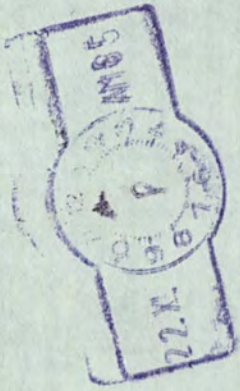
I am sending copies of this letter to the Prime Minister and other members of E(A), the Foreign Secretary, the Lord Chancellor, the Chief Whip and to Sir Robert Armstrong.

*Y  
Kenneth*

KENNETH BAKER



TRANSPORT; Chand Tunnel; Pt 3







## H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000  
Direct Dialling 01-233 .....7015C D Powell Esq  
10 Downing Street  
London SW1

15 November 1985

*Don Powell.***SUMMIT WITH PRESIDENT MITTERRAND: CHANNEL FIXED LINK**

The Department of Transport have provided a brief on the link, with which we are well content. It has seemed to several of us in the Treasury, however, that it might be worth including a sentence or two about the European Investment Bank. Both Channel Tunnel Group and EuroRoute have had discussions with the EIB, which has spoken of possibly providing as much as £750m. The EIB raises its funds by borrowing on world markets, but could offer the promoters of the link such benefits as finer interest rates than they could obtain themselves and fixed rate loans.

2. The French have asked us about the likely British reaction, against the background of our common position against Government guarantees for the link. They would seem likely to regard EIB's report as demonstrating the Europeaness of the project. Our concerns are shown in the following sentences, with which Andrew Lyall at DTp is content:

[If raised] Support from the EIB must not involve hidden guarantees by Governments. Necessary to look at nature of security that promoters can offer.

Background

Both CTG and EuroRoute have mentioned possible borrowing from the European Investment Bank. The EIB has considered taking a charge on revenues as security once the link is built. We are concerned in case revenues are insufficient, in which case the Governments could suffer as owners of the Bank ; and we want to avoid letting BR commit itself unduly to provide those revenues.

3. I am sending a copy of this letter to Andrew Lyall (DTp).

*Yours sincerely,  
Kingsley Jones.*

F K JONES





YUCCAT M H

ONE DOLLAR QUOTE JANUARY 1854

For postage in advance







10 DOWNING STREET

- 1 - ✓ CDP to see. *no j/w's points to DN. try 12/11*
- 2 - ✓ - is the system going to comment & if so when? \*

DWS  
15/11

\* CST to PM 14.11.85

copied to JW, I think  
(& hope) this is what DN  
is referring to: TPM  
Slip attached



CONFIDENTIAL



Prime Minister cc/BG  
 CDP 15/ki  
 CCJR

FROM: CHIEF SECRETARY  
 DATE: 14 November 1985

mt

PRIME MINISTER

## CHANNEL FIXED LINK

I share Nicholas Ridley's view in his minute of 5 November of the way this decision is now shaping up, and I am glad to see that the assessment of proposals has been planned so thoroughly for the very limited time that is now available.

2 All I would add at this stage is the importance of holding to our basic stance that this must be a fully commercial private sector project. Our insistence on this policy has created a notable change in the attitudes of promoters and lobbies. As the pressures now come sharply onto the consideration of particular schemes, we may still have to deal with bids (whether from particular promoters or from the French) for exemptions or other forms of privileged treatment in relation to taxation, competition, access to markets or controls bearing on such things as safety, drug trafficking and immigration. We must also make sure that the definition of the "political guarantee", and the terms of British Rail involvement, are not so loose as to leave the taxpayer underwriting the commercial judgements involved.

3 In particular, as Nicholas points out, we may face some hard bargaining with the French. They have not the same interest as we have in the possible effects on trade of a disruption, and I attach importance to seeing a full economic analysis of the merits of different schemes (not just a transport analysis as paragraph 14 of the note by officials might imply). We also need to be clear in settling with the French on a negotiating position for the concession before any choice of favoured promoter is announced.

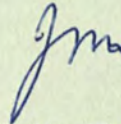
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Negotiations on a concession will in any event be difficult, and we should ensure that we have the French with us on such points as its duration, and the terms of compensation in case it is breached by Governments.

4 I am sending copies of this minute to members of E(A), the Foreign & Commonwealth Secretary, the Home Secretary, the Secretary of State for Defence and the Chief Whip and to Sir Robert Armstrong.



JOHN MacGREGOR

CONFIDENTIAL



TRANSPORT. Channel Tunnel PL 3



*CCB*



Department of Employment  
Caxton House Tothill Street London SW1H 9NF  
Telephone Direct Line 01-213..... **5949**  
Switchboard 01-213 3000

*JN ro sue*  
*pa.* *COP*  
*12/11*

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

12 November 1985

*Dear Nick,*

**CHANNEL FIXED LINK: ASSESSMENT OF PROPOSALS**

I have seen a copy of your minute to the Prime Minister of 5 November.

I am quite content with the way you propose to tackle the assessment of the various schemes. I understand that the Treasury are taking the lead on the economic and employment implications and no doubt they will ensure that my officials are properly consulted at all stages. I am particularly concerned that we should look at the possible employment effects nationwide and not just from the narrow point of view of the impact on Kent and existing ferry services.

I trust that consideration will also be given to the industrial relations implications of the choice between a road and a rail link. The possibility of the link being closed as a result of industrial action is clearly much higher in the latter case and I know of no effective safeguards against this which could be devised.

I am copying this letter to the Prime Minister and other members of E(A), the Foreign Secretary, the Lord Chancellor, the Chief Whip and Sir Robert Armstrong.

*J. Clarke*  
*L.*

KENNETH CLARKE



Transport #3  
Channel Tunnel







CONFIDENTIAL

HOUSE OF LORDS,  
LONDON SW1A 0PW

// November 1985

IF is see  
CDP 11/xi

Dear Nicholas:

CHANNEL FIXED LINK: CONSULTATION

I have read your letter of 24th October and the replies from Geoffrey Howe, Leon Brittan and Norman Tebbit.

I also support your proposal to make full use of the hybridity which we are all sure the House Authorities will attach to any Bill we produce. However, I think that we will need to ensure, if we can, that petitioners are not given a bite at the cherry in each House in turn as they would normally have in the case of a private Bill.

If this is right you might ask the Business Managers to consider whether reference to a Joint Committee of both Houses would be a step in the right direction.

I am copying this letter to the Prime Minister and other members of E(A), Geoffrey Howe, John Wakeham, Bertie Denham and John Biffen and to Sir Robert Armstrong.

yrs:

From: THE RT HON. LORD HAILSHAM  
OF ST MARYLEBONE, CH, FRs, DCL

The Right Honourable  
Nicholas Ridley, M.P.



TRANSPORT  
CHANNEL TUNNEL  
PT 3





CONFIDENTIAL



fe ve  
bc Confidential

10 DOWNING STREET

*From the Private Secretary*

8 November 1985

*Dear Richard,*

CHANNEL FIXED LINK: CONSULTATION

The Prime Minister has seen your Secretary of State's letter to the Secretary of State for the Environment, of 24 October.

The line proposed there is that the Government should be more open about their intention not to have a public inquiry into the Channel fixed link "if consultation is adequate". The Prime Minister fears that if this is said it will be an invitation to opponents of the scheme to say that consultation has not been adequate and that therefore a public inquiry is needed. She believes the line should be that the Government intends not to have a public inquiry "but to consult widely".

I am copying this letter to the Private Secretaries to members of E(A), the Foreign Secretary, the Lord Chancellor, the Chief Whip and to Sir Robert Armstrong.

*Yours ever,  
David.*

(DAVID NORGRIVE)

Richard Allan, Esq.,  
Department of Transport.

CONFIDENTIAL





2

VC  
C. Master

## 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

Richard Allan, Esq.,  
Department of Transport.



PRIME MINISTER

CHANNEL FIXED LINK

The Secretary of State for Transport wants to have a word tomorrow about his note (enclosed) on the assessment of the various proposals for a Fixed Channel Link. No decisions are required: he just wants to keep you abreast of what he's up to. He is particularly concerned about the Kent MPs among whom opposition to the project as a whole seems to be developing fast.

One particular point you might discuss is how to handle this at the Anglo-French Summit. What sort of statement does he envisage you and President Mitterrand agreeing?

Mr Ridley is planning to meet his French opposite number before the Summit to try to secure a commitment that our lorry traffic through the Fixed Link will not be hampered by any quantitative restrictions. They have recently considerably increased our bilateral quota: but we need more than this - a bankable assurance that our traffic will never be impeded by quantitative restrictions.

*e.d.p.*

Charles Powell  
6 November 1985



CONFIDENTIAL



DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET 5422

TELEPHONE DIRECT LINE 01-215  
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

6 November 1985

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

*DN seen.*

*R. Nick,*

CHANNEL FIXED LINK : CONSULTATION

Thank you for copying to me your letter of 24 October to Kenneth Baker.

2 I fully agree with your belief that we should demonstrate publicly that we are ready to listen to representations from interested parties while at the same time maintaining our intention not to have a public inquiry with all the possibility of delay and uncertainty that that would entail. The proposals which you put forward in your letter for achieving this are therefore entirely acceptable to me.

3 I am copying this letter to the Prime Minister and other members of E(A), the Foreign Secretary the Lord Chancellor, the Chief Whip and Sir Robert Armstrong.

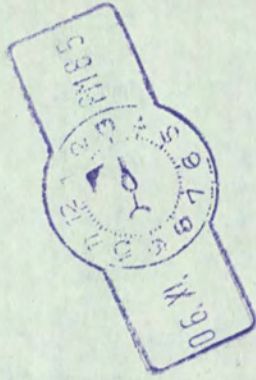
*Lev,*  
*Lev*

LEON BRITTAN

JF2AKY



Transport; Channel Tunnel Pt 3







PRIME MINISTER

## CHANNEL FIXED LINK: ASSESSMENT OF PROPOSALS

I thought that I should let you and my other colleagues know how I propose to tackle the assessment of the proposals for a Fixed Channel Link. I and the French Minister (M Auroux) received 4 serious proposals on 31 October (Annex A). An inter-departmental team of officials, assisted by merchant bankers and consultants has set to work in close collaboration with a similar French team. The object is to report by mid-December. Annex B sets out how this assessment is being carried out. It also considers the political and other factors which will be very important to HMG but lie outside the scope of the Anglo/French assessment.

The task ahead is difficult. The submissions are substantial and we should avoid coming to conclusions before they have been thoroughly analysed. It seems quite possible that 2 or more of the projects will pass, perhaps with little between them, the key tests of financial robustness and physical safety, and we shall need to base our view on broader and more subjective considerations.

There are great differences between the proposals and these make the comparison difficult. The Channel Tunnel Group's (CTG) project is likely to be comparatively safe both technically and financially. Although current indications are that the public would prefer a drive-through scheme such as EuroRoute rather than the rail shuttle which CTG would provide, this could change when the reality of a demanding drive of over 20 miles and the possibility of closure in bad weather are understood. The choice is complicated by the last minute introduction by James Sherwood of his scheme for a "Channel Expressway" which would provide a "drive through" facility without the complications and cost of artificial islands. It is a scheme which merits thorough evaluation.

The CTG scheme is widely perceived in Kent as being less of a long term threat to jobs. It and the Channel Expressway



are also probably considerably less vulnerable to sabotage and physical attack, though this will be studied further during the assessment.

EuroRoute is a more exciting project, probably with a good deal more general public appeal than the rail shuttle. It will generate more construction jobs including many in the north. It is likely to attract more traffic than a rail shuttle and therefore to take a larger proportion of our trade with France and to the continent. The Expressway might have a similar appeal but with the job generation characteristics of the CTG scheme.

Both EuroRoute and Expressway could pose a greater threat than the rail shuttle to the continued existence of a substantial ferry fleet and the jobs it provides. This has implications for the competitive regime across the Channel. When E(A) considered this earlier this year our view was that we should look to European Community and UK competition legislation for safeguards against predatory pricing and other anti-competitive practices. But we recognised that if there was a prospect of the disappearance of the ferries (whether or not the competition from a fixed link was "fair") the defence security implications of this would need further consideration. This will form part of the assessment. We shall need a clear public position by the time of our decision: defence Ministers and I expect to be questioned closely when we give evidence before the Select Committee on Defence in the New Year about the defence implications of the decline of the merchant fleet about which there is, of course, wider public concern.

We have agreed that to concede a public inquiry would be very damaging to the prospects of any scheme. It is very important therefore that the scheme we choose should be acceptable to our supporters, particularly in Kent but elsewhere also. I shall be meeting the Kent County Council shortly, and am arranging to meet the Kent Members of Parliament concerned.

The work which our officials are now doing with the french should provide agreed conclusions on the technical areas of the assessment. We shall need to reach our own judgements on the matters which affect our national interest and the

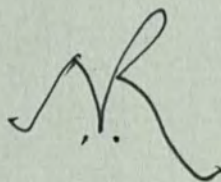


C O N F I D E N T I A L

proposals which can capture the enthusiasm of the British people. We have no reason to suppose that the French will come naturally to the same conclusions as ourselves. Between mid-December therefore, when I and my French counterpart receive the joint report of officials, and mid-January when I hope we can announce with the French a joint decision as to which, if any, project has been selected, we shall need to reach our own conclusions and, on that basis, undertake the necessary negotiations with the French.

I shall, of course, keep you and my other colleagues informed about the progress of the assessment. I should be glad to receive any comments that colleagues may have at this stage.

I am copying this minute to members of E(A), the Foreign Secretary, the Home Secretary, the Secretary of State for Defence, the Chief Whip and to Sir Robert Armstrong.

A handwritten signature in dark ink, consisting of stylized initials 'NR' with a long, sweeping tail extending to the right.

NICHOLAS RIDLEY

5 November 1985



Channel Expressway

Members of the Group: Sea Containers Ltd and their subsidiary Sealink British Ferries.

French counterparts: None yet

Proposal: twin 11 metre diameter bored "drive-through" tunnels with ability to permit passage of trains at hourly intervals within gaps created in the road traffic flow.

Capital Cost: £2.1 billion

Channel Tunnel Group

Members of the Group: Balfour Beatty, Costain, Midland Bank, National Westminster Bank, Tarmac, Taylor Woodrow, Wimpey with Granada and Mobil Oil as associates.

French counterparts: Banque Nationale de Paris, Credit Lyonnais, Banque Indosuez, Bouygues, Dumez, Spie Batignolles, Societe Auxiliaire d'Entreprises and Societe Generale d'Entreprises.

Proposal: A twin 7 metre bored rail tunnel, with a central service tunnel, for vehicle shuttle and through rail services.

Capital Cost: £2.4 billion.

Eurobridge Studies Group

Claimed backers of Group: Numerous firms are quoted as having given advice for the study, eg Arbuthnot Latham Bank, Bank of Credit and Commerce International, Hogg Robinson, IBM, ICI Fibres and the John Laing Group; but there is no evidence that these have backed or are willing to back, the Group financially.

French counterparts: Europont Group with co-ordinating committee including several lesser known constructing groups and banks.

Proposal: Multispan suspension bridge carrying a 12 lane motorway on two levels.

Capital Cost: £5.9 billion.



EuroRoute

Members of the Group: Barclays Bank, Associated British Ports, British Shipbuilders, British Steel, British Telecom, GEC, John Howard and Co Ltd, Kleinwort Benson and Trafalgar House.

French counterparts: Alstom, Banque Paribas, Compagnie Generale d'Electricite, GTM-Entrepose and Societe Generale.

Proposal: Combined road bridge and immersed tube with two artificial islands and separate immersed tube rail tunnel (with bored rail tunnel as alternative option).

Capital Cost: £5.2 billion; £3.7 billion if rail element omitted altogether.



C O N F I D E N T I A L

ANNEX B

CHANNEL FIXED LINK - ASSESSMENT OF PROPOSALS

Note by Officials

1. The joint Anglo-French assessment of Channel Fixed Link proposals is taking place according to a detailed plan which has been the subject of exhaustive prior discussion with the French.
2. On the UK side, we have identified 21 assessment areas, listed at Appendix A. Responsibility for these assessments has been allocated widely through Whitehall, and 5 firms of consultants are also involved. The assessments are very diverse, and some are clearly more important than others: in general, we have a common appreciation with the French of which these are. On the UK side we have done a good deal of analysis to identify the very many interactions whereby each assessment depends on the others. For example, costs, traffic and revenues need to be verified before any assessment of financeability can be finalised; as does the acceptability to the Government of any deal provisionally struck by a promoter with BR on terms for the use of the Link by through-trains.
3. In practice certain assessment areas, such as general structural safety and financeability, are liable to be absolutes in that we could not recommend acceptance of any proposal that failed to meet the requirements of the "Invitation to Promoters" in these areas. Other areas - environmental impact and employment, for example - are liable to be significant factors in the overall judgement but not individually decisive.
4. For the purpose of planning the final joint Anglo-French report, we asked each assessor (either Government official or consultant) to identify a small number of "key questions" which encapsulated the aim of his assessment, and to agree these with his French counterpart. Each section of the final report will correspond to one assessment area (or 2 or 3 closely related areas) and, drawing heavily on the



## C O N F I D E N T I A L

Key Questions will examine in absolute and/or relative terms the acceptability of the various proposals from that point of view. There will be no attempt to force each section of the report into a pass/fail format, although if a project does fail in a vital area this may dictate the failure of the project as a whole.

5. Officials hope that, with such a common framework agreed with the French side, we shall at least be able to understand clearly any differences that emerge between ourselves and the French assessors; and, beyond that, that there will be maximum chance of arriving at similar conclusions.

6. In practice, there are certain assessment areas which, although included in the Anglo-French assessment scheme, are in fact national assessments conducted in each country - in particular, environmental impact, employment and Cost Benefit Analysis. There are other areas whose importance we may not even wish to admit to the French, and are not included in the Anglo-French assessment scheme at all, but are undoubtedly politically significant and will need to be covered in a separate British paper to Ministers.

### 1. Assessment Areas susceptible to Objective Anglo-French Analysis

#### 7. Civil Engineering and Costs

The essential questions here are whether the proposals are technically feasible and safe both as to the structure and in respect of road/rail safety; and whether the costs and construction times have been correctly assessed. In principle, a scheme will have to be rejected if it is unsafe. But what is more likely is that the proposals will not reject themselves outright on these grounds but will give rise to a series of minor doubts which are not critical but imply possible cost and time overruns which in turn are liable to affect the relative financeability of the proposals.

#### 8. Maritime Acceptability

The basic question here is whether structures in the Channel will pose a threat to the safety of shipping or impose a modification of the Traffic Separation Scheme with the consequent implication that they need to be submitted for approval to the International Maritime



Organisation (IM), with all the delay that such procedures involve. It will be difficult to exclude any project on the grounds of such delay since we did not do so in the "Invitation to Promoters". But the delay itself (eg in relation to Eurobridge) could well be fatal to the project.

#### 9. Traffic Forecasts and Revenue

Each promoter will supply his own traffic forecasts, and the assessment by DTP and Treasury economists will examine these very thoroughly and put them all on a common basis of economic assumptions. But traffic forecasts are an area of great intrinsic uncertainty. The consequences of a price war with the ferries, the passenger appeal of the various forms of Fixed Link relative to the ferries, and the level of new "generated traffic" are all, even after careful analysis, fraught with uncertainty. In practice, to be confident of a project's financeability by private capital we shall need to follow the practice of potential investors and adopt cautious assumptions; but this builds in a bias against high-price, high-capacity projects that rely heavily on generated traffic. Although we may be able to conduct the objective analysis of traffic forecasts in agreement with the French, we may not be able to agree upon the more difficult judgements that are involved in deciding how much weight to attach to the various "scenarios".

#### 10. Finance

This is the heart of the analysis and a two-pronged approach is needed. First, our Merchant Bank advisers will advise us how much credence should be placed on written undertakings by potential investors which will inevitably fall short of under-written commitments at this stage. Second, they will assess the projects from the point of view of potential investors probing as necessary into all the uncertainties in costs, schedule, traffic levels etc: in effect, they will be forecasting the response of potential investors to the project when full underwritten commitments come to be sought.

#### 11. Security

There is no means of guaranteeing the absolute security of the users



of the Link. It may even be impossible to guarantee the absolute security of the Link itself: without inspecting every lorry and every container using the Link, there will always be a chance of a massive explosive charge being taken into any form of Link. E(A) concluded that we could not predict the level of the terrorist threat in the 1990s, and that the percentage level of physical checks could not therefore be prescribed. But the vulnerability of the various proposals to various explosive charges will be assessed, and there will certainly be big differences between the projects. The more vulnerable project could suffer in that a future Government might have to require more rigorous security checks which could deter the public from using it. The Anglo/French report will be able to present the physical facts, but beyond that the assessment becomes subjective and there is no reason to believe that the French will necessarily take a similar view to ourselves.

## II. Areas of National Assessment included in the Anglo/French Assessment Plan

### 12. Employment

The promoters have been asked to present, and the assess<sup>ors</sup> on each side will assess, the consequences of each proposal for employment during both construction and operation. During construction, the effect of all projects will be beneficial, but when construction is complete the total effect on employment is liable to be negative at least in the immediate region of the Link. But the predicted effects are likely to be different in France compared to the UK; planning practice and regional policies differ. The two sides are unlikely to attribute the same importance to this factor.

### 13. Environment

The promoters have carried out Environmental Impact Assessments and have been asked to consult interested parties in Kent and elsewhere. The countryside in Kent is much more highly prized than that in the Pas de Calais: but so far, environmental arguments have attracted much less attention in Kent than employment.

### 14. Cost Benefit Analysis

The UK cost-benefit analysis will be limited to transport factors, comparing resource costs with and without the Link and taking into



C O N F I D E N T I A L

account time savings and net benefits to generated traffic. We do not know whether the French will do a CBA. British Ministers will have to decide how much weight to place upon the CBA if the perception of investment markets appears to favour a different solution. There is an intrinsic conflict between a CBA and the idea that the market should decide.

III. Factors not addressed by the Anglo-French Assessment

15. Market Share of the Fixed Link : Survival of the Ferries

The Anglo-French report will include an objective assessment of the traffic share of the various forms of Fixed Link, and will therefore provide the information needed to assess the level of continuing cross-Channel ferry operations. But there is no basis for a common Anglo-French view on what continuing level of ferry operation is acceptable, if any. The market share of the Fixed Link is a measure of how economically dependent the UK is upon the Link for uninterrupted trade and indeed the nation's livelihood. A high market share implies correspondingly more serious consequences if the Link is closed by technical problems, accidents, strike action or sabotage; and a greater risk of anti-competitive practices. The French perception of these factors is bound to be very different from our own, considering the much smaller proportion of their external trade that will use the Link. And the continuing level of ferry operation is significant not only because of its role in guaranteeing competition, but because of the emotive question of the decline of the merchant fleet and, possibly, its relevance to our NATO responsibilities.

16. Public Opinion

Public opinion is bound to play an important part in this political decision. At present, the country, and Parliament, appears to be quite strongly in favour of a Link in some form. But there is intense local opposition, which may now be starting to make an impression nationally. Whatever view will crystallise in the national press as to the special claims of the Dover area and unemployment in East Kent remains to be seen. As to the choice between the various types of Link, a great many further factors come into play. Current opinion polls suggest that the British motorist



would prefer to drive himself through a Link, though this could change over the coming weeks if public understanding increases of the psychological factors of driving the length of a Fixed Link and of the potentially efficient operation of a shuttle service. But the public is becoming increasingly aware that the various proposals have different employment and environmental consequences. Kent opinion on balance is strongly against a Link of any kind, and is particularly opposed to EuroRoute which is perceived as driving the ferries out of business. The environmental lobby is unlikely to favour any link other than one catering solely for through rail services; no such proposal now exists.



cc: BG



RESTRICTED

DEPARTMENT OF TRADE AND INDUSTRY

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Secretary of State for Trade and Industry

4 November 1985

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

NBRM

R. Nich

CHANNEL FIXED LINK : LIBERALISATION

Thank you for copying to me your letter of 24 October to Geoffrey Howe.

2 I very much agree with the line you propose to take which fits in with our wider liberalising objectives both bilaterally and in the Community. I take it that the reference in your letter to the liberalisation of quotas for our lorry traffic through the CFL is intended to apply to the removal of bilateral quotas on all cross-channel traffic, since we would not want to give ammunition to opponents of the CFL on the basis that ferry-borne lorry traffic would be unfairly disadvantaged.

3 I am copying this letter to the Prime Minister, members of E(A), Sir Geoffrey Howe and Sir Robert Armstrong.

Handwritten signature/initials

LEON BRITTAN

JF5ANE



TRANSPORT: Channel Tunnel: Pt 3





cc BG

FCS/85/288*NBM at this stage.*SECRETARY OF STATE FOR TRANSPORTChannel Fixed Link: Consultation

1. Thank you for sending a copy of your letter of 24 October to Kenneth Baker about consultation with the public over a Channel Fixed Link project.
2. I set out my views on this in my letter of 1 April. I believe they remain valid. A successful Channel Fixed Link project would be a considerable boost to Anglo-French relations. If, on the other hand, we were to appear to be allowing the timetable for the project to slip, the damage to Anglo-French relations would be equally considerable. It is in my view essential therefore that we avoid the delay and uncertainty that would result from a public inquiry (a possibility that the French do not face).
3. I consequently welcome and fully endorse the proposals you make for consultations with the public after submissions from promoters have been received. In particular, I agree with your suggestion that the Government should adopt a higher profile in contacts with local interest groups. I also suggest that, to avoid any misunderstanding with the French, we should at the same time impress upon them that we are taking this action precisely to avoid a situation in which we were forced to concede a public inquiry, with consequent delays to the project.





4. I am copying this letter to the Prime Minister, other members of E(A), the Lord Chancellor, the Chief Whip and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office  
5 November 1985



TRANSPORT  
CHANNEL REGISTER  
PT 3







CONFIDENTIAL

1. ~~CDP~~

CE BC

2. B/L for meeting with  
Mr Ridley before  
the Summit.

FCS/85/284

SECRETARY OF STATE FOR TRANSPORT

Channel Fixed Link: Liberalisation

1. Thank you for your letter of 24 October. I very much agree with you on the desirability of obtaining from the French some form of assurance that our lorry traffic through the CFL will not be impeded by quantitative restrictions. I share your disappointment at the lack of movement from them so far on this question, but, for the reasons set out in Sir John Fretwell's telno 909 from Paris (copies of which have been sent to your Department) the French Government may be unwilling to give us the specific guarantees we seek before their elections in March 1986.

2. Against this background, I welcome your plan to meet M. Auroux before the Anglo-French Summit on 18 November. Given the short-term but genuine political difficulties for the French Government, I think the prospects for a completely successful outcome to this meeting cannot be especially high, but it will at the least give you the opportunity to press for some form of generalised political commitment to the abolition of the quota system by the time the CFL begins operation. Such a commitment must clearly continue to be a minimum requirement for us; and I believe there is a reasonable chance that in due course the French may concede the point.

3. I also endorse your recommendation that if M. Auroux cannot offer an acceptable solution, the subject should be raised at the Anglo-French Summit on 18 November. This would be an opportunity for us to register at the highest level the importance we attach to the issue.

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

Foreign & Commonwealth Office  
4 November 1985

GEOFFREY HOWE

CONFIDENTIAL



TRANSPORT

CHANNEL TUNNEL

PT 3







# Trafalgar House

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NB/SAL/TH/ER3

Prime Minister 4 NBM

The photos inside the  
front and back covers are  
worth a glance.

Rt. Hon. Margaret H. Thatcher, MP,  
10 Downing Street,  
London,  
SW1A 2HB.

DRW BY HAND

1/11  
31st October 1985

Dear Prime Minister,

## EuroRoute

I have pleasure in enclosing a copy of the EuroRoute Summary which was given to Nicholas Ridley on Tuesday. The full formal submission is being delivered this afternoon.

I hope you'll have the chance to examine the Summary and that you'll let me know if you'd like to hear any more about our proposals.

Yours sincerely,  
Mr. P. S. ...

enc.





# The Channel Fixed Link

SUMMARY OF PROPOSAL







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## EUROROUTE Summary of Channel Fixed Link Proposal

### INTRODUCTION

1. The EuroRoute consortium, composed of 15 French and British companies, seeks a concession from the Governments of the French Republic and the United Kingdom to build and operate motorway and rail links across the English Channel. Its proposal has been developed in accordance with the Invitation to Promoters issued by the two Governments in April 1985.
2. A decision to proceed with a Channel fixed link is needed for two main reasons:
  - a. The rapid and continuing growth of cross-Channel traffic is providing a market which will enable a fixed link to be built without any Government finance and without any need to monopolise cross-Channel transport. In 1984 nearly 22 million passengers and 27 million tonnes of unitised freight crossed the Channel. Traffic volumes are double those before Britain joined the EEC and are forecast to double again in less than 20 years. There is no longer any need for this traffic to be wholly reliant on crossing the 23 miles of Channel by sea, with the attendant problems of loading and unloading the ferries as well as crossing the main international shipping lanes of the busiest seaway in the Western world.
  - b. Both the French and British economies are in need of major employment-creating projects which do not require Government expenditure. A fixed link offers such an opportunity, not only on a unique scale during its construction but also on a permanent basis through the stimulation of trade, tourism and ancillary activities when it is in operation.
3. EuroRoute's proposal for motorway and rail links provides the most natural and complete solutions for a 21st century fixed link, principally because:
  - a. Separate road and rail links provide the maximum freedom for the individual user, the fastest possible crossing times for both road and through rail services, and the least risk of total disruption of cross-Channel transport.
  - b. Proven technology is now available for a motorway as well as a rail link. Using prefabrication methods and well-tried offshore installation techniques to minimise risk, a road solution can be built combining bridges from the coasts with a tunnel under the international shipping lanes, thus avoiding both the ventilation problems of an all-tunnel solution and the need for international agreement to place permanent structures within those lanes.
  - c. EuroRoute will generate considerably more employment in Britain and France – approximately 300,000 man-years of work during the construction period – than can be demonstrated for any other financially viable fixed link.
4. EuroRoute's shareholders have demonstrated their confidence by spending £11 million already on the design and validation of the project in order to present this detailed proposal to the two Governments. They have undertaken to maintain the validity of this



proposal for the 100 days which the Governments have provided to reach their decision. The EuroRoute proposal does, however, contain a considerable degree of flexibility to allow adjustments in response either to specific Governmental requirements or to other factors such as further consultation with local interests.

#### THE EUROROUTE CONSORTIUM

5. The EuroRoute consortium comprises the following British and French companies:

Alsthom	GEC
Associated British Ports	GTM Entrepose
Banque Paribas	John Howard
Barclays Bank	Kleinwort Benson
British Shipbuilders	Société Générale
British Steel	Trafalgar House
British Telecom	Usinor
CGE	

In total they have nearly one million employees world wide. The total assets of the four banks – Banque Paribas, Barclays Bank, Kleinwort Benson and Société Générale – were some £200 billion in 1984, and the total turnover of the remaining 11 industrial companies was more than £25 billion. Between them, the shareholders have world wide experience of, and expertise in, all the relevant aspects of the fixed link project including:

- major bridge and tunnel construction projects
- major electrical contracting
- steel production and fabrication in shipyards
- marine construction
- fabrication of offshore installations
- construction and operation of toll motorways
- railway equipment manufacture
- international freight handling
- communications and information technology
- organisation of major project financing

6. In addition, the EuroRoute consortium has drawn extensively on external advisers, not only to supplement shareholders' own expertise but to ensure that essential aspects of the project are independently validated. For example, 15 firms of technical consultants have been employed; the revenue forecasts are directly drawn from reports by Coopers & Lybrand and Transroute; and further independent experts have been involved in studies of the employment and environmental impact.

#### TERMS OF CONCESSION

7. EuroRoute is seeking concessions from the two Governments to build and operate motorway and rail links which would last initially for a minimum of 50 years after the links come into operation. The main structures have been designed in accordance with the Invitation to Promoters to last for at least 120 years. EuroRoute seeks the protection against arbitrary Government intervention which is already envisaged in the Invitation to Promoters and would also wish to be compensated if the Governments decided prematurely to build a second fixed link. The proposal assumes that compulsory

purchase powers will be available as necessary in the UK for the land needed for the project, which will be owned by the Governments but available for development by the holders of the concession.

8. EuroRoute does not make the grant of duty-free facilities a condition of its proposal but strongly requests that there should be equality of treatment between competing modes of transport on the availability of duty-free concessions. In addition, EuroRoute wishes to be able to build and operate all the normal passenger service facilities at its land terminals or on the artificial islands which are part of the motorway link – or to franchise other companies to do so. These sources of revenue should assist in keeping down the basic charges for crossing the road and rail links.

#### ORGANISATION OF EUROROUTE

9. There will be two main EuroRoute companies in each country – a Concession company and a Construction company. The British and French Concession companies have agreed to form a joint venture which would hold the concession jointly from the two Governments and would be responsible for the financing and operation of the links. The British and French Construction companies have formed a joint venture which would be responsible for undertaking and allocating the total work of designing and constructing the link, under a single contract from the Concession joint venture. Both the Concession and the Construction joint ventures will have unitary Franco-British management teams. The Concession joint venture will appoint as Project Manager a company of international standing to supervise implementation of the construction contract on its behalf and to report as necessary to the two Governments.

10. In outline, the composition of the Concession companies is:

<u>EuroRoute France</u>	<u>EuroRoute Limited (UK)</u>
Alsthom	Associated British Ports
Banque Paribas	Barclays Bank
CGE	British Steel
GTM Entrepose	British Telecom
Société Générale	Kleinwort Benson
Usinor	Trafalgar House

Revenue, capital costs and operating costs are to be shared 50/50 between the national companies wherever they arise.

11. The composition of the Construction companies is:

<u>Scoltram (France)</u>	<u>EuroRoute Construction Limited (UK)</u>
Alsthom	British Shipbuilders
GTM Entrepose	British Steel
Usinor (CFEM)	GEC
	John Howard
	Trafalgar House

The Construction joint venture will offer a minimum of 30% of the total value of the contract by means of competitive tender to companies which are not at present within the Consortium.



## MOTORWAY LINK OPERATION

12. EuroRoute's motorway across the Channel consists essentially of:
  - cable-stayed bridges extending 8.5km and 7km from the British and French coasts respectively, over the inshore waters to artificial islands in the Channel;
  - a large shallow spiral within each island enabling vehicles to descend at a gradient of less than 4% (travelling some 2km on each island) from the bridges to the tunnel under the main international shipping lanes;
  - an immersed tube tunnel of 21km joining the two islands and additionally ventilated from a central shaft located in the separation zone between the shipping lanes and in line with natural sandbanks. (The tunnel is less than 5km longer than the St Gotthard Tunnel which is used by 3.5m vehicles per annum.)
13. The two carriageways of the motorway will be separated throughout (apart from emergency cross-over points), but exit and entry will be possible on both islands each of which will have substantial parking facilities. There will be two lanes and a hard shoulder per carriageway on the bridges and in the tunnel. On the islands, additional lanes and increased lane widths will be provided to enable capacity and safety to be maintained on the curves.
14. The speed limits proposed by EuroRoute for normal vehicles are 100km per hour on the bridges, 80km per hour in the tunnel and 50km per hour on the islands. These limits will enable motorists to cover the 41km from coast to coast in 30 minutes.
15. The maximum capacity of the motorway link is approximately 4000 cars per hour in each direction but in practice is reduced towards 3000 vehicles per hour in each direction according to the share taken by freight and coach traffic. EuroRoute's revenue forecasts assume less than 20% capacity utilisation in the early years (some 4.5 million vehicles per annum at the outset), and peak-hour traffic in the summer is unlikely to approach capacity levels until well into the 21st century.
16. Great emphasis is being placed on safety. EuroRoute will install a sophisticated traffic management and control system using closed-circuit TV cameras, excellent lighting throughout the link, frequent patrols and 24-hour assistance teams to provide fast response to breakdowns or any other emergencies. Detailed meteorological research has been undertaken on conditions in the Channel. Wind deflectors will be fitted on the bridges, enabling cars to cross safely throughout the year and restrictions on unladen high-sided vehicles to be applied for less than 3% of the time. If, exceptionally, a closure or restriction were required, radio communications and warning signs on approach motorways would be used to regulate traffic flow. Emergency parking is also provided. In the tunnel, there will be escape ducts and cross-over points to allow contraflow in case of accidents or heavy maintenance periods. Two independent driver psychologists have reviewed EuroRoute's road link and have reported that driving conditions on the bridge and tunnel sections will be as good if not better than on existing roads and that careful attention to the detail of design and equipment on the islands will ensure safer than average driving conditions there.
17. The UK landfall of the motorway will be into the cliffs to the west of Dover, reaching the main terminal in the Farthingloe valley via a tunnel. The 66-hectare landscaped site will contain the main toll, Customs, immigration and link control facilities. Traffic will

connect immediately with the new A20/M20 road already planned by the Department of Transport, without needing to use existing local roads. Motorway services such as fuel, refreshments, shops and parking will be provided on a 15-hectare site at Cheriton, 8km to the west along the A20/M20. Subject to further consideration of the alternative sites, full Customs clearance for heavy goods vehicles will be provided at a 50-hectare site suitable for development near Ashford.

18. At the French coast, the motorway's landfall will be 1km south-west of Sangatte, and all terminal facilities will be provided some 5km inland at a 70-hectare site designated previously for fixed link development. The motorway will then connect with the south ring road around Calais and then on to the A26.
19. Formalities at the terminals will be kept to the minimum. EuroRoute intends to offer pre-payment facilities for its tolls, possibly through franchised agencies and/or service areas on the approach motorways. The development of electronic funds transfer will also speed toll collection. The Governments have agreed that Customs, immigration and plant and animal health controls may be combined into a single set of controls for travel in either direction. EuroRoute would prefer to locate these controls on exit from the link – hence travellers from Britain to France will encounter the controls only at the French terminal and vice versa. Security controls, however, will operate on entry to the link.

## RAIL LINK OPERATION

20. The rail link will be in 6-metre twin tubes under the Channel, with a central service duct, and is designed to a standard European (UIC-B) loading gauge, thus being capable of handling traction units and rolling stock from both the UK and France. It is designed for through passenger and freight trains (including motorail) but not for vehicle shuttle services. The twin tubes will have two crossover points to allow trains to change tracks.
21. From the UK rail terminal at Cheriton, an 8km length of open and bored-tunnel line will lead to the coast 200-300m south of the motorway link, where the railway will enter a 38km tunnel across the bed of the Channel, emerging at Sangatte and proceeding in a further 8km of cut-and-cover tunnel to join the SNCF network. The rail link is not functionally connected with the motorway link, but air/access shafts will connect it to the main offshore islands for the motorway link, providing additional ventilation capacity and increased safety.
22. Since the rail link is dedicated to through trains connecting the BR and SNCF national networks, EuroRoute would wish to hand over the operation of the link to BR and SNCF. The operational regime and the nature of the connection with national networks will therefore be primarily for them to determine. However, EuroRoute has designed the link to allow for a maximum train speed of 160km per hour, and at average express speeds the link could be crossed from terminal to terminal in less than 25 minutes.
23. It is believed likely that a Channel rail link would provide sufficient revenue potential to justify the extension by SNCF of the TGV Nord not only to Lille and Brussels but to Calais. On this basis, and assuming no significant improvement in the BR line from London to Dover, the through rail journey time between London (Waterloo) and Paris could be reduced to not more than 3 hours 25 minutes, and between London and Brussels to about 3 hours. There would be major intermediate stations at Ashford Kent and at Frethun near Calais to connect with other destinations. Through passenger trains



would have electric traction capable of transferring from overhead pantograph to the BR Southern Region third rail system, and would have the narrower British-gauge rolling stock. Freight trains hauled by Continental-gauge locomotives could run through the link to the Cheriton terminal, a 25-hectare site where locomotives could be changed and Customs checks carried out.

#### CONSTRUCTION OF THE LINKS

24. EuroRoute has designed its links for repetitive, almost production-line manufacture and assembly. The major elements are:
  - 31 all steel 500-metre span cable-stayed bridges
  - 84 250-metre steel and concrete road tunnel sections
  - 152 steel and concrete rail tunnel sections
  - 2 main island cores plus a ventilation island
  - 31 sets of bridge foundations and protective caissons
  - 34 protective caissons for the islands.
25. Prefabrication, assembly and finishing of all these units can thus be carried out at a large number of sites around the UK and France, and much of the work spread through depressed engineering regions. Many of the units will then be floated round to coastal finishing sites close to the link – principally Dunkerque in France and Dungeness in the UK. This system allows simultaneous manufacture (saving time), greater quality assurance and reduced risk of disruption to the programme, compared with concentrating construction at one or two sites.
26. Installation in the Channel will employ techniques proven in the North Sea, the USA and many other parts of the world. Over 60 immersed tube tunnels have been built since 1894. A large dredger is used to create a trench for the tunnel, and after the units are installed and joined, the trench is back-filled for protection. The cable-stayed bridges are also of conventional design, with each section being independent to avoid any risk of progressive collapse. The protective caissons around the main islands will form an artificial harbour which will be important for construction vessels during much of the construction period.
27. The timetable for construction of the link is partly conditioned by when legislation is enacted to enable an inter-Governmental Treaty to be ratified together with a concession agreement. On the assumption that this is achieved by mid-1987, the road link will be operational in early 1993 and the rail link in 1995. EuroRoute is discussing with BR and SNCF possible technical alternatives to achieve earlier completion of the rail link.

#### TOURIST POTENTIAL

28. The EuroRoute road link is certain to be a major tourist attraction in itself during its early years. The presence of artificial islands as a key element in the project offers potential for the development of tourism, and a possible lay-out for such a development has already been designed to include duty-free shops, restaurants and other facilities. The development would need to be self-financing and has not therefore been included in the basic project at this stage. EuroRoute therefore wishes to keep open the option

either of limiting the scope of the islands to what is strictly necessary for the operation of its road and rail links or, at an appropriate time, of developing their tourist potential.

#### ENVIRONMENT AND INLAND INFRASTRUCTURE

29. EuroRoute has commissioned detailed and independent studies of the environmental impact of its proposal, both marine and terrestrial, and has consulted representative local and national organisations concerned with the environment. The provisional findings have been made available to the Governments, and to the local authorities and other organisations principally involved, and the environmental impact assessment will be developed and refined after further consultation with these bodies.
30. As regards the marine environment, no adverse long-term effects from the construction programme have been identified e.g. in tidal patterns, sandbank distribution or sea-life. However, studies on hydrology will continue throughout the detailed design period to determine the best means of handling the dredging process.
31. The main questions on the terrestrial environment have arisen on the British side. The coastal finishing site at Dungeness is located close to a power station but is sensitive on scientific and nature conservation grounds. EuroRoute intends to minimise disturbance of the shore-line; to avoid any large shore-based camp for its construction workers; and to take any other mitigating measures which prove to be appropriate after further consultation with the relevant organisations. The feasibility of Dover as an alternative will be further examined.
32. EuroRoute also looked carefully at five alternative sites for its main road terminal before deciding on Farthingloe, which emerged as the most favourable on all grounds including environmental impact. Its valley location on the existing A20 means that the terminal will not be visually intrusive, particularly after the landscaping which EuroRoute has proposed.
33. EuroRoute's proposal has a number of distinct environmental advantages:
  - a. It will keep traffic away from local roads and avoid the congestion around the ports which would build up in the absence of a fixed link.
  - b. Its construction methods will create only a small quantity of spoil on land.
  - c. It does not require any large concentration of marshalling facilities, as does any vehicle 'batching' system whether for ships or for trains. EuroRoute's total land requirements for the road link on both sides of the Channel will be approximately 200 hectares, with the minimal extra requirements for the rail link to be agreed in detail with BR and SNCF. Fewer than a dozen homes are likely to be directly affected.

#### MARITIME IMPLICATIONS

34. EuroRoute has fully investigated the maritime implications of its proposal and consulted the relevant authorities. International Maritime Organisation approval is not required



since EuroRoute will have no permanent structures in the main shipping lanes. The following are the principal maritime safeguards within the EuroRoute proposal:

- a. The bridge deck will be 50 metres above high water level and will have appropriate warning lights and buoys for mariners. The distance between the pylons will be 500 metres.
- b. The caissons protecting the bridge supports and islands will be equipped to withstand collision from large vessels travelling at up to 17 knots. The central ventilation island is in line with natural sandbanks in the separation zone and could act as a navigational aid.
- c. During the construction period, there will be a carefully-worked out installation programme, with all ship movements closely controlled.
- d. A traffic separation scheme will be proposed for the English inshore traffic zone in order to regulate the relatively small number of coastal ships and ferries which would pass under the bridges and not use the main international shipping lanes. Traffic in the French inshore zone is negligible.

In the absence of a fixed link, an increase in the number of ferries would in any case heighten the risk of collisions in the Channel.

#### **EMPLOYMENT AND OTHER ECONOMIC IMPLICATIONS**

##### **a. Construction**

35. Based on independent studies of employment effects in both the UK and France, EuroRoute estimates that its road and rail links will create approximately 300,000 man-years of work in the two countries. This figure cannot easily be converted into numbers of jobs per annum, because many different industries will be involved, not all of them for the whole construction period. However, during the peak periods of construction, around 75,000 people could be employed on work generated by the project. Employment will be divided equally between the UK and France.
36. The regional impact of EuroRoute is even more important. The prefabrication method of construction enables employment to be spread to more distant and depressed regions. Particular beneficiaries from very substantial volumes of work will be many Scottish plants, shipyards and offshore yards; North-East England's steel and shipyard facilities; and coastal facilities in France such as Dunkerque and St Nazaire. Every industrial region of the UK and France should obtain substantial orders for materials or equipment.
37. Kent and the Pas-de-Calais will secure extra employment in the construction period, but EuroRoute will not need to swamp the local labour forces with thousands of migrant construction workers, because its construction activities will not be too heavily concentrated in these areas. For example, the Dungeness site will only require some 600 workers.
38. As the largest construction project in Europe this century, EuroRoute will give a tremendous boost to both national economies during the construction period, not only through the direct jobs created but through the savings in public spending on unemployment benefit and through the stimulus to many local economies around the UK and France from the extra purchasing power created by EuroRoute work.

#### **EMPLOYMENT AND OTHER ECONOMIC IMPLICATIONS – continued**

##### **b. Operation**

39. For the longer term, EuroRoute will directly employ approximately 1000 people when it comes into operation, to staff its own facilities such as tolls, emergency services, and maintenance. Over 7000 further jobs will be directly created beyond EuroRoute's own payroll in Kent and the Pas-de-Calais on such activities as Customs and immigration controls, catering, freight forwarding and contract maintenance. This total of over 8000 permanent jobs is likely to increase to over 11,000 within a few years as traffic volumes build up.
40. Furthermore, the stimulation to trade and tourism provided by EuroRoute's links will in turn encourage such activities as distribution centres, industrial and office development, restaurants and hotels. Coopers & Lybrand have estimated that a total of 4000 – 7000 additional permanent jobs could be created in Kent as a result of these broader effects of EuroRoute. Similar numbers are achievable in the Pas-de-Calais. EuroRoute itself will work with local organisations in Kent and the Pas-de-Calais to stimulate tourism and other activities which could at the same time benefit the local economies and increase revenues from the link.
41. A large proportion of these jobs will be available in the localities closest to the ports, such as Dover, Folkestone and Calais, where the greatest fears about loss of employment related to the harbours and ferries are being expressed. EuroRoute cannot give estimates of any such loss of employment because it does not have access to the present employment figures, nor can it reliably predict at this stage the competitive response of the ferries to a fixed link. Based on its own traffic and revenue forecasts, EuroRoute believes that the growth of the overall market – further stimulated by EuroRoute itself – will be sufficient to leave the cross-Channel ferries with an overall volume of business which will not be much lower in the mid-1990s than now, and will start to grow again thereafter. The short sea-routes can expect a greater reduction, but EuroRoute believes that, not only during the construction period but also when in operation, it will prove to be a net benefit to local employment compared with the present position.
42. The EuroRoute consortium also believes that, on completion, the motorway link in particular will provide a showcase for British and French technology and could attract further major orders for transport infrastructure projects elsewhere in the world, with long-term employment benefits to the construction, steel and other related industries.

#### **FINANCE**

43. The EuroRoute project is financially viable and within the capacity of private sector financial markets to fund commercially without any recourse to the two Governments. The positive response which EuroRoute has received from banks and financial institutions, not only in London and Paris but internationally, gives EuroRoute's shareholders every confidence that they can demonstrate this to the two Governments.



44. There are five major components in the financial evaluation of the project:

- a. Capital costs
- b. Operating costs
- c. Revenues
- d. Risk management
- e. Funding plan

Since the motorway and rail links are functionally separate, and distinct also in time, they have been evaluated separately for financing purposes.

#### CAPITAL COSTS

45. EuroRoute's capital cost estimates have been compiled using procedures designed to secure the most accurate figures that are possible more than two years in advance of any construction work being commenced:

- all prices from contractors or suppliers have been cross-checked between the British and French construction companies;
- technical viability and costings have been further checked by independent advisers to the French and British Concession companies;
- appropriate contingencies have been applied, e.g. for delays in completion.

46. On this basis, the capital costs of the EuroRoute project are estimated, at 1985 prices, to be:

Motorway link	—£3.7 bn
Rail link	—£1.5 bn

The discussions with BR and SNCF referred to in paragraph 27 above may lead to reductions in the cost of the rail link.

47. Allowing for inflation at 6% per annum, interest payments during the construction period and special financing provisions totalling some £0.9bn for cost overruns beyond the capital cost estimates, EuroRoute has approached lenders and equity investors on the assumption that total financing facilities for constructing the motorway link will be up to £7.2bn. These requirements are spread over a period of 6 years and shared equally between the British and French companies. The total financing requirement for the rail link on a similar basis will be some £3.5bn.

#### OPERATING COSTS

48. EuroRoute has estimated the operating costs of its motorway link on the basis both of studies by specialist consultants and of experience within EuroRoute France of operating toll motorways. Generous allowance has been made for safety in providing for link control staff, patrols, emergency services and maintenance. Total operating costs are estimated to amount to some £40m at 1985 prices in the first year of the motorway's operation, rising at 2% per annum in real terms thereafter to allow for certain costs such

as staff and energy for tunnel ventilation which are partly related to the volume of traffic. The motorway link has been designed to the specifications of the Invitation to Promoters, including a life of more than 120 years for key parts of the structure, and maintenance costs are not therefore expected to escalate heavily during the concession period.

49. Operation and maintenance of the rail link (other than structural maintenance and associated insurance) will be a matter for BR and SNCF.

#### TRAFFIC AND REVENUE FORECASTS

50. Coopers & Lybrand, who have been the leading consultants on cross-Channel traffic for many years, have surveyed the market in detail and have reported to EuroRoute on traffic and revenue forecasts in conjunction with the French consultants, Transroute.

51. Cross-Channel passenger traffic has increased at an annual compound rate of 5.8% since Britain joined the EEC, while the annual growth rate for loaded freight vehicles has been 10%. The forecasts used in the financial evaluation have prudently assumed a fall in these annual growth rates to an average of 3.5% for passengers and 4.5% for freight over the next 20 years. This deceleration of growth is partly offset in EuroRoute's forecasts because the introduction of a fixed link would generate new passenger traffic in addition to normal market trends — particularly, in the case of EuroRoute, for day trips and other short-stay trips.

52. EuroRoute's future share of the cross-Channel market will of course be related to the prevailing tariff levels and structure, and EuroRoute cannot answer for the reaction of ferry operators to a fixed link 8 years in advance of the motorway's operative date. EuroRoute has adopted for planning purposes the assumption that its tariffs would be broadly equal to those of the ferries, at the levels prevailing today, adjusted for inflation.

53. This produces toll revenues of just over £300m (1985 £) in the motorway's first year of operation, increasing thereafter with the overall growth of the market to amount to over £450m (1985 £) 10 years later. With inflation, toll revenues are forecast to be over £530m in 1993 and over £1300m in 2003.

54. These figures, which give a satisfactory commercial return on the capital invested in financing the motorway link, have been analysed on many different scenarios relating to traffic and market growth. EuroRoute's return is robust against the less favourable scenarios — not only because of the long timescale for generating a return but because lower tariffs may generate more new traffic.

55. In the longer term, a fixed link should bring down the cost, and improve the value for money, of crossing the Channel compared with what it would otherwise be if Channel ports and Channel shipping lanes were allowed to become more and more congested. However, it would not be EuroRoute's intention to provoke a price war with the ferries simply in order to fill its capacity in the early years. Its financing plans are based on capacity utilisation of less than 20% at the outset. EuroRoute's central forecasts are based on parity with the ferries' existing tariffs and are robust against any price reductions which might be initiated by the ferries. EuroRoute's commercial freedom will be subject to monopolies legislation, thus further safeguarding the ferries.



56. In addition, EuroRoute has made estimates of non-toll revenues. Since no capital costs have been included for ancillary development at this stage, these revenues are assumed to arise from franchising other operators to build revenue-earning facilities such as duty-free shops, and restaurants. Non-toll revenues on this basis are estimated at some £30m (1985 £) in the first full year of motorway operation – only about 10% of toll revenues, and equivalent to some £2 per passenger. EuroRoute recognises that duty-free facilities may not be permitted and has ensured that its project is not dependent on revenues from this source. Nevertheless the potential for duty-free and other non-toll revenues could be considerably higher than EuroRoute's current forecasts, and the establishment of these facilities would add to the appeal of the fixed link for users.

#### RAIL LINK

57. Coopers & Lybrand have prepared rail traffic forecasts for EuroRoute after discussions with BR and SNCF. Traffic and revenues will of course depend on the marketing policies adopted by these organisations. It is assumed that the extension of the TGV to connect with the Channel fixed link will enable rail journeys from London to Paris and Brussels to compete with the airlines. Through rail freight would take traffic from several sources including the longer sea routes.
58. In advance of a commercial agreement with the two rail companies, an estimate has been made of possible traffic for the cross-Channel segment of the through services for passengers and freight. On this basis, rail revenue in the first full year of operation is estimated at £120m (1985 £)—£250m at inflated prices—with a steady increase in real terms but at a lower rate than motorway revenues thereafter.
59. The tariff assumptions made in these forecasts are that fares will be broadly the same as now, but with a significant premium market emerging from business travellers currently using the airlines.
60. The commercial arrangements between EuroRoute and the two railway networks are under discussion. EuroRoute requires revenues from the rail link commensurate with the costs and risks of constructing it, and believes that the traffic potential exists to secure such revenues while making it worthwhile for BR and SNCF to operate the necessary volume of passenger and freight traffic. The rail link would be dedicated to these through services and hence would be most effectively operated by the railway networks themselves. EuroRoute has started negotiations with BR and SNCF on the payments they would make to EuroRoute for these operating rights and is confident that there will be a mutually satisfactory outcome.
61. With these negotiations still in progress, EuroRoute has not sought any specific commitments from banks and financial institutions for the financing of the rail link. Further approaches will be made when agreement is reached. EuroRoute has every reason to believe from its soundings of the financial markets that, when a satisfactory agreement has been reached with the railway networks, the necessary finance can be raised. EuroRoute believes a rail link can and should be built not only because of the construction work and employment involved and because the rail link can benefit from facilities used for building the motorway link but also because it sees a major opportunity for fast rail passenger services to offer an attractive alternative to the airlines. Express rail freight would certainly benefit from a rail link dedicated to through trains. EuroRoute is therefore committed to a rail link, subject only to its negotiations with BR and SNCF.

#### RISK MANAGEMENT

62. EuroRoute has been particularly conscious of the need to reassure investors, lenders and the Governments about the management of risk in a project of this size. In addition to the funding contingencies already described and the minimum-risk approach adopted in choosing prefabrication and immersed tube techniques for the construction, EuroRoute has taken the following steps to minimise and deal with the major sources of risk:
- The contractual arrangements between the Concession and Construction joint ventures will tightly define any risks remaining with the Concession companies and their investors and will include bonding from the Construction joint venture and its sub-contractors to facilitate completion of the works where necessary. The effects of inflation will be covered by a precise formula.
  - The effect of changes in currency exchange rates will be offset by matching the currencies in which financing is secured with the expected balance of costs and revenues, together with appropriate hedging measures to cover any remaining imbalances, e.g. the use of forward dealing.
  - Insurance cover for other contingencies has been fully investigated and quotations obtained, and the cost of insuring for all reasonable contingencies has been included in construction or operating costs as appropriate.
  - Provision has been made for removal of uncompleted bridges if the project were abandoned.

#### FUNDING PLAN

63. There are four stages in the funding of the Project:

- Stage I** — running up to the award of mandate in early 1986. Funds for this stage have been fully committed by EuroRoute shareholders.
- Stage II** — running up to the expected ratification of the inter-Governmental Treaty in mid-1987. The costs during this stage will be limited to those necessary, particularly in detailed design and project planning, to enable the project to proceed without delay after ratification. This expenditure is currently estimated at £50m. The French share of this amount will be provided by EuroRoute France shareholders. UK institutional investors have indicated their willingness to subscribe for £12.5m, and the balance will be subscribed by existing UK shareholders or by shareholders joining the consortium after award of mandate.
- Stage III** — the main construction period running up to early 1993 for the motorway link.
- Stage IV** — running from the opening of the motorway link to the end of the concession. Operations will generate substantial cash surpluses within a few years of opening the link.

It is therefore during Stage III that the major financing requirement lies. The financing plan proposed by EuroRoute to cover the total of £7.2bn required to be firmly committed for the motorway link at the start of Stage III is:



Equity (including convertible or participating bonds) — £1.3bn  
Bank loans — £5.9bn

In addition, EuroRoute intends to raise some £2bn from the international capital markets after the start of Stage III, which can be used instead of drawdown of bank loan facilities. Over the first 7 years of Stage IV, EuroRoute will refinance a total of £4bn of maturities of bank debt from bond issues in the domestic and international markets, secured on project revenues.

64. The financing plan for the rail link will have a similar structure, with equity amounting to some 20% of debt finance, but precise arrangements will be finalised in the light of the proposed commercial agreement with BR and SNCF.

#### FINANCING PROSPECTS

65. The extensive soundings of the two national and the international markets taken by EuroRoute in September and October 1985 have confirmed the feasibility of its financing plan for the motorway link. Evidence has been provided to the Governments of the availability of the full amount of equity required from the French and British markets. The balance will be raised from domestic and international loans. The three commercial banks within the EuroRoute Consortium have in aggregate committed £500m. They have strongly indicated, after taking account of responses from international banks, that it will be possible to syndicate the loans in both the domestic and international markets. Confirmation of the capacity of the international capital markets to provide bond finance for the project has also been received from international banks.
66. EuroRoute has also explored the possibility of funding, without Government guarantees, from the European Investment Bank. The potential for very substantial funding from this source is being pursued, although EuroRoute's financing plan is not dependent on such funding.
67. EuroRoute believes that the evidence which it is providing to the two Governments on its financing prospects will demonstrate – even at this stage nearly two years before the major funding begins and when financing is handicapped by the existence of competing schemes – that its project can be financed and indeed is an attractive investment.

#### VIABILITY OF PROJECT

68. Based on the costs, revenues and funding plan described above, EuroRoute's motorway link shows a 17% gross rate of return, which is equivalent to over 10% net of inflation. Because of the long construction and operating periods involved, the project return is little affected by short-term economic or commercial fluctuations.
69. On EuroRoute's central forecasts, revenues are sufficient to cover interest on loans as well as operating costs by the third full year of operation, and EuroRoute ceases to have net borrowings after only 15 years of operation.

70. These key financial milestones are not significantly varied by the building of a rail link, if a commercial agreement on the lines proposed by EuroRoute were to be reached.

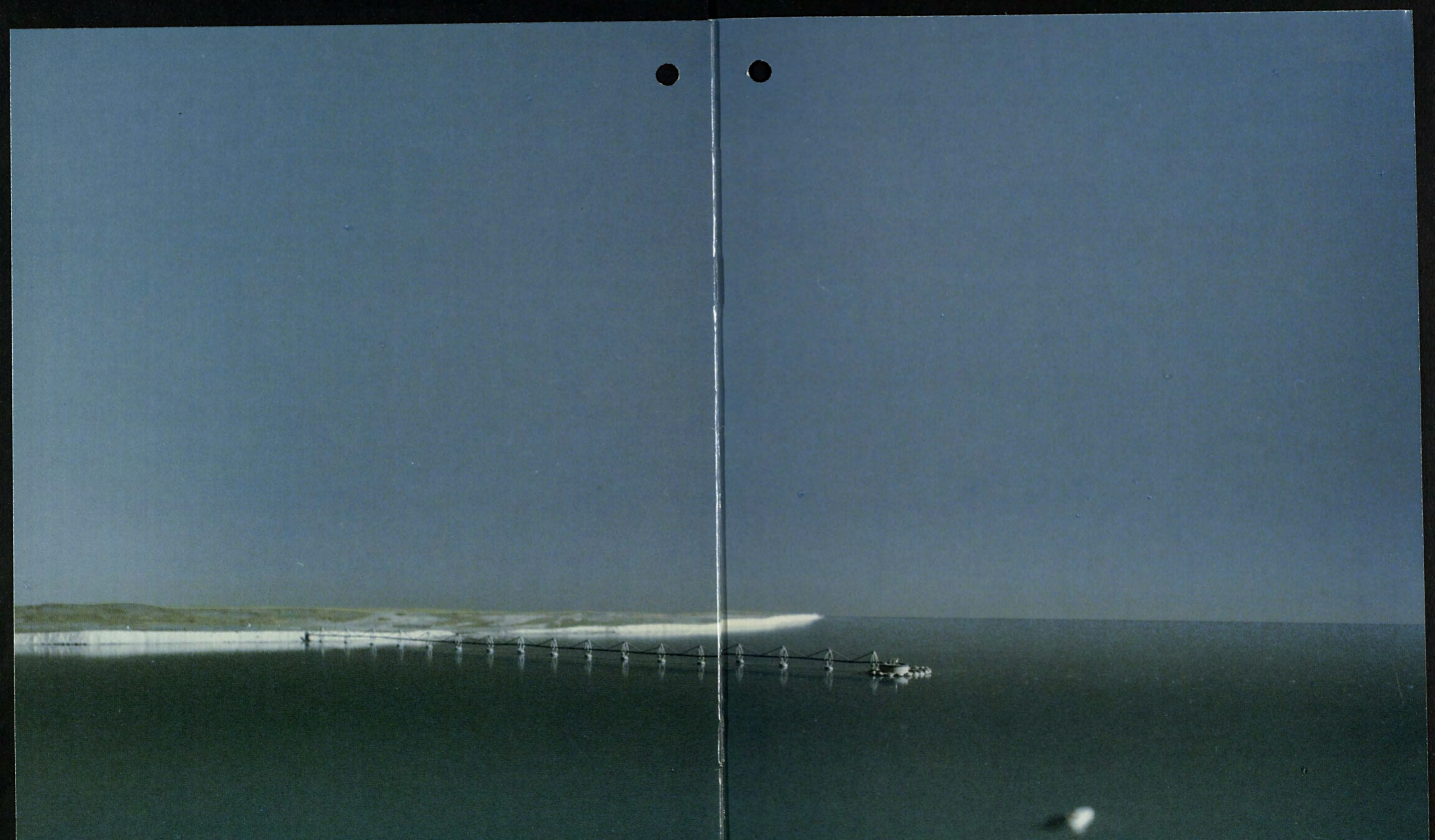
#### PUBLIC CONSULTATION

71. EuroRoute's consultative programme has been compressed by the 7-month period allowed by the two Governments between the Invitation to Promoters and the deadline of 31st October for the submission of proposals. During this period, EuroRoute – as a new project not drawing on the legacy of previous fixed link schemes – had first to develop its proposal to a stage where public consultation would be meaningful.
72. Nevertheless, particularly from July 1985 onwards, EuroRoute has embarked, as requested by the British Government, upon an intensive programme of meetings with local authorities, environmental organisations, trade associations, political bodies and many other organisations and individuals who have expressed interest in or concern about the proposal. A mobile exhibition has toured key localities, and public meetings have been held. Comments made during the consultations have been taken into account in EuroRoute's proposal, particularly in the configuration of the UK terminal arrangements.
73. EuroRoute has also sought to ascertain not only the commercial demand for its road and rail links through market research but also the acceptability of its solution to public opinion more generally. An opinion poll conducted in France in late August amongst 1000 people in car-owning households showed 49% preferring a motorway solution, compared with 25% in favour of continuing reliance on the ferries and only 14% for a rail-shuttle. Similar results were obtained from an independent UK poll in early October. 70% of those interviewed supported a fixed link, with only 17% against; and 52% preferred a drive-across solution compared with 31% who preferred to continue using the ferries and 8% for a rail-shuttle.
74. Recognising the special concerns in the localities most immediately affected by a fixed link, EuroRoute commissioned an independent poll of visitors leaving its mobile exhibition in Kent after they had seen the details of the project for themselves. 63% of those interviewed were in favour of a fixed link, and a majority of those expressing a preference for any particular scheme preferred EuroRoute in comparison with other solutions.
75. EuroRoute attaches great importance to continuing consultation with both local and national organisations on such matters as the employment and environmental impact of its proposal. In developing the details of the scheme, it will be ready to respond to the concerns of those affected and to work closely with the relevant local authorities.











# The EuroRoute Consortium

Alsthom  
Associated British Ports  
Banque Paribas  
Barclays Bank  
British Shipbuilders  
British Steel  
British Telecom  
CGE  
GEC  
GTM Entrepose  
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31 October 1985

cc BG  
sent by DN

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

2 Nick,

CHANNEL FIXED LINK : COMPENSATION BETWEEN GOVERNMENT/COMPENSATION  
FOR CLOSURE ON GROUNDS OF DEFENCE AND NATIONAL SECURITY

Thank you for copying to me your letter of 16 October  
to Geoffrey Howe.

2 I am content with the proposals set out in your letter.  
These will help to ensure that private sector investors are not  
discouraged by the possibility that they might be uncompensated in  
the event of cancellation by either Government or of closure or  
interruption on defence or national security grounds.

3 I am copying this letter to the Prime Minister, Members of  
E(A), the Foreign Secretary, the Secretary of State for Defence  
and to Sir Robert Armstrong.

LEON BRITTAN

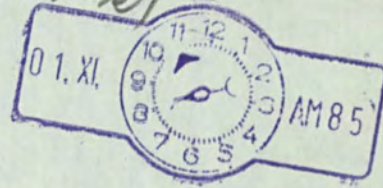
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31st October 1985

*De l.u.*

*NBPA  
CAR 31/1*

CHANNEL FIXED LINK: COMPENSATION BETWEEN GOVERNMENTS/  
COMPENSATION FOR CLOSURE ON GROUNDS OF DEFENCE AND NATIONAL  
SECURITY

Thank you for the copy of your letter of 16th October to Geoffrey Howe.

I agree with you on the first two aspects of compensation liability. There would seem to be possible advantage in accepting the principle of compensation between Governments for unilateral 'political' cancellation, if it gives us the chance to define and limit the terms of that compensation. I also agree that, in the event of temporary closure or interruption of the Channel Fixed Link for defence reasons (most likely because we ourselves wish to use it), the concessionaires should be compensated on a similar basis as, for example, the owners of ferries.

However, I believe that there is a distinction to be drawn between 'political' and 'defence' reasons, and between closure and cancellation. Circumstances could conceivably arise in

The Rt Hon Nicholas Ridley MP





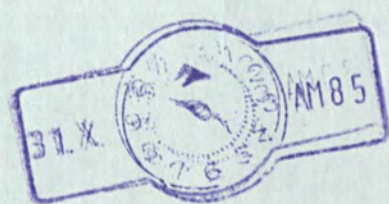
Northern Europe where a government might wish to close, or even destroy, a Fixed Link to prevent its use by hostile forces. Such a closure would be forced upon the government, and would not be a 'political' decision against the concept of a Fixed Link. For this reason I would prefer the option of compensation being payable on a comparable basis to that provided for other undertakings. I do not think that this would provide an opportunity to use 'defence' as a cloak for a political decision to cancel a Fixed Link, which would be most likely during the period that a link is being constructed.

I am copying this letter to the Prime Minister, members of E(A) and to Sir Robert Armstrong.

Yours  
Michael

Michael Heseltine









**The Channel Tunnel Group**

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2

SIR NICHOLAS HENDERSON G.C.M.G.  
Chairman

28 X 85

Charles Powell Esq  
The Private Office,  
NO 10 DOWNING ST.

Prime Minister  
CDP  
30/K

S.L.I.

Dear Charles

I enclose  
summary of the Channel Tunnel  
project, to be unveiled  
to-morrow. You may like to know  
that in case the Prime Minister is  
interested.

The detailed  
submission will be conveyed to  
the Ministry of Transport on the 31<sup>st</sup>.  
Yours ever,

N. Chew





A SUMMARY OF THE PROJECT

SUBMITTED TO  
THE BRITISH AND FRENCH GOVERNMENTS

by

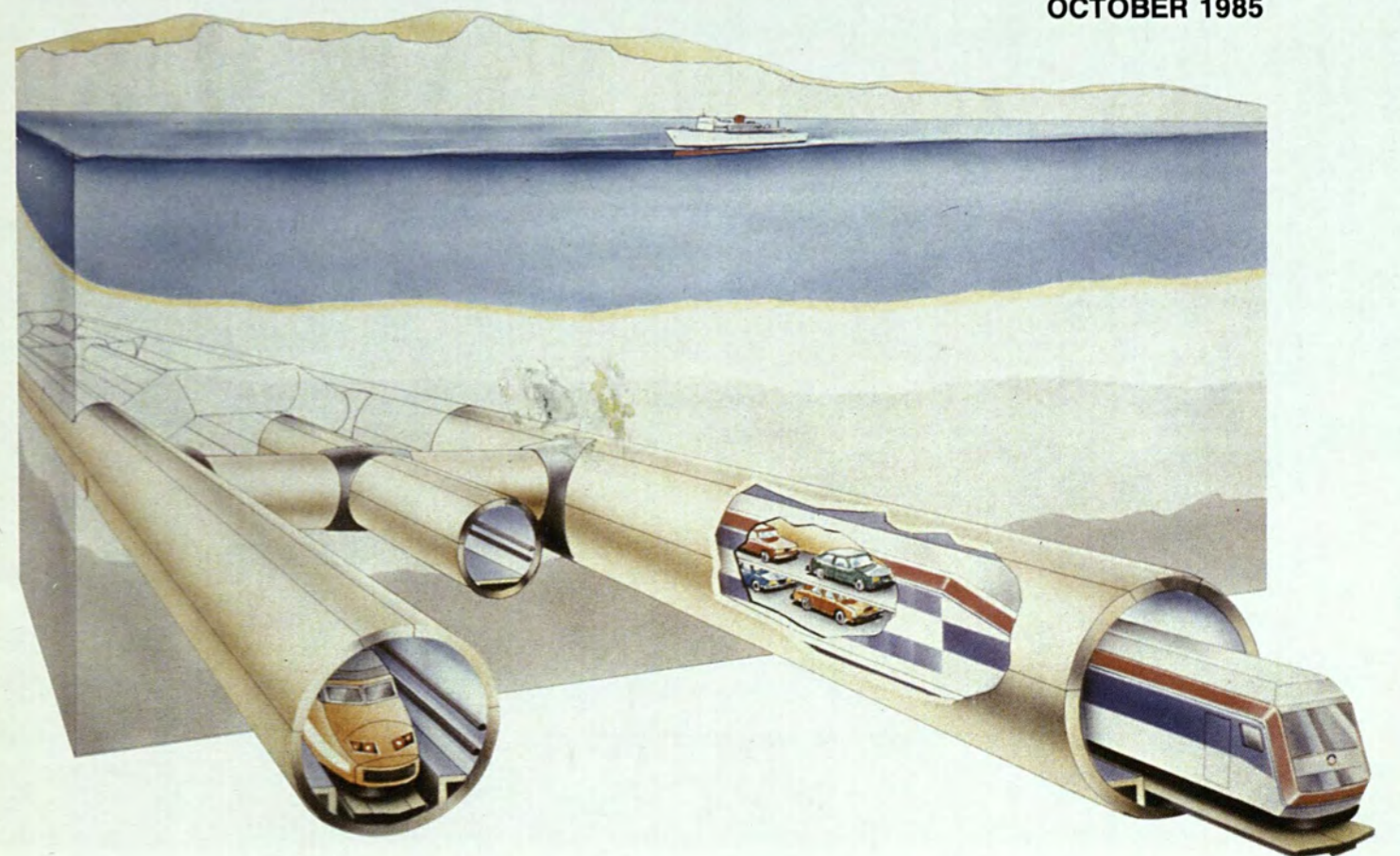
CHANNEL TUNNEL GROUP LIMITED  
and  
FRANCE MANCHE SA



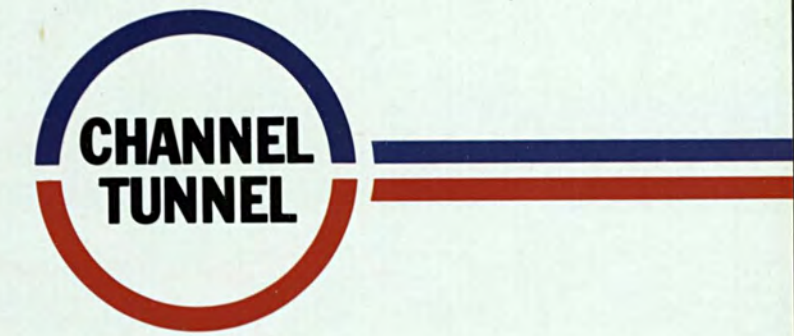
If the peoples of Western Europe are to forge together their separate economies and exploit their varying skills so as to achieve their maximum capabilities by the end of this century, they will have to create fast new means of communication between densely populated regions. Many of these regions are separated by natural barriers—the Alps, the Pyrenees or the Channel. Great improvements have been made in traditional means of transport—motorways and high-speed trains—but new ideas are required to overcome the remaining geographical barriers and increasing transport demands of Western Europe. This is particularly true of the Channel, where traffic is expected to double between now and the end of the century.

The Channel Tunnel Group and France Manche are proposing such an idea—a project for a tunnel link comprising a new system for road vehicles, the shuttle, and a through rail service. This is their response to the INVITATION TO PROMOTERS issued by the British and French Governments.

OCTOBER 1985







Service Tunnel bored in 1975 below Shakespeare Cliff

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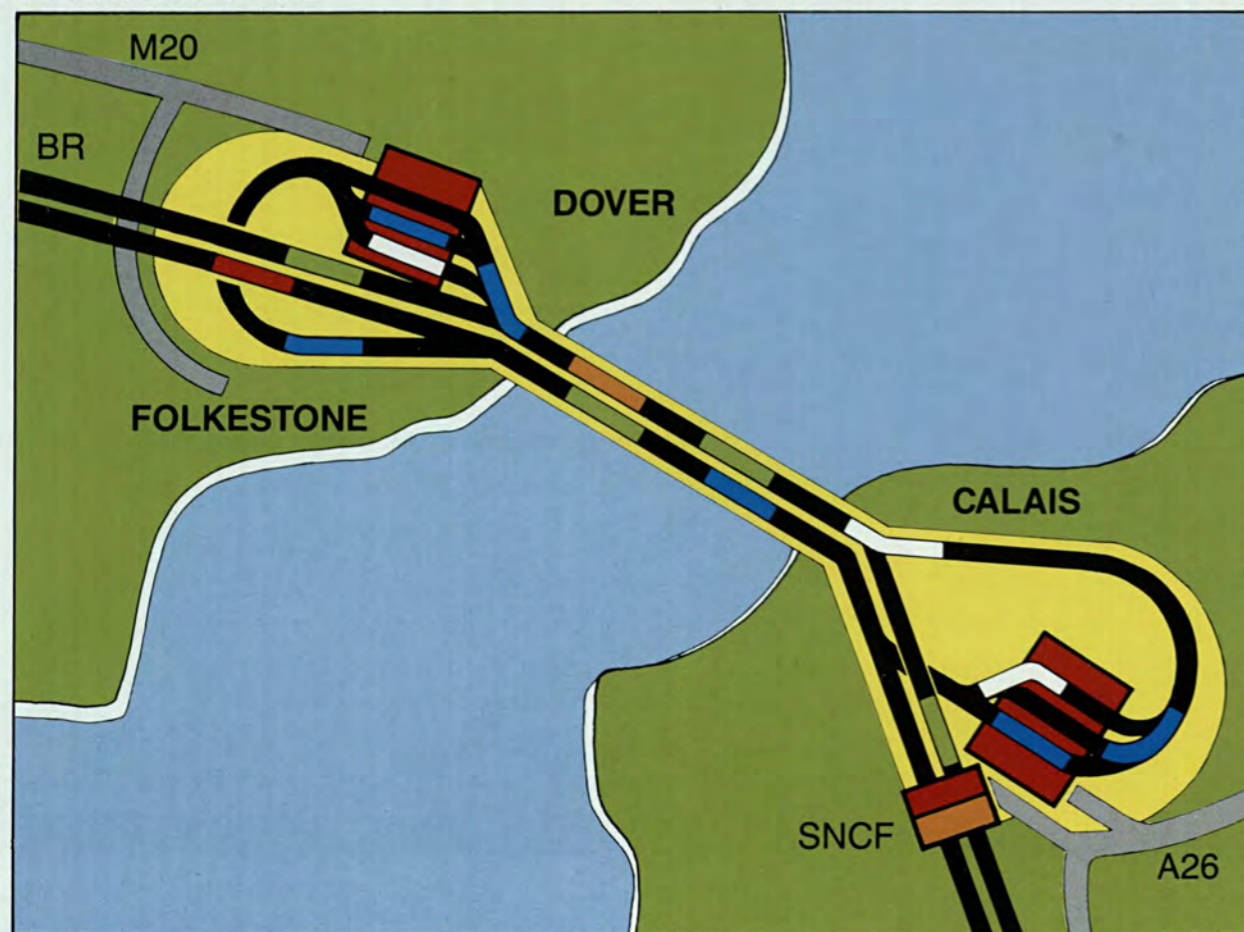
## ESSENTIAL FEATURES OF THE TUNNEL LINK

The essential features of the link are as follows:

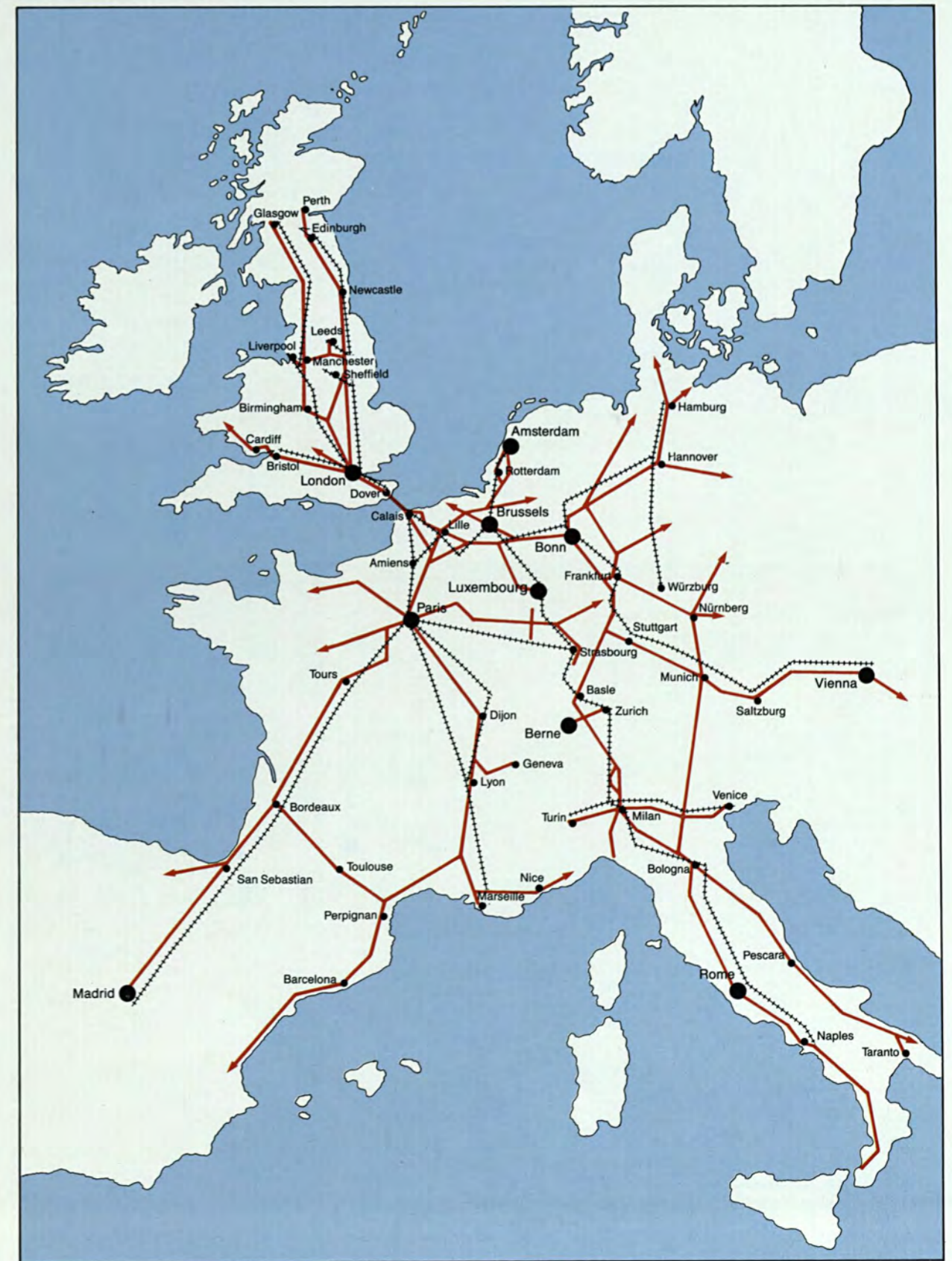
1. It consists of two single track tunnels, each with a diameter of 7.3 metres. There will also be a service tunnel between the main tunnels with a diameter of 4.5 metres, and with access to the main tunnels every 375 metres, so as to provide for ventilation, maintenance and safety (see sub-paragraph 9 below). (Although there will be three tunnels, the project will be referred to henceforth as the Tunnel). Crossovers between the main tunnels will allow the Tunnel to continue in operation even when a section is closed off for any reason.

2. In the Tunnel a roll-on, roll-off shuttle will be operated for road vehicles of all kinds—cars, coaches, caravans and commercial vehicles—to run between the British and French terminals. Although initially average demand may not be more than 1,000 vehicles per hour each way, shuttles will leave as frequently as every three minutes at peak periods, enabling over 4,000 road vehicles to be carried per hour in each direction. This is a capacity higher than that of an ordinary two-lane motorway and much greater than that of an enclosed two-lane motorway.

Tunnel route Cheriton to Frethun



Tunnel route and European Road/Rail network.





3. Shuttles will be made up of one or two rakes. Each rake (a unit of wagons of a particular type) will comprise either 13 double-deck wagons for cars or 13 single-deck wagons for coaches and caravans; two rakes will normally be operated together to provide a capacity of either 200 cars, or 13 coaches or caravans and 160 cars. Specially designed lorry shuttles will carry 25 heavy-goods vehicles each. This "rolling-road" has been designed to the highest standards of safety and for rapid loading and unloading of vehicles, which will be driven on and off by their own drivers. There will be no need to make reservations; drivers will only have to arrive at the terminal and pay the tariff before driving straightaway onto the shuttle. Tariff rates will be competitive with rates on existing services. Passengers will be able to remain in their vehicles or take advantage of refreshments and other facilities in the shuttles that will be brightly lit, well ventilated and sound-proofed.

4. Between the terminal at Cheriton, northwest of Folkestone, and the terminal at Frethun, southwest of Calais, the shuttle will take 30 minutes for the journey, travelling at a maximum speed of 160 kilometres per hour.

5. The national railway companies of the two countries will use the Tunnel to operate passenger and freight services, using the same tracks as those used by the shuttle. The whole organisation—shuttle and rail—will be controlled by a modern and efficient signalling and safety system. The most up-to-date and stringent fail-safe criteria will apply throughout the system.

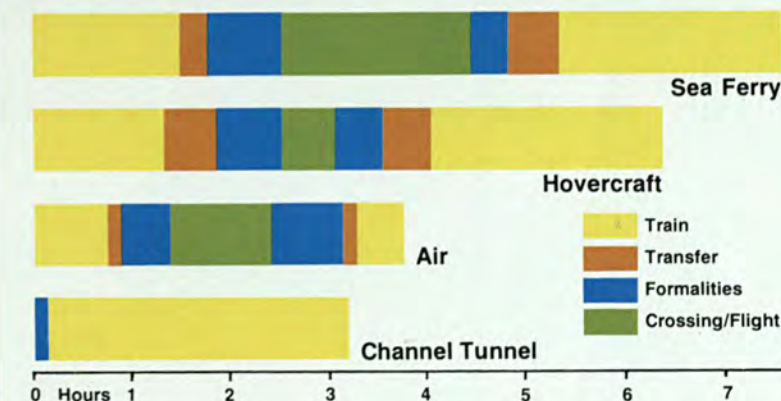
Photograph of model of proposed Cheriton Terminal



Artists Impression of proposed Frethun Terminal



COMPARATIVE  
JOURNEY TIMES  
LONDON/  
PARIS/  
BRUSSELS



6. The Tunnel will thus enable a rapid through-rail service to be provided for passengers between London and other European capitals and between cities in the north and west of Britain and any part of the Continent. Assuming the extension of the existing French high-speed train (TGV) to the Channel coast, the rail journey time between London and Paris or London and Brussels will be about three hours. The design of such TGV trains will be compatible with Tunnel specifications. There are no plans for any new British Rail high-speed line in the U.K. beyond the terminal, and BR/SNCF will develop special dual voltage, high-speed, rolling stock, to BR loading gauge, capable of running straight through on both BR and SNCF tracks.

7. By means of the Tunnel it will be possible for goods to be carried by freight train between the U.K. and the Continent and vice versa in a way that will greatly reduce costs and delays, and provide the equivalent of a domestic delivery service for customers in the U.K. or on the Continent.



The existence of the Tunnel should therefore lead to the development of a new market for the transport of rail freight, particularly bulk traffic, and the cost of rail transport will become increasingly competitive on longer routes.

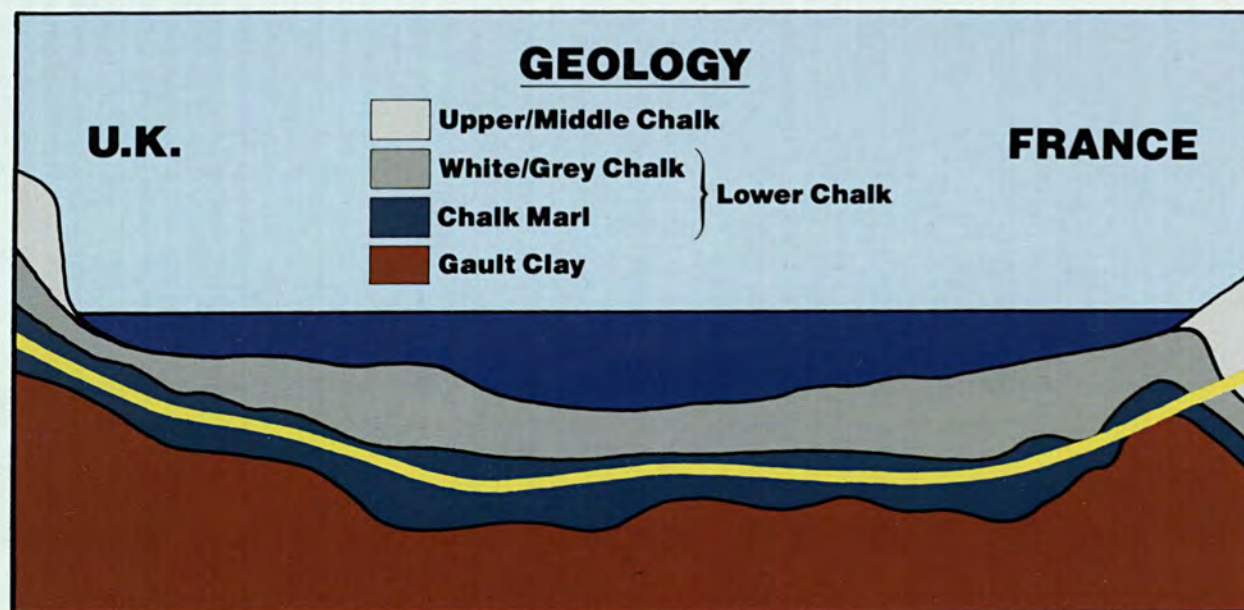
8. The Tunnel will have a length of about 50 kilometres, comprising 3.7 kilometres beneath the French mainland, 9 kilometres beneath the British mainland, and 37 kilometres below sea.

The Tunnel will be bored almost entirely through Chalk Marl. It is an impervious rock which is particularly suitable for tunnelling, and was tested by extensive geological surveys in the 1960s and 1970s. Near the French coast the Tunnel will rise above the lower chalk and some fissured ground will be encountered. This will require grouting (the injection of a mixture of cement and clay into the fissures) before the tunnels can be bored. The entire Tunnel will have an impervious lining of concrete or cast-iron as required.

In the seaward section the Tunnel will be about 100 metres below sea level and about 40 metres below the sea bed.

9. Special measures will be introduced to forestall or deal with terrorism and sabotage. (For security reasons the two Governments have requested that these be submitted separately.) However, it can be stated that in the event of a serious incident passengers would be able to reach the service tunnel and then be evacuated rapidly. The bored tunnel is inherently more stable and resistant to terrorism, sabotage, or explosion than any other form of link.

10. In addition to the strict enforcement of veterinary and health controls, particular procedures will be applied to ensure that illegal or stray animals are not introduced from France to the U.K. or vice versa. These steps which are directed against rabies will also be effective against other epizootics.



Lorries loading



Cars loading



Coaches loading



## COMPOSITION OF THE ANGLO FRENCH PROMOTER

The Channel Tunnel Group comprises the following British civil construction companies and banks as owners:

Balfour Beatty Construction Limited  
Costain U.K. Limited  
Tarmac Construction Limited  
Taylor Woodrow Construction Limited  
George Wimpey International Limited

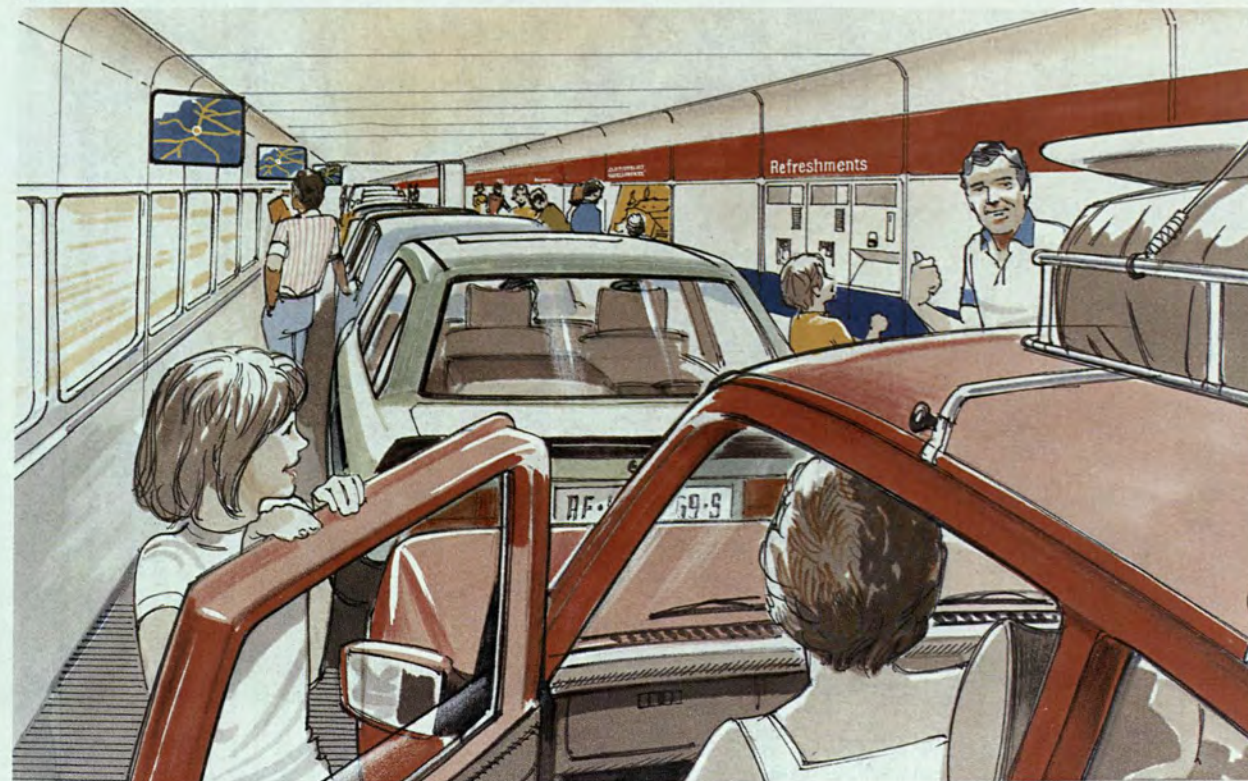
National Westminster Bank PLC  
Midland Bank PLC

Robert Fleming & Company Limited and Morgan Grenfell & Company Limited are merchant bank advisers to CTG.

Granada Group PLC is an associate member of CTG.

The combined turnover of the above construction companies is over £5 billion p.a. (FF 58.5 billion). The assets of the two participating banks total £133 billion (FF 1,556 billion).

Shuttle interior



France Manche comprises the following French construction companies and banks as owners:

Bouygues SA  
Dumez SA  
Société Auxiliaire d'Entreprises SA  
Société Generale d'Entreprises SA  
Spie Batignolles SA

Crédit Lyonnais  
Banque Nationale de Paris  
Banque Indosuez

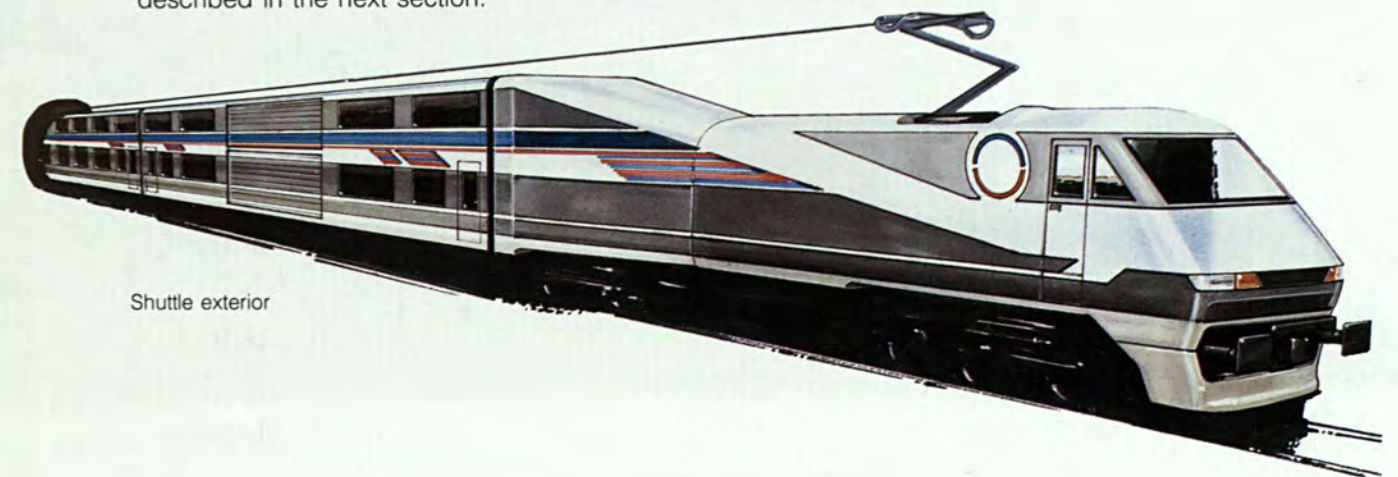
The combined annual turnover of the above construction companies is over FF 84 billion (£7.2 bn). The assets of the three participating banks total FF 2,163 billion (£185 bn).

The participating companies in the two groups and their technical advisers bring together the technical and financial skills and experience required for the development, financing, construction and operation of the Tunnel.

The companies have, with their bank members, established the Financing plan, assisted by their legal and tax advisers and, in the UK, by their merchant bank advisers. The loan finance will be syndicated through a large group of international banks and equity will be raised with the help of merchant banks and brokers in the U.K., by Salomon Brothers in the U.S.A. and by Nomura Securities Limited in Japan.

In the preparation of the main Submission to the two Governments, the Promoter has been advised by leading consultants in various fields, including engineering, finance, economics, operations and the environment. Audit consultants international standing have also been involved with the preparation of the main Submission.

The construction work will be carried out by a joint organisation—described in the next section.



Shuttle exterior



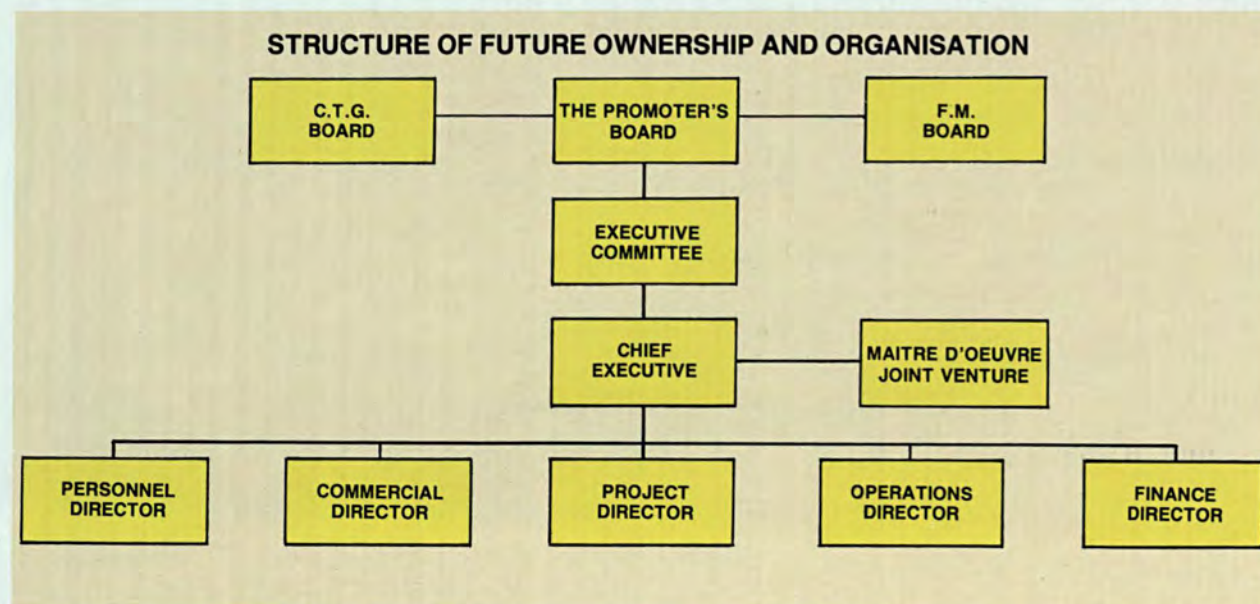
## FUTURE OWNERSHIP AND ORGANISATION

Once the Governments have made their decision, it is intended, in accordance with the requirements of the INVITATION TO PROMOTERS, to incorporate two separate owning companies, one in France and one in the United Kingdom. These companies will immediately assume the ownership hitherto vested in the Channel Tunnel Group and France Manche respectively. Once the Concessions are awarded, they will form an unincorporated partnership—the Partnership (Société en Participation) which will be responsible for the construction and operation of the Tunnel.

In order to ensure a fully binding partnership and an effective, unified management, the Boards of Directors of the two owning companies and of the Partnership will have the same Directors. Only on occasions when this is specifically demanded by French or British law—e.g. annual general meetings of shareholders—will the companies act independently. A Chief Executive will be appointed, and a Deputy who may be the Project Director. These two, together with four other Directors (finance, personnel, operations and commercial) will form an Executive Committee which will report to the Board of the Partnership. The Executive Committee will always be composed of three British and three French representatives.

Prior to the setting up of the Partnership, CTG and FM will continue to work very closely under the supervision of their Joint Executive Committee composed equally of British and French representatives. This Committee will have powers delegated to it from the Boards of CTG and FM for the purpose of negotiating the Concessions.

The two owning companies will have identical statutes. Their share capital will consist of indivisible units comprising one share in the British owning company and one share in the French. Each shareholder will thus own the same number of shares in each company, and will have identical voting and other rights in each.



In accordance with the requirements of the INVITATION TO PROMOTERS, independent audit consultants will be appointed to provide the owning companies with continuing audit throughout all phases of the project.

## METHOD OF CONSTRUCTION OF THE TUNNEL— AND EMPLOYMENT

There will be six tunnelling machines on the U.K. side and five on the French side. The Construction work will require a work force of several thousand people on each side. Orders for about £1 billion (FF 11.7 billion) worth of materials, plant and other equipment will be placed during construction. Employment so created will be partly local to the terminal sites, and partly spread throughout the two countries. Total employment created during construction will exceed 40,000 in the two countries.

It is estimated that the Tunnel will be bored at an average speed of about half a kilometre per month on the French side and somewhat faster, to begin with, on the British side where the conditions are easier for the geological reasons explained above.

## TIMETABLE

Date	
By 31st January 1986	Governments announce decision
By March 1986	Signature of Anglo French Treaty, agreement on terms of Concessions, introduction of legislation into both Parliaments.
1986—mid 1987	Engineering and Financial Development of project and certain preparatory work.
By March 1987	Legislation completed, Anglo French Treaty ratified, Concessions enter into force.
Mid 1987	Construction begins.
Spring 1990	Completion of service tunnel.
Spring 1991	Completion of main tunnels.
Autumn 1992	Completion of fitting out and start of commissioning of shuttle and railway system.
Spring 1993	Operations begin.



## TRAFFIC, TARIFFS AND REVENUES

The British and French Companies commissioned two leading firms of consultants, Wilbur Smith and Associates and Setec Economie, to produce forecasts of the traffic, tariffs and revenues that could be expected by the Tunnel operator. The two firms worked jointly and produced an agreed report, a full presentation of which is included in the Submission.

The report sets out the expected growth in the total market for passenger and freight movement between Britain and the Continent by both sea and air, together with the traffic that could be expected to be diverted from present modes to the Tunnel. To these figures have been added a forecast of the extra traffic that would be generated by the very fact of the existence of a new system—i.e. the Tunnel itself.

In accordance with the requirements of the INVITATION TO PROMOTERS, revenues have been calculated with and without duty free sales. Given the financial significance of duty free revenue, it is submitted that the same facilities should be afforded—or denied—to all methods of cross-Channel transport whether air, surface or tunnel.

The traffic consultants also produced traffic and revenue figures with and without a high-speed (TGV) rail service between London, Paris and Brussels.

The findings of the report for the year 1993 (start of operations) are summarised briefly below:

### 1. TRAFFIC

PASSENGERS (MILLIONS P.A.)	TOTAL CROSS-CHANNEL TRAFFIC	TRAFFIC USING THE TUNNEL	TUNNEL TRAFFIC AS % OF TOTAL TRAFFIC
Car Passengers	9.9	6.3	63.6
Coach Passengers	8.8	4.4	50.0
Passengers in day-trip parties	3.9	3.1	79.5
Other passengers*	47.9**	15.9**	33.2+
	70.5	29.7	42.1

### FREIGHT (MILLION TONNES P.A.)

Ro-Ro	24.2	6.0	24.8
Container and Rail Wagons	7.9	4.0	50.6
Bulk (rail) freight and new vehicles	41.8	3.2	7.7
	73.9	13.2	17.9

\* Assuming TGV. With a conventional rail service in France the figure for such traffic using the Tunnel would be 10.9 million.

\*\* This includes through rail passengers and air passengers between the United Kingdom and all Western European destinations.

+ This is the percentage for the market as described in the above note. The percentage of the prime London to Paris/Brussels market captured by the Tunnel is likely to be very much higher.

### 2. TARIFFS

It is expected that these will be competitive with those charged by other services operating on the French/Belgian-U.K. routes. On the basis of today's money, i.e. without allowing for inflation, our financing plan assumes tariffs for the Tunnel 10%—12.5% less in real terms than the lowest available equivalent present-day tariffs charged by existing operators:—

		£	FF	
Passengers	Car	19.80	232	per passenger*
	Coach	5.70	67	per passenger*
Excursionists:	(e.g. via coach from local start-points)	3.50	41	per passenger*
Through-Rail	(element of total fare)	8.00	94	per passenger
Freight:	Ro-Ro	10.00	117	per tonne
	Container/Rail-wagon	9.20	108	per tonne
Bulk (rail) freight		1.40	16	per tonne
New vehicles		8.80	103	per tonne

\* These are figures for estimating revenues—see below—rather than for showing the actual charge to be paid by each passenger. They are based on an average number of passengers per vehicle and include an element for the vehicle. Thus a single passenger in a private car will pay more than one in a party.

### 3. REVENUES

Combining the above traffic and tariff forecasts, it is possible to arrive at forecasts for revenues. The table below shows the revenues that would accrue in 1993.

SOURCE OF RECEIPTS	REVENUE (1985 MONEY)	
	£ millions	FF millions
Passengers	288.8	3379
Freight	107.3	1255
Ancillary +	35.7	418
Total	431.8	5052

+ Revenue from e.g. sales of petrol and food, foreign currency, vehicle servicing. This includes the sale of duty free goods, without which the ancillary revenues would be halved.



## COMMENT ON TRAFFIC AND REVENUE FIGURES

It should be emphasised strongly that the above traffic figures (thus also revenues) are conservative\*. The Channel Tunnel Group and France Manche have, however, considered it only prudent to base their presentation to the banks on even more cautious figures. If, as they believe, their project can be shown to be viable to outside institutions on this basis, it provides that degree of financial robustness which the Governments and financiers require above all other considerations.

\*It is worth pointing out, for example, that an increase in traffic using the Tunnel of 10% (bringing an increase in revenues of roughly the same order) would mean additional revenue of £43m (FF 517m) (in 1985 money) in 1993.

The forecast takes no account of the effect on traffic of the fulfilment of the European Commission's aim of a Europe without frontiers by 1992.

## COST OF CONSTRUCTION AND OPERATION

The estimated cost of construction of the whole project is £2.33 billion (FF 27.9 billion) at 1985 prices. Of this total the tunnelling will account for about a half.

It is estimated that in 1993 when the Tunnel will start operation annual operating costs for the whole project, shuttles, rail and terminal will be £74 million (FF 888 million) at 1985 prices.

It is expected that additional shuttles will have to be introduced around the turn of the century to cope with rising demand. Terminal buildings will be expanded after a number of years of operation, and mechanical, electrical, telecommunications, ventilation and cooling equipment will also require upgrading during the period of the Concessions. Renewed signalling may also be required. These costs will be met without difficulty as traffic grows.

## FINANCING PLAN

### 1. FINANCING REQUIREMENT

The financing will cover:

- (i) The capital cost of construction, allowing for inflation.
- (ii) Owner's costs during the development and construction period (including front end financing costs).
- (iii) Interest during the construction period and the initial operating period.
- (iv) Contingencies.

Based on £1,000 million (FF 11,700 million) of equity (see **Method of Financing** below), the maximum debt that the project would incur would be £4.3 billion (FF 50.3 billion), including an allowance of £1 billion (FF 11.7 billion) for unforeseen contingencies. The debt figure would have to be adjusted accordingly up to £4.75 billion (FF 55.6 billion) if equity reached a figure intermediate between £650 million (FF 7.6 billion) and £1 billion (FF 11.7 billion).

### 2. METHOD OF FINANCING

The project will be financed partly by equity and partly by loans. These are interdependent, in that the loan money will not be forthcoming unless a minimum level of equity is assured, and the equity will not be forthcoming unless those who are to provide it are confident of sufficient loan monies being available to complete the project. The texts of letters from member banks, merchant/investment banks and brokers, stating that equity and loan finance has been committed or will be available in the amounts required to assure the completion of the project, are contained in the Submission.

The particular advantages of the Channel Tunnel Group/France Manche finance plan are:

- (a) There is a very strong equity base with significant extra shareholders being introduced by Spring/Summer 1986 and an even more wide-spread share offer made to both institutions and the general public a year later.
- (b) The proposed structure of adequate equity giving a foundation to bank debt which is later funded in the bond market is one which is tried and tested.
- (c) All shares will be issued and traded in pairs—one share in an English and one in a French company—and these can never be separated. This ensures equal equity in the French and British companies, underpins the truly joint nature of the project and gives each shareholder an equal share in the British and French companies.
- (d) All the necessary funds will be legally committed to the project before work starts, thus eliminating the possibility of the project being unable to raise funds later on because of, say, a deterioration in sentiment in financial markets.

In this connection assurances have been given by investing institutions of the availability of adequate equity to meet the Channel Tunnel Group/France Manche plan on the basis of the economics



and characteristics of the project as set out in the Submission. As regards bank loans, a group of over fifty international banks have together already given commitments (not just expressions of interest) in respect of substantially all of the bank finance needed.

### A. EQUITY

The equity envisaged for the project is between £650m and £1 billion (FF 7.6 billion and 11.7 billion), raised in three tranches:

**EQUITY 1** The first tranche, of up to £50m (FF 585m) has or will be provided or underwritten by the existing members of CTG and France Manche. This is "seed money" and will cover expenditure on preparation of the Submission to Governments, and expenditure during the post-Submission and early development phases. This is in addition to the money already advanced for the preparation of the Submission.

**EQUITY 2** The second tranche, of approximately £150m (FF 1.75 billion), will be raised in the Spring/Summer of 1986 by a widespread international private placement.

**EQUITY 3** The third tranche, covering the balance of the equity required (i.e. between £450 and £800m, FF 5.3 and FF 9.4 billion) is to be raised internationally (including by public subscription in the U.K. and France) immediately after the Ratification of the Treaty and prior to the commencement of the main construction work. This equity will initially be partly paid, with the balance called up (probably in two tranches) during construction.

Based on the conservative assumptions of traffic and revenues mentioned above, and the fact that bank loans will be refinanced as indicated in C. (i) below, a rate of return of about 19% p.a. can be expected on equity of £1 billion (FF 11.7 billion).

### B. BANK LOANS

These have already been substantially arranged on the basis of conditions precedent which include the raising of adequate equity and the existence of political guarantees as set out in the INVITATION TO PROMOTERS. A significant allowance for contingencies such as cost over-runs up to £1 billion (FF 11.7 billion) is included in the totality of commercial credit arranged.

These bank facilities may either be drawn directly in different currencies or used to support alternative methods of funding if these are less costly.

### C. REFINANCING, REPAYMENT OF DEBT, AND DIVIDEND POLICY

- (i) Once the Tunnel has been commissioned, and as soon as sufficient experience has been obtained of actual levels of traffic, revenues and costs, it is intended to refinance a significant part of the bank debt by means of revenue

bonds. Such refinancing would be entirely normal for a project of this kind, and would serve to lengthen the maturity of debt and free cash flow for distribution to equity shareholders.

- (ii) Debt not refinanced as above would be serviced and repaid by means of the dedication of a specified percentage of Tunnel revenues, with the intention of repaying such debt within a period of 15 years from the date it was incurred.
- (iii) The Owning Companies will be formed for the single purpose of constructing and operating the Tunnel, so that all surpluses after deduction of operating and financing costs will be made available for distribution to shareholders.

## ADVANTAGES SUMMARISED

There have been three recent official reports about a fixed link, two of them Anglo French. All three concluded that a Tunnel of the kind now proposed by this Promoter was the only scheme that was both technically feasible and financially viable. There has been no modification of these views. The British and French Promoter, having studied all possible links, has also, without hesitation, reached the same conclusion. The Promoter wishes to summarise and set out what it believes to be the outstanding advantages of the project:

- (a) It will provide a greatly improved service for passengers and freight currently travelling by road, rail or air; it will cope easily with changing patterns of demand.
- (b) It will create a shuttle by which cars, coaches and lorries will be able to cross the Channel with minimal delay and more quickly than if they were driven; and with less stress to passengers. Frontier controls will be confined to one end of the Tunnel—before entry.
- (c) It will be cheaper to build than any other proposed system, and cheaper to use than any existing systems. Any drive-through scheme would consume over three times more energy.
- (d) For passengers and vehicles there will be no risk of breakdown and none of the disorientation that could arise in driving a long distance in a tunnel. They will be immune from road traffic delays, traffic accidents or the vagaries of weather (wind or fog). The possible dangers and difficulties of driving on an exposed bridge or spiral are thus avoided.
- (e) It will enable fast passenger train services, taking about three hours and thus highly competitive with air transport (and cheaper in price), to be run between London, Paris and Brussels. British Rail and Société Nationale de Chemins de Fer Français are planning to operate hourly services between the three capitals.



- (f) With the longer hauls thus possible, the Tunnel will enable the railways to provide a more economic service and thus secure increased freight traffic.
- (g) Care has been taken to minimise environmental impacts of the terminals and other facilities. There will be no obstructions, during construction or operation, at sea, no collision risks, and no effects on currents and no approach roads crossing the coast-line and foreshore. Consultations have already taken place with local and statutory authorities and with those whose interests may be affected in any way—and these will continue so as to ensure smooth passage of the necessary legislation.
- (h) This project will be a stimulus to the transportation industry. The most up-to-date technology will be used in the construction and operation of the Tunnel, but it will all be proven and used in known conditions. The participating companies have decades of experience in tunnelling.
- (i) The construction will create thousands of jobs in the regions of the tunnels or terminals and throughout the two countries. The start of operations in the Tunnel should give an impulse to industry in, and commerce between, the U.K., France and the rest of the Continent.
- (j) The project has been shown to be entirely financeable from private sources, without resort to public money or Governmental financial guarantees, and demonstrates a solid degree of financial robustness.
- (k) The Tunnel will not require to take such an overwhelming proportion of the traffic across the narrow Straits as to put existing ferries out of business. The Promoter believes that the ferries will continue to operate so that passengers and freight carriers will be able to benefit from a competitive choice of systems. The growth in traffic over the next generation will require both increased and more flexible means of transport.
- (l) The Tunnel will form an important link in the integrated road and rail network to which the members of the E.C. are committed, knowing as they do from recent experience how quickly improved transport has led to higher living standards.
- (m) Since Britain entered the E.C. the pattern of U.K. trade has changed; now over 60% of U.K. exports and imports are to or from the Community countries. The Tunnel will permit the smooth absorption of the increase in traffic to and from the U.K. and the Continent.
- (n) The present high cost and complication of cross Channel carriage whether for passengers or freight are a barrier to

the freer movement of goods and people between the U.K. and the Continent. The Promoter is confident that the Tunnel will provide a highly competitive means of cross-Channel transport—as well as being efficient and continuous.

- (o) The Channel Tunnel Group and France Manche have put together an organisation unparalleled in financial backing and technical experience in order to complete the system within a period of seven years so that operations can start in 1993.

## CONCLUSION

**In short, this project will provide an independent transport system for the future that is:**

- (a) Capable of taking a greater flow of traffic more quickly, securely, dependably and cheaply than any other.**
- (b) Adaptable to a changing and growing market.**
- (c) Financiable without support from public funds.**

**The British and French Promoter is convinced, in submitting this proposal to governments that, being innovative yet practical, it is the only method that is both technically feasible and financially viable for creating a fixed link—an idea that corresponds now more than ever to the needs and hopes, political and economic, of the United Kingdom, of France and of the rest of Western Europe.**











RESTRICTED

*CVS*  
*(2)*

*Prime Minister*

Qz.04679

*CBP*

MR POWELL

*29/x1*

*ms*

CHANNEL FIXED LINK: MOVEMENT OF GOODS

The Secretary of State for Transport wrote to the Foreign and Commonwealth Secretary on 24 October, with a copy to the Prime Minister. Our advice is quite simple. The United Kingdom needs a commitment from the French Government that our lorry traffic through the channel fixed link will not be restricted by quantitative restrictions.

I am sending a copy to Sir Robert Armstrong.

*D F Williamson*

D F WILLIAMSON

28 October 1985

RESTRICTED



CONFIDENTIAL



Chancellor of the Duchy of Lancaster

cc BG  
CABINET OFFICE,  
WHITEHALL, LONDON SW1A 2AS

Tel No: 233 3299  
7471

25 October 1985

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

*N. Nicholas*

CHANNEL FIXED LINK: CONSULTATION

Thank you for copying to me your letter of 24 October to Kenneth Baker.

I share your evident concern that we should not become vulnerable to criticism on grounds of inadequate public consultation. Clearly, the extent of, and response to, public consultation initiated by the promoters is a factor which must weigh in our assessment of the proposals.

But our principal concern should be to avoid damaging delays to the scheme. I am content, therefore, with the ideas set out in your letter as to ways in which fears over public consultation can be allayed, while the parliamentary procedure is carried through.

I am copying this letter to the Prime Minister, Geoffrey Howe, Quintin Hailsham, members of E(A), John Wakeham, and to Sir Robert Armstrong.

NORMAN TEBBIT



TRANSPORT  
CHANNEL ROUTE  
P.T 3







CONFIDENTIAL

*CCP*

*NBPM  
CDD  
25/12*

FCS/85/274

SECRETARY OF STATE FOR TRANSPORT

Channel Fixed Link: Compensation Questions

1. Thank you for your letter of 16 October about compensation questions that have arisen in the course of Anglo/French negotiations on a CFL Treaty.

1. You raised three points. First, I endorse your conclusion and the recommendation in the paper by officials that we should agree to the principle of compensation between Governments for unilateral political termination, subject to limiting its scope in negotiation. As you pointed out, even without such a provision in the Treaty, we would be liable for such compensation under international law. Furthermore, I understand that since your letter the French have told us that they think compensation should be limited to costs (for example, on roads and railways) directly resulting from construction of a link and should not include loss of profits or employment, or macro-economic benefits.

3. On the second point you raised, I agree with your view and that presented in the paper by officials that it would be right for compensation to be paid in the event of interruption of the link for defence or national security reasons on a basis comparable to the requisitioning of other civilian facilities for defence purposes. It is possible that at some stage in the future HMG might wish to requisition the link, for example, to move large numbers of troops and equipment to Northern Europe at a time of crisis. In such circumstances a CFL operator should be entitled to the same degree of compensation as would be awarded to, for example, a shipowner whose vessels were requisitioned.

/4.

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4. On your third point, concerning compensation in the event of permanent closure of the link for defence or national security reasons, the arguments are less straightforward. Of the three possibilities presented in the paper by officials, your personal view was that we should treat closure on defence grounds in the same way as a political cancellation. I have some doubts about this proposal and would on balance prefer to see the distinction retained. It is difficult to imagine a situation in which HMG would wish permanently to close the link. But it is perhaps just conceivable that in the event of a war in, or hostile occupation of, Northern Europe, a future government might wish to close or even destroy the link to prevent its use by hostile powers. In such circumstances I am not sure that it would be right for HMG to be liable for the same degree of compensation (either to the promoters or to the French Government) as would be the case with straight political cancellation. The Government would see such an action as a matter of necessity rather than choice; and they would surely think it more appropriate to decide nationally and unilaterally what compensation should be paid rather than being bound in advance by an international treaty to a particular standard of compensation.

5. These arguments incline me to the view that of the three possibilities posed, the second (compensation as in the event of interruption for reasons of defence and national security) is more appropriate to the circumstances (though I accept that we might have to review the position as the negotiations progress). Our acceptance of the principle of compensation should both score us some points with the French and provide an adequate assurance for the concessionaires when they seek funding for the project.





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6. Finally, on tactics, on all of these points the French are the demandeurs. But they also have international practice on their side; and they have recently offered some helpful clarification on inter-governmental compensation. Furthermore, we are under pressure to complete negotiations on the treaty given that we are hoping to sign it in Febtuary. These considerations suggest that provided we can find satisfactory wording we should not hold back agreement with the French on these questions on tactical negotiating grounds.

7. I am copying this letter to the Prime Minister, to members of E(A), to Michael Heseltine and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

Foreign & Commonwealth Office  
25 October 1985

GEOFFREY HOWE

CONFIDENTIAL



TRANSPORT

CHANAKEL TUNNEL

PT 73





1. *CDP*

2 *pa.*

CONFIDENTIAL

MR NORGROVE

25 October 1985

CHANNEL FIXED LINK - LIBERALISATION

You might like a little more background on the rail aspects of Nicholas Ridley's note to Geoffrey Howe on the liberalisation of lorry traffic through France, and the French quid pro quo of high-speed train access to London.

The vision which excites the French is a high-speed rail network linking the major cities of Europe (refer attached diagram.) For this, they would like BR to install new track and infrastructure compatible with SNCF's high-speed train, the TGV. But this is not essential. The gauge of BR's track is the same as that on the Continent. Trains can be made to accept different electricity supplies. The biggest problem is the incompatibility of BR's tunnel sizes and track curvature.

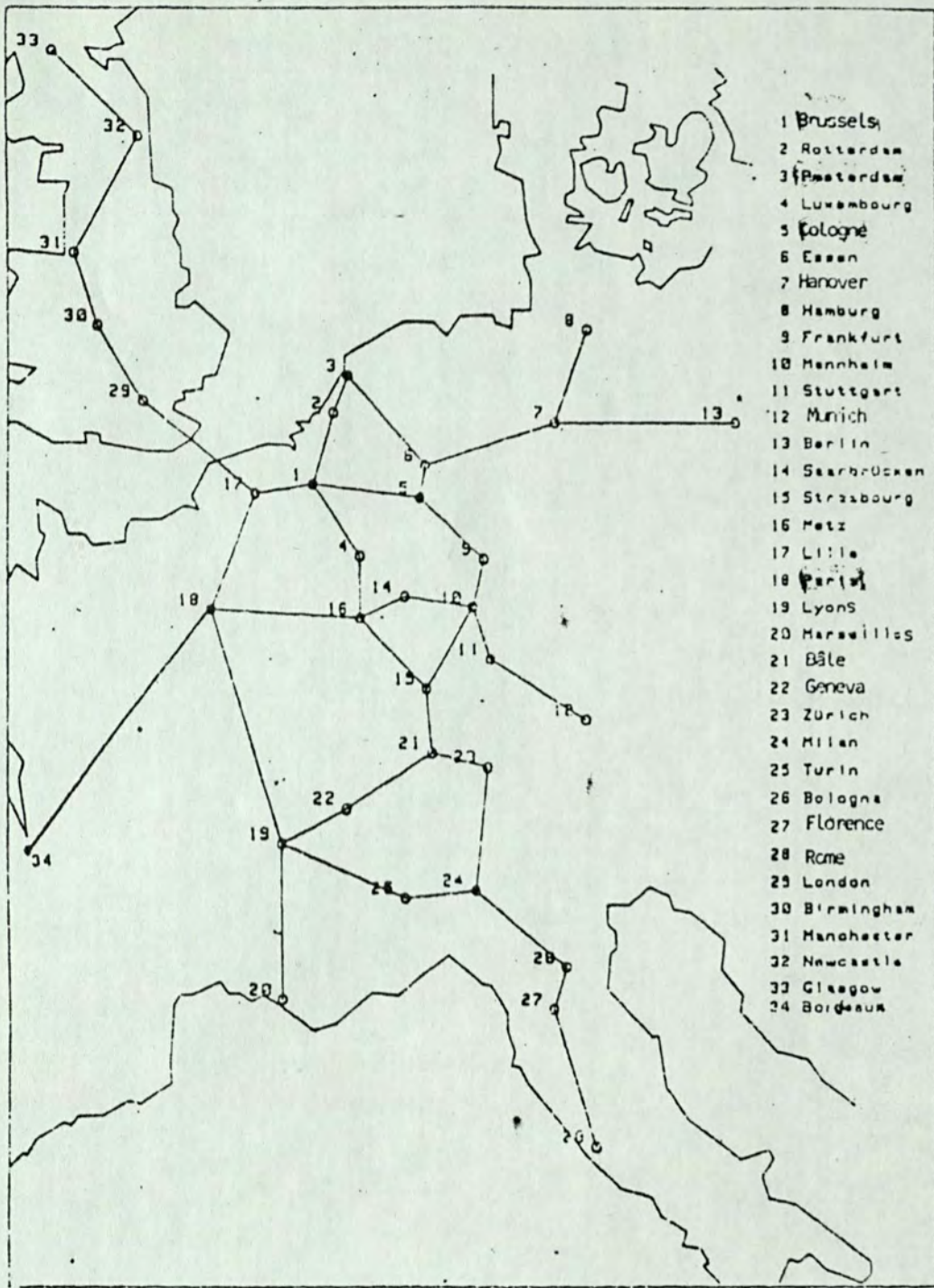
On any normal commercial basis BR will not be able to justify installing special track and infrastructure for high-speed trains. BR's hope lies in accepting the existing track and infrastructure and in jointly developing a new version of high-speed train capable of using the TGV network on the Continent and BR's track in the UK. This would still put Paris within a 3½ hour train journey from London.

*JW*

JOHN WYBREW

CONFIDENTIAL





Draft network established on the following basis:

- (a) North-South and East-West routes linking the Community's main towns and cities;
- (b) Present traffic flows and potential demand on these routes.



00

CONFIDENTIAL

NO



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Kenneth Baker MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
LONDON SW1P 3EB

24 October 1985

*C.F. B/F with DoE reply  
and in any case on 31/10.  
JRS  
24/10.*

*Dear Kenneth*

CHANNEL FIXED LINK: CONSULTATION

When we discussed the Channel Fixed Link in February this year we agreed that the delay and uncertainty caused by a public local inquiry would effectively put an end to the possibility of a successful project. In subsequent correspondence we agreed that we should not yet spell this out, but rather we should await the outcome of the promoters' own informal consultations and see whether we could then afford to rely on the hybrid Bill process.

As the 31 October deadline for submission of proposals approaches, it is becoming clear that the efforts made by various promoters to consult the public have varied widely. We shall be assessing this as part of the overall examination of their proposals, but it will obviously be difficult to rule out an otherwise desirable scheme simply on the grounds that there has been insufficient consultation. There is bound to be a debate therefore, about the extent to which the hybrid Bill procedure gives objectors an opportunity to be heard.

My own view is that the Bill procedure provides adequate scope for debate and comment, but we are likely to give objectors an argument (the greater if people have not previously been involved in the promoters' own consultation) on the grounds that the principle will already have been decided by the Bill's Second Reading; that the cost of employing Counsel to make adequate representations is prohibitive and beyond the means of ordinary people; and, that the time available for consultation is too short. In other words, unless we can win the poker game about the adequacy of the earlier consultation stages, opposition to the Bill may gain credibility, particularly if influential bodies join in raising objections.

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Not unexpectedly, the French have expressed grave doubts about the possibility of delays in our legislation of the kind that occurred in 1974. Any delays that do occur will inevitably leave us open to accusations of bad faith and cause acute embarrassment.

Once promoters' schemes have been submitted on 31 October, I believe that we should demonstrate publicly that we are ready to listen to representations. As a first step, we should specifically invite comments on the summary document which promoters have been asked to make public at the time of their submissions. I am, at the moment, considering whether there would be advantage in paying for press advertisements for this purpose.

Secondly, I think we should be willing, if asked, to let officials of our two Departments attend meetings with local authorities, promoters, local people, and, perhaps, action groups like Flexilink to listen to the views which are expressed. Objectors will find it odd if no representative of the Government is present. Thirdly, I do not think we should cease our efforts at consultation once the Assessment Group has completed its report in early December. We will need to continue to listen to views on how the preferred scheme, if any, can be made more acceptable and to settle what safeguards need to be included in the Concession Agreement and the Treaty. Finally, I think we must seek to allay public fears by being ready to listen to detailed representations once any scheme is approved and right up to the point (probably Easter) when the Bill is finally approved for introduction to Parliament.

This has implications for the way we handle calls for a Public Inquiry. So far, little complaint has been made about our intentions, but if we continue to avoid making our position explicit we will pave the way for greater public opposition later on. Before 31 October the time is not ripe to announce that there will be no public inquiry. Until then, we can simply say that if the promoters' informal consultations are adequate an inquiry will not be necessary, but if they were patently inadequate, the Government would have to reconsider its position. But once a decision has been taken we shall have to state our position unambiguously, and should defend this by saying that the decision is bi-national, and that it has wide-ranging implications for both countries involved. The decision in principle is, therefore, one which the national legislatures should properly take.

I hope, therefore, that colleagues will agree we should be more open about our intention not to have a public inquiry if consultation is adequate; that we should be seeking comments from interested members of the public and taking an active

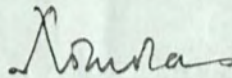
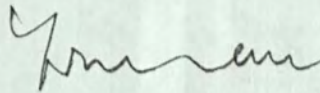
*but to consult widely*



CONFIDENTIAL

role in informal meetings once proposals are received: and that we should be taking a more prominent role in consultation once a decision in principle has been taken.

/ I am copying this letter to the Prime Minister and other members of E(A), the Foreign Secretary, the Lord Chancellor, the Chief Whip and to Sir Robert Armstrong.



NICHOLAS RIDLEY

CONFIDENTIAL





DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON SW1

1. ~~ESP~~ (see over)

2. pa

DRN

24/10

24 October 1985

Dear Geoffrey

CHANNEL FIXED LINK: LIBERALISATION

As you know, we have been pressing the French to agree that, once the CFL is open, all quota restrictions on lorries using the Link will be abolished. We have made clear that, given the large proportion of our trade which would be using the Link, it would be unacceptable to us for the French to restrict the flow of this trade.

I regret to say that so far there has been no acceptance on the French side of the principle of quota abolition. The French have raised a smokescreen of objections, claiming both that the abolition of quotas is unnecessary as quotas do not restrict traffic, and that liberalisation in the CFL context cannot be separated from liberalisation in the Community context and must, therefore, be dealt with as part of the Community arrangements. To back up their first argument, they have recently increased substantially the UK/France bilateral quota - indeed the increase is so large that the quota now no longer acts as any sort of restraint on traffic. It seems probable that their main objection to agreeing to the formal abolition of quotas in the CFL context is probably a fear not so much of UK competition as of opening the floodgates of Community liberalisation, which would in the short term anyway cause France - as a major transit country - genuine political and economic problems.

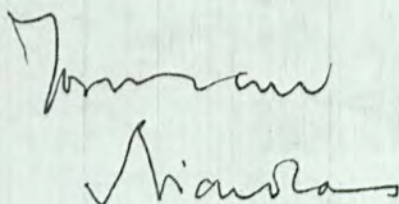
In theory, following the recent European Court judgement and the commitment to a genuine internal market by 1992 entered into by the Heads of State and Government at the Milan European Council, Community liberalisation should have been achieved by the time the CFL is open. I shall certainly be fighting hard to achieve complete road haulage liberalisation throughout the Community



well before then. But, given the obstruction to Community liberalisation by not only France but also Germany and Italy (who may well be joined by Spain and Portugal), early progress cannot be guaranteed. I therefore consider that we must continue to attempt to obtain from the French some form of formal assurance that our lorry traffic through the CFL will not be impeded by quantitative restrictions. I propose to ask the French Transport Minister to meet me before the Anglo-French Summit to discuss this question. If he is not prepared to offer acceptable terms, then I recommend the issue should be raised with President Mitterrand at the forthcoming Anglo-French Summit. We need to know where we stand with the French before we have to take decisions at the end of the year on the schemes which the promoters put forward for our consideration.

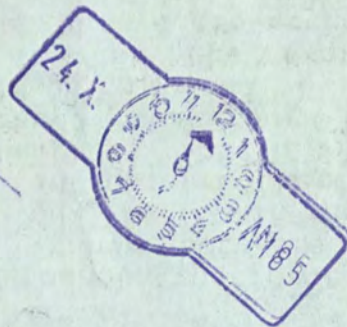
The French have also tried to bring into the equation the question of allowing high-speed trains to run through the Link to London. We have argued that this is a quite separate issue, and I have made clear that there can be no question of British Rail putting massive and uneconomic investment into the sort of new infrastructure which would be required to allow current French high-speed trains to operate on British Rail tracks. But I have indicated that I would support any commercially viable arrangement between the Railways on a fleet of high-speed trains specially adapted to CFL use. We shall have to insist on joint manufacture of such trains to ensure that the UK gets its share of production.

I would be grateful for any comments by Friday, 1 November. Copies of this letter go to the Prime Minister, other members of E(A) and to Sir Robert Armstrong.



NICHOLAS RIDLEY







CONFIDENTIAL



CER

Treasury Chambers, Parliament Street, SW1P 3AG

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

Wym

21 October 1985

Dear Nick,

**CHANNEL FIXED LINK: COMPENSATION BETWEEN  
 GOVERNMENTS/COMPENSATION FOR CLOSURE ON GROUNDS OF  
 DEFENCE OR NATIONAL SECURITY**

I was interested to learn from your letter to Geoffrey Howe of 16 October of developments with the French on a treaty. I look forward to seeing your fuller report on the negotiations. Meanwhile, I understand your wish to allow officials to make progress on particular issues. I broadly accept your conclusions, subject to several reservations on points of detail.

First, I believe it is important to insist that liability for compensation between Governments is limited to expenditure directly connected with the link, however strongly the French may wish to confirm to themselves that our commitment to the link is firm. While I recognise that the effect on our national economy could be greater if the French unilaterally terminated the link than in the reverse case, I am more afraid of building in a disincentive for either Government to cancel if at any time the link's finances made that desirable. If necessary, we should ask the French to consider the point later, when they might put a higher price on other concerns.

Secondly, I would prefer to restrict the assurances which Governments offer to promoters in respect of defence and national security to treatment comparable with that of other undertakings in cases both of interruption and closure, at least at this stage. Our negotiators should confirm that the link would be subject to the general laws of each state, and that interruption by reason of their operation will not of itself allow promoters to receive compensation. The question of regarding a "defence cancellation" in the same way as a "political cancellation" should, if necessary, be considered later, when we have some idea of the terms on which compensation for political cancellation will be offered, and in the light of the compensation between Governments that so regarding it would entail.

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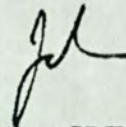


Channel Tunnel Transport Pt 3.  
CONFIDENTIAL

This brings me to the terms of compensation attaching to the political guarantee. There must be no scope for a promoter, whether in difficulties or not, to do better for himself by "calling the guarantee" than by carrying on with the project. In negotiations on a concessionary agreement, the interests of Governments will be opposed to those of a chosen promoter and we should consider our position very carefully, among ourselves and with the French.

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

Yours ever,



JOHN MacGREGOR







Chancellor of the Duchy of Lancaster

CABINET OFFICE,  
WHITEHALL, LONDON SW1A 2AS

Tel No: 233 3299  
7471

21<sup>st</sup> October 1985

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

*NBRM*

*D. Nichl.*

**CHANNEL FIXED LINK: COMPENSATION BETWEEN GOVERNMENTS/COMPENSATION FOR CLOSURE ON GROUNDS OF DEFENCE AND NATIONAL SECURITY**

Thank you for the copy of your letter of 16 October to Geoffrey Howe.

I agree with the line which you propose to take. We have stressed to promoters our intention that the construction of the Channel Fixed Link should be a private-sector funded and commercially-orientated operation. We should treat them on a comparable basis with other civilian facilities requisitioned for defence purposes. I also agree with your view that we cannot seek a distinction between "political" and "defence" reasons for cancellation without damaging the prospects for funding through increased risk. And I agree that including compensation between Governments in the Treaty will serve to limit its application, if the provisions are drawn up carefully to reflect real costs.

I am copying this letter to the Prime Minister, Members of E(A), the Foreign Secretary, the Secretary of State for Defence and to Sir Robert Armstrong.

NORMAN TEBBIT



TRANSPORT  
CHANNEL TUNNEL



PT 3





DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Geoffrey Howe QC MP  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON SW1

16 OCT 1985

*Dear Geoffrey*

*W 17/10*

CHANNEL FIXED LINK: COMPENSATION BETWEEN GOVERNMENTS/  
COMPENSATION FOR CLOSURE ON GROUNDS OF DEFENCE AND NATIONAL  
SECURITY

Negotiations are currently taking place between officials to draft an Anglo/French Treaty on the Channel Fixed Link, the objective being to have a Treaty ready for signature shortly after a decision on the Link is taken by the two Governments in the New Year. I shall be writing to colleagues shortly with a general report on these negotiations, and indicating a number of matters arising from the Treaty on which decisions need to be taken. But there is one matter, that of compensation in the event of Government action to terminate concession, on which we need urgently to give officials instructions so that they can respond to French initiatives in the Treaty negotiations.

A paper by officials describing the problems is annexed. Briefly there are two issues, as follows. First, the "Invitation to Promoters" of a Channel Fixed Link published on 2 April indicated that compensation would be available to promoters in the event of "political" cancellation by either Government. No mention was made of compensation for losses sustained by one Government (as opposed to the promoter) as a consequence of cancellation by the other Government. Such compensation has now been proposed by the French. It would be subject to arbitration and would cover, for example, administration costs and the costs of frontier controls and infrastructure, though the French would prefer the provision to be more widely-drawn. The second point relates to the payment of compensation if either Government either cancels the project or interrupts operation of the Link for reasons of defence or national security. The "Invitation to Promoters" warned that compensation would not be payable in such circumstances. The French now suggest that, both in case of closure and interruption, compensation should be payable comparable to that which would be payable according to normal practice in the case of requisition of civilian property for military purposes.



Officials propose that we agree the principle behind both French proposals. In the case of compensation between Governments I am particularly conscious of the suggestion that it carries a Government financial commitment to the project. But I am equally aware that unless compensation for a breach of the Treaty is explicitly ruled out in the Treaty itself (which the French have made clear they will not accept), we would, in any case, be liable for compensation of this kind under international law. I believe, therefore, that it is in our interests to include this provision in the Treaty specifically in order to limit its application. This will be a matter of negotiation with the French, but at this stage all we need to accept is the principle.

So far as interruption for defence reasons is concerned, the officials' paper recommends that this be treated on a basis comparable to the requisitioning of other civilian facilities for defence purposes. I believe this to be right. On compensation for permanent closure for defence reasons, the officials' paper makes no recommendations. I am personally of the view that the dividing line between a political cancellation and a cancellation for security reasons is dangerously thin and we cannot, in equity, envisage paying no compensation whatever: we can be sure that such a position would have a most damaging effect on the financing of the project. I would see some merit in regarding a "defence" cancellation in the same way as a "political" cancellation, thus recognising that a cancellation for true reasons of national defence is in fact much less likely than an attempt to use defence arguments as a cloak for a political cancellation. But I should welcome colleagues' views.

Our officials are to meet their French colleagues for further discussion of the Treaty on 5 November. It would be helpful to have comments in sufficient time for us to instruct them for their negotiations.

I am copying this letter to the Prime Minister, members of E(A), the Secretary of State for Defence and to Sir Robert Armstrong.

*Yours ever*

*Nicholas*

NICHOLAS RIDLEY



## CHANNEL FIXED LINK TREATY: PAPER BY OFFICIALS

### COMPENSATION BETWEEN GOVERNMENTS/COMPENSATION FOR CLOSURE ON GROUNDS OF DEFENCE OR NATIONAL SECURITY

1. The "Invitation to Promoters" of a Channel Fixed Link, published on 2 April, spelt out the undertaking or the "political guarantee" which the two Governments would give, once the legislation was enacted and the Anglo/French Treaty ratified, against termination by either Government of the promoters' rights under the concession agreement to construct and operate a Link. It was acknowledged that breach of this undertaking would entitle promoters to financial compensation on terms to be set out in the Concession Agreement and that the Treaty would lay down the conditions for the allocation of responsibility for payment of the compensation as between the States.

2. The terms on which promoters are compensated will have to be negotiated in due course but on the allocation of responsibility, Anglo/French Treaty negotiations are particularly well advanced. These and other matters will shortly be submitted for Ministers' approval in the context of a report on progress with the Treaty. There are, however, two related issues, not covered by the Invitation to Promoters on which officials need the views of Ministers as a matter of urgency in order to respond to French pressure in the Treaty negotiations.

#### Compensation between Governments

3. The first of these is the question of compensation between Governments as a consequence of breach of the political undertaking by either of them. The French have put forcefully the line that if one of the Governments were to terminate the Concession for political reasons not only would the Concessionaires be injured but there would be the probability of injury to the other Government in respect of the other Government's outlay incidental to the Link and in respect of the economic benefits the Link might have brought. In their view the Treaty should recognise this liability, and they have made it clear that their insistence is based on firm collective Ministerial instructions.

4. There is, in practice, no doubt that the two Governments will incur costs in facilitating a scheme, notwithstanding that it is to be a private sector project without public money or Government financial guarantees. On both sides there will be administrative costs in promoting the necessary legislation (as well, of course, as those currently being incurred in preparation



of the Treaty). There will also be incidental additional costs such as those arising from the decisions to offer juxtaposed frontier controls in the country of departure (E(A)85 13th Meeting, 17 July). The most significant costs, however, are likely to arise on infrastructure and here there may well be an imbalance. So far as rail is concerned the only UK investment would be by British Rail, not the Government, and BR could expect - by virtue of their contracts with the concessionaires - to be beneficiaries of any compensation paid to the concessionaires. The position is broadly similar on the French side though it is possible that the Government itself will incur direct expenditure on land acquisition for a TGV line. The position on roads is more ambiguous in that we have made it clear that the major road improvements associated with a Link would be needed anyway to cope with the projected increase in cross-Channel traffic. We could not therefore argue that abortive Government expenditure had been incurred in respect of these schemes. While the French position is broadly comparable we cannot rule out the possibility of specific infrastructure improvements on the French side.

5. It is prima facie reasonable that where Governments undertake to one another to pursue a particular course - to permit the construction of a Fixed Link - they should each be under an obligation to compensate the other party for the consequences of not performing that undertaking. Indeed unless specific provision were made to exclude liability between Governments, the Treaty would naturally be construed as creating obligations between the Governments and thereby automatically bringing the normal financial consequences of breach, even if this were not acknowledged explicitly. In these circumstances it might be desirable to recognise the obligations and, by so doing, to limit them. The French are very mindful of the 1975 decision of the British Government not to proceed with the Channel project (although the decision was taken before the Treaty was ratified). They see provision in the Treaty for compensation between Governments as a measure which will help to bind future Governments on both sides to their commitments to the Link and reduce the chances of a political cancellation by either party. There is much in this argument. It could also be said that it was in the interests of the British Government to ensure that there is the possibility of obtaining compensation if the French were unilaterally to terminate the Concession. Termination might occur at a time when the ferry services would have considerably decreased their business leaving the United Kingdom with less access to continental Europe than exists at present.

6. Against this, however, there is the important presentational problem of acknowledging on the face of the Treaty a contingent financial liability by the Governments to a project which has



been clearly stated to be a private sector project. There is the problem of the imbalance between the two Governments' expenditure outlined in paragraph 4 above: and any such provision for compensation between Governments could lead, in the event of termination, to extended acrimonious argument over the detailed claims. Finally there is the problem of scope and definition. It is clearly in the Government's interest that any definition should seek as far as possible to limit the obligation to direct expenditure by the Governments in relation to the Link, and thus to limit the freedom of the arbitration which would decide on any award. In other words we should be covering only expenditure such as direct infrastructure costs. This would, of course, ignore the major economic costs of cancellation and would risk heightening French suspensions about our long-term intentions.

7. In sum, therefore, unless it is explicitly ruled out in the Treaty, the principle of compensation between Governments for breach of a Treaty applies. The French, who have consulted their Ministers on this, will not agree to its exclusion and wish to have it made explicit. It is in our interests to agree to this and thereby to limit its application.

#### Compensation for Defence and National Security

8. The other issue to have arisen in connection with compensation in the course of Treaty negotiations is the question of defence and national security. The "Invitation to Promoters" makes clear that neither termination of the concession nor interruption of operation for these reasons constitutes a breach of the political guarantee. There is therefore no implied commitment to compensate promoters in either case. The point has been made by the French, however, and we need to consider it. To do so we should distinguish clearly between "closure", including cancellation during construction, and "interruption", although the French have made it clear that they would like to see compensation payable in both cases.

9. So far as interruption is concerned, we see no reason for it to be considered as a breach of the Concession agreement: both Governments would expect to be able to use the link on a temporary basis for defence purpose, for instance, as they would have to requisition ships. The French, in taking this view, have pointed out that they are obliged under national laws to provide compensation for requisitioning private property of any kind for defence reasons, and wish to apply this explicitly to a Link. There is no general United Kingdom legislation in force which provides for compensation in such circumstances although, in the event of war, such legislation would usually be enacted and



compensation would be paid. Nevertheless, to make the commitment explicit would be to give favourable treatment to the Fixed Link. Overall, in view of French insistence that the position should be formally in conformity with their law, officials consider that nothing would be lost by making explicit in the Treaty an obligation to give the Fixed Link comparable treatment to that applying to other undertakings in these fairly exceptional circumstances. No right of compensation to the other Government would however arise.

10. The position on permanent closure of the Link is less simple. There are three main options - to retain the right of permanent closure under the Concession agreement without compensation; to retain the right of closure but to accept an obligation to treat the Link on a basis similar to that accepted for interruption; or to acknowledge that closure for defence and security reasons is effectively a breach of the "political guarantee" (despite its being made clear in the Invitation to Promoters that it will not be so considered) and that the normal compensation provisions of the Concession apply.

11. Refusal to pay compensation is compatible with our strict national obligations; but it does not meet French obligations and failure to provide for compensation in the Treaty would be vigorously opposed by the French. It would also be a matter of the greatest concern to promoters - not least because "defence, and national security" is sufficiently difficult to define as to leave open a suspicion that it would provide a convenient "bolt-hole" for either Government wishing to cancel.

12. Acceptance of an obligation to treat the Link on a basis similar to that applying nationally to other transport undertakings would probably satisfy the French. It is difficult however to establish appropriate analogies (requisitioning being quite a different case) and this option could be perceived as hollow, even meaningless, by promoters. But it would permit a Government to act unilaterally on compensation in contrast to the possibly more expensive situation if compensation under the terms of the Concession were accepted. Acceptance of the 'national' approach would also remove definitional problems and uncertainties since closure for "defence and national security" reasons would no longer need to be defined. However it is difficult to deny that the effect on promoters would be the same as the effect of permanent closure for other reasons and they may argue that there is no obvious reason in equity why they should not be compensated on the same basis.



Conclusions

13. In sum, therefore, Ministers are asked:-

- (a) to agree to the principle of compensation between Governments for "political" termination subject to limiting its scope in negotiation;
- (b) to accept that compensation should be paid in the case of interruption of the Link for reasons of defence or national security on the basis normally applied to the requisitioning of civilian facilities;
- (c) to consider whether, in the case of permanent closure of the Link for reasons of defence or national security -
  - (i) no compensation should be paid;
  - (ii) compensation should be payable as in (b) above, it being clear that such closure does not constitute a breach of the political guarantee;
  - (iii) compensation should be payable under the terms of the Concession as for any other breach of the political guarantee.

Department of Transport  
14 October 1985





P 01596

PRIME MINISTER  
\_\_\_\_\_A Channel Fixed Link: Matters Requiring Decision

E(A)(85)43

## BACKGROUND

Flag A. —

The meeting will consider a Note by the Secretary of State for Transport on five issues that have arisen in the discussions with the French following the publication of the Invitation to Promoters in April. Proposals are due by 31 October. Governments have committed themselves to making the final choice by the end of January. Meanwhile work on the Anglo-French Treaty is proceeding well.

## MAIN ISSUES

2. There are five main issues requiring decision:

(i) the positioning of the frontier controls;

(ii) the extent of guidance on security to be given to the promoters, and responsibility for the costs of security arrangements;

(iii) the provision of duty-free facilities;

(iv) whether the Treaty should guarantee freedom from price controls imposed by either Government; and

(v) whether any specific assurances should be given at this stage to the promoters about compensation in the event of 'political' cancellation.

Frontier Controls: Juxtaposition

3. By 'juxtaposition' is meant the placing of British and French frontier controls back to back on one side of the Channel, rather than on either side as at present. The advantages for





The Link would be to reduce the number of stops the traveller would have to make. It would also be in line with the European trend, which the United Kingdom supports, to ease frontier arrangements. Mr Ridley proposes maximising the advantages by having 'departure juxtaposition', (all controls on leaving the country, with United Kingdom customs and immigration in France and French controls in United Kingdom) so that emigration, customs and immigration, payment of the toll and any necessary security checks can all be combined at one end of the Link, with the traveller then having a clear run out the other end. Mr Ridley thus explicitly rejects the recommendation in the note by officials (Annex A) which invites Ministers to prefer 'full juxtaposition in the United Kingdom' (ie. all controls for both directions in the United Kingdom - the least cost solution for us and an effective response to the French offer of full juxtaposition in France), with 'arrival juxtaposition' also a possibility, although this would - because of the requirements of ticket checks and security - involve travellers in making a stop at each end of the Link.

Flag B —

4. The advantages to the traveller lie with Mr Ridley's proposal. The key obstacles are the costs of the additional personnel required to man the customs and immigration post on the French side (paragraph 8 of Annex A), and animal health control (rabies). The Minister of Agriculture may seek to insist that customs control remain on United Kingdom soil in order to secure the benefit of a double check, given that the operator would then be obliged to retain some responsibility for the transit of animals; the Chancellor of the Exchequer is likely to object to the £3 million a year extra costs departure juxtaposition would impose. One possible solution might be to give the operator the opportunity to have departure juxtaposition on condition that he bore the extra costs. Although this would represent a new departure, there is already some precedent for this in the treatment of customs cost at minor airports and at week-ends. The costs apparently arise because of time taken to travel through the Link to work in France.





Security

5. The invitation to Promoters encouraged them to consult the two Governments about the provision of adequate protection for the Link against terrorist attack. The two Governments have drawn up a list of requirements (Annex C) which it is proposed to hand over to the main candidates in confidence. The only contentious points concern the Annex on Security Checks on users of the Link (Annex D). These are -

Flag D —

(i) whether to give the candidates an indication now of what security checks are likely to be required

(a) in normal circumstances;

(b) in times of alert;

(ii) whether the cost of the security arrangements should be borne by Governments or by promoters.

Flag C —

The note by officials (Annex B) recommends that Annex D, specifying the level of Security Checks, be handed over. Annex D suggests a regime of 10 per cent random checks and provision for 100 per cent checks at times of high alert on a different basis for a bored tunnel (Channel Tunnel Group) or an immersed tube (Euroroute) but allows for future flexibility by placing these requirements 'on the basis of present knowledge'. This would allow Governments to vary the level of checks required in the light of greater knowledge of the strength of the structures used by the chosen promoter and the technical advances in explosives. The French who believe the checks proposed to be excessive, are opposed to handing the text over but are prepared to speak to the candidates on the basis of it. Mr Ridley thinks it unnecessarily alarmist for the Governments now to give this indication of the severity of the checks contemplated and proposes dropping the Annex on Security Checks altogether, simply telling candidates to make 'reasonable provision for security checks on a spot check basis'.





6. The various candidates are by now well advanced with their designs. The level of security checks that the chosen promoter will be expected to impose during the normal operation of the Link will have important design implications and will affect the projected traffic flows and commercial calculations. Are the candidates likely to be satisfied with Mr Ridley's broad formulation, or should they be given some detail either orally or in writing of approximately what will be required of them?

7. Mr Ridley also suggests that the costs of all security arrangements should be borne by the Governments rather than by the operators (as recommended in the note by officials). The Chancellor of the Exchequer and the Home Secretary are likely to object to this; the costs of security checks and of policing at airports are currently borne by the operator.

#### Duty Free

8. Whether or not the Link would be permitted to have duty free facilities was left open in the Invitation to Promoters who were asked to submit financial estimates both with and without duty free facilities. The French Government have since formed the view that the Link should have duty free facilities. Mr Ridley now recommends that it should, on the grounds of equity with the ferries, and suggests that, together with the French, we should now clear the way with the European Commission with a view to telling the successful promoter where he stands before the Concession agreement is signed. The arguments against are the possible inconsistency with refusal to all duty free facilities at other land boundaries (eg. Northern Ireland/ the Republic) and the possible revenue consequences; but it appears that provision of duty free facilities is likely to prove very important to the commercial viability of the Link, and in its absence travellers would presumably continue to have these facilities on the ferries. It seems unlikely that other Ministers will dissent from Mr Ridley's proposal.





### Price Controls

9. The Invitation to Promoters stated that 'within the framework of the respective national laws ..... the Treaty will guarantee the freedom of tariffs'. The French wish, by means of the Treaty, to exempt the Link from their existing price control legislation. This is to be welcomed. Mr Ridley suggests that the Treaty should similarly exempt the Link from any future United Kingdom price control legislation. The Link would remain subject to other aspects of commercial legislation such as national laws on monopolies and restrictive practices. In the past both ferries and airlines have in practice been exempt from the price control provisions in anti-inflation measures.

### Compensation for Political Cancellation

10. The question of the terms of compensation which would be offered to the promoters in the event of either or both Governments terminating the concession is under discussion with the French. This is a sensitive issue for the French, mindful of their experience in 1973, but there are no differences between the two sides so far. Mr Ridley and his French counterpart had originally considered issuing a clarification on the terms of such compensation before 31 October. There has so far been no interest expressed in this by any of the candidates; Mr Ridley now proposes that no clarification be issued at this stage, but that the matter be pursued by officials with a view to establishing a joint position with the French for negotiating with the selected promoter.

### HANDLING

11. The Secretary of State for Transport will wish to speak to his Note, in particular on the points on which he differs from the views of officials expressed in the Annexes (Juxtaposition, issue of the note on Security Checks, and who bears the costs of security arrangements). Other Ministers concerned with each of the issues will wish to register their views, notably the Minister of Agriculture and the Chancellor of the Exchequer on Juxtaposition; Home Secretary on Security; and





the Chancellor of the Exchequer on responsibility for the costs of security arrangements. The Chancellor of the Exchequer on Duty Free facilities; and the Secretary of State for Trade and Industry on price control.

## CONCLUSIONS

12. You will wish to reach conclusions on whether:

- (i) to accept juxtaposition of frontier controls and if so in what form.
- (ii) The security requirements in Annex C should be issued in confidence to the main candidates; and whether they should be guided on the approximate level of security checks that are likely to be required.
- (iii) The costs of security arrangements should be borne by the operator or by the Governments.
- (iv) The Link should have Duty Free facilities.
- (v) The Treaty should exempt the Link from future price control legislation.
- (vi) Clarification of the terms of Compensation in the event of termination by Governments should await negotiation of the Concession Agreement with the chosen promoter.

J B UNWIN  
Cabinet Office.  
16 July, 1985



PRIME MINISTER

16 July 1985

CHANNEL FIXED LINK

We agree with four of Nicholas Ridley's five proposals.  
The scorecard is as follows:

1. Juxtaposition of Frontier Controls

Agreed. Let's back the arrangements which will minimise the inconvenience and delay to the 20-40 million passengers who will use the Link each year. The associated problems can all be overcome at a cost. At most, that will be small in relation to the benefits, and hence the potential to generate more income.

2. Security

Agreed. We should not prescribe specific minimum standards of security check at this stage. A 10% level of checking (down to the contents of individual suitcases) could be a serious handicap for EuroRoute. Technology in the realm of security checking is advancing rapidly (eg the new British Aerospace equipment). But by all means informally exchange ideas and information with the promoters now in the hope of stimulating the search for efficient, non-disruptive security measures.

It is in the operator's commercial interests to protect a valuable asset and allay customers' concerns over security risks. At least in part, the additional cost of security



checking is likely to be offset by lower insurance premia. It is premature to commit the Government to bearing part of the cost.

3. Duty Free

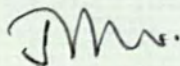
Yes. Both Governments want the Link to succeed on a free-market basis, so it is right not to discriminate in favour of the ferries by withholding duty free from the Link.

4. Commercial Freedom - Non-Intervention in Tariffs

Doubtful. The basic principle is commercial freedom within the general pricing policies of the UK and France. The Governments should not discriminate within the transport sector - ie between Link, ferries and air. Why then give the Link the privileged status of permanent exemption from general price control measures (conferred by international treaty)? The financeability argument looks weak.

5. Compensation for Political Cancellation

Agreed. There is no hurry. We need to see the terms of the concession in the round before devising suitable compensation terms.



JOHN WYBREW



E. B.

also find a memorandum

MR TURNBULL

CHANNEL FIXED LINK

E(A)(85)43 fails to address itself to  
which side of the road vehicles would drive.  
This may be a significant pointer to the  
ultimate choice. If not, the media are  
far ahead of Government: the only question  
they ask me is which side of the road shall  
we drive on if there is a tunnel?

*Be*

*mb*

BERNARD INGHAM  
15 July 1985





DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

Charles Powell Esq  
Private Secretary  
10 Downing Street  
LONDON SW1A 0AA

Prime Minister

Nico thinks you are <sup>10</sup> May 1985  
tilted towards Euro-route

Dear Charles and wants to tilt you  
back to neutrality!

CHANNEL FIXED LINK

C.D.P. 10/5

As requested by your letter of 17 April to Richard Allan here, I am attaching briefing for the Prime Minister's meeting with Sir Nicholas Henderson on 13 May.

I am copying this letter and non-printed enclosures to Colin Budd in the Foreign Secretary's office, and to John Whybrew in the Policy Unit - who will see one or two additions from the version of the brief he saw yesterday.

yours sincerely,

Henry Derwent

HC S DERWENT  
Private Secretary





CHANNEL FIXED LINK

PRIME MINISTER'S MEETING WITH SIR NICHOLAS

HENDERSON - 13 MAY 1985

LINE TO TAKE

May the best man win. Put in your bid; I do not  
want to prejudge the bids now - but to wait and see what  
they contain. We have made the guidelines clear.





PRIME MINISTER'S MEETING WITH SIR NICHOLAS HENDERSON - 13 MAY

BACKGROUND NOTE

INTRODUCTION

1. Sir Nicholas Henderson (cv attached at A) has requested the meeting in his capacity as Chairman of the Channel Tunnel Group (CTG), one of the Groups intending to submit proposals for a Channel fixed link. His aims will no doubt be to impress on the Prime Minister the attractive service a rail shuttle tunnel could offer to motorists and road hauliers while keeping a foot in the "drive through" camp by indicating that CTG have an alternative to the EuroRoute scheme under study.

Channel Tunnel Group

2. The Channel Tunnel Group includes Balfour Beatty, Costain, Tarmac, Taylor Woodrow and Wimpey; now also with National Westminster Bank as a full member. Sir Nicholas Henderson became Chairman of the group in February 1985, but already had been active in their support for some considerable time.

3. As the note attached to Sir Nicholas' letter explains, the CTG - an amalgam of three previously competing groups - has been developing proposals for a twin 7 metre bored rail tunnel with roll-on, roll-off vehicle shuttle (which they propose should be operated on a no-booking basis, with trains at intervals as short as 5 minutes). Although the group has been active in the UK they have only recently begun a serious search for French partners. But they now say that they will be very shortly in a position to sign a formal co-operation agreement with a parallel French group comprising Bouygues, Dumez, Spie-Batignolles, SGE and SAE-Bori.

4. In the course of their search for French partners, CTG have also been invited from the French side to explore the possibility of twin 11 metre twin road tunnels combined with a 6 metre single rail tunnel for through rail traffic only. This possibility has not been eliminated but CTG (UK) are less than convinced of its financeability (~~doubting~~ whether the added traffic it would attract could justify the substantial extra costs).

5. Attached at B is a CTG brochure describing their twin-rail tunnel scheme.





Sir Nicholas Henderson's note

6. In addition to describing the CTG scheme, Sir Nicholas Henderson's note makes some assertions which require qualification:

- a. it takes it for granted that there will be through rail traffic. As the recently published "Invitation to Promoters" (Annex C) makes clear, any capital expenditure by the railway administrations will have to be on a strictly commercial basis;
- b. it says that a fixed link should not require such a degree of traffic as would render uneconomic a continuing ferry service. E(A), meeting on 25 February, ruled out interference with the operation of a link in the interests of the ferries except in the circumstances provided for in the applicable competition legislation;
- c. it says that several reports have found only the CTG scheme to be both technically feasible and financially viable. All of the quoted reports were of the view that CTG's scheme was technically the most proven and for that reason, combined with its lower cost, the Anglo/French Banking Group took the view that it was the most likely to attract private finance - but this has not, of course, been tested.

Other Proposals

7. The other main groups developing proposals for a CFL are:

EuroRoute (Chairman Sir Nigel Brookes). This is composed of British Shipbuilders, Trafalgar House, AMEC, John Howard and Co and British Steel. EuroRoute France includes Grands Travaux de Marseilles-Entrepose, Alsthom Atlantique, Société Générale and Paribas. They are developing a combined scheme with bridges across the inshore zones, artificial islands at the edge of these zones, and an immersed tube carrying road traffic beneath the central shipping lanes. Rail traffic would travel in a separate 6 metre bored tunnel.





Eurobridge (Chairman Lord Layton) have a scheme for a multi-span suspension bridge using innovative light weight material produced by ICI and other UK firms. There would also be a separate 6 metre bored rail tunnel.

The Next Steps

8. Following publication of the Invitation to Promoters on 2 April (Press Notice at D), promoters have been asked to submit proposals by 31 October with a view to a decision by the two Governments around the end of the year. The Prime Minister has also agreed with President Mitterrand that work on an Anglo/French Treaty should be carried on in parallel so that it is ready for signature at the time of decision.

9. Once a decision is reached it will also be necessary for the two Governments to sign detailed agreements, constituting a concession to construct and operate a link, with the chosen promoters. The two Governments will then have to promote the necessary legislation - in the UK a hybrid Bill providing land acquisition, planning and building powers; financial powers to enable the Government to pay compensation in the event of breach of political undertakings; and powers relating to jurisdiction. The hybrid Bill will also provide a forum for those whose interests are directly affected to be heard. If this Bill were introduced early in 1986, it could expect to receive Royal Assent, upon which the Treaty could be ratified and the Concession agreement come into force, in spring 1987.\* The start date for construction will depend on the extent to which, in the meantime, promoters are prepared to take a risk on pre-ordering etc.

\*Sir Nicholas met the Leader of the House on 5 March to seek his advice on the likely timing of a hybrid Bill. Apart from this meeting, he has discussed the CTG proposals with no Ministers but the Secretary of State for Transport.

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# The Channel Tunnel Group

28 Hammersmith Grove, London, W6 7EN  
Telephone: 01-846 3113 Telex: 25666

## PRESS RELEASE

FOR IMMEDIATE RELEASE

MONDAY FEBRUARY 11TH 1985

SIR NICHOLAS HENDERSON

JOINS CTG

The Channel Tunnel Group is pleased to announce today (11th Feb) that Sir Nicholas Henderson, GCMG has agreed to become the Chairman of the Group.

Sir Nicholas was Ambassador to France 1975/1979 and came out of retirement on re-appointment as Ambassador to Washington 1979/82 when he played a key role during the Falklands conflict. He is also a Director of Tarmac, Hambros, Foreign & Colonial Eurotrust and Mercantile & General Reinsurance (biographical details attached).

With the compliments of the Channel Tunnel Group -  
28 Hammersmith Grove, London W6 7EN

For further information, please contact Donald Hunt :

Tel 01-846 3010 (office)

01-834 2853 (home)



B

# THE Channel Tunnel GROUP





## THE CHANNEL TUNNEL GROUP

comprising **Balfour Beatty**  
**Costain**  
**Tarmac**  
**Taylor Woodrow**  
**Wimpey**

### Background

The Channel Tunnel Group has been formed by five leading British construction companies with a combined turnover of £4.3bn to promote the Channel Tunnel Project. The companies have previously studied, supported and promoted the bored Tunnel Project in three separate groups: Anglo Channel Tunnel Group (ACTG), European Channel Tunnel Group (ECTG) and Channel Tunnel Developments (1981) Ltd. (CTD 81).

This type of fixed link is the most technically feasible and financially viable. It will provide a very attractive cross-Channel service for both road and rail traffic with minimal environmental effect.

CTG companies have the proven technology, experience and resources to enable them, together with the financial institutions, to implement this project in partnership with French interests. The Project will require the political support of the British Government and the will to see this long overdue fixed link with Europe through to completion.

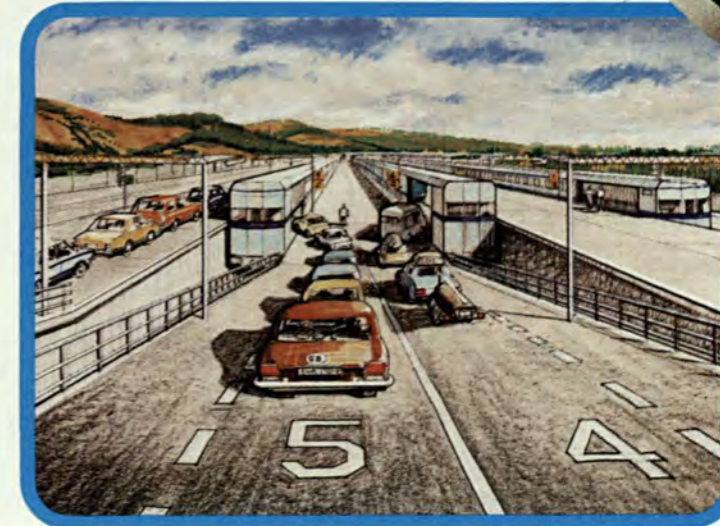


### Benefits and advantages of a Channel Tunnel

- A fast, safe, reliable service connecting the UK with the Continental road and rail network, operating 365 days a year, totally unaffected by weather.
- It will co-exist with the sea-ferry services, providing an alternative competitive cross-Channel service.
- Ferry train shuttle services will take private cars, coaches and commercial vehicles across the Channel in 25 minutes.
- It will effect dramatic time reductions in the movement of exports both by road and rail. Direct access to the European market will be as close to UK industry and commerce as the nearest railway station.
- Through-passenger trains to Paris and Brussels will take about 4 hours, city-centre to city-centre, comparing very favourably with air travel.
- Construction will provide 250,000 man-years of employment shared between the UK and France.

### The simple way to take your car across the Channel

Cars will arrive at the Cheriton Terminal and drive into special double-decked, air conditioned, brightly lit wagons, loading at several points along the train's length from high/low platforms and parking nose-to-tail. Drivers and passengers will either remain seated for the 25 minute journey time, or stretch their legs along the walkway beside their cars.



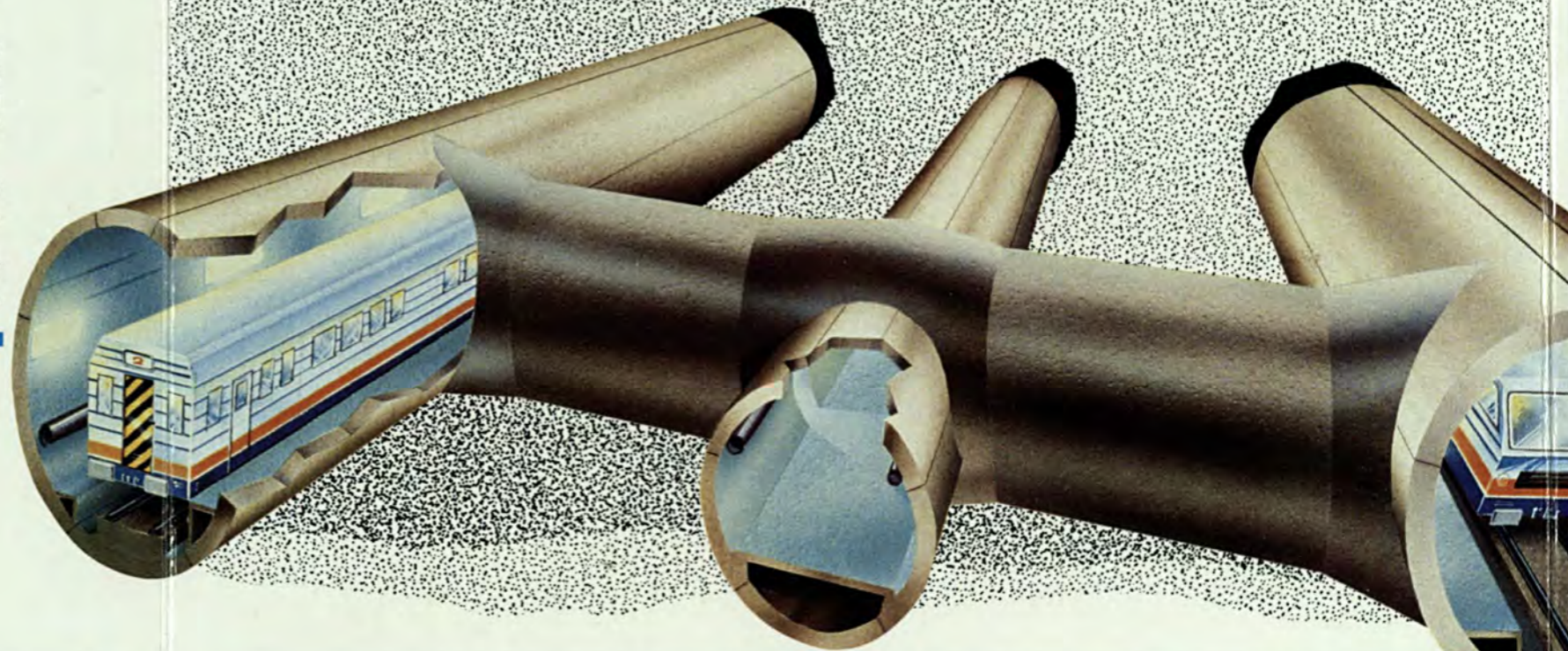
### The Tunnel

The tunnel scheme comprises two 7m diameter running tunnels and a 4.5m diameter service tunnel, bored through the Lower Chalk approximately 40m below the sea bed.

The Channel Tunnel will add new dimensions of convenience, all weather reliability, speed and comfort to cross-Channel transportation. As a competitive element to the ferries on the short sea

routes Dover/Calais/Boulogne, it also adds a land route to the present sea and air links with the Continent, thereby helping to preserve our trade routes and communications, should one of the other modes be interrupted by weather or industrial dispute.

It is the only permanent, cross-Channel link which can be started now.





# Cross Channel Services

## Road Freight, Cars and Coaches

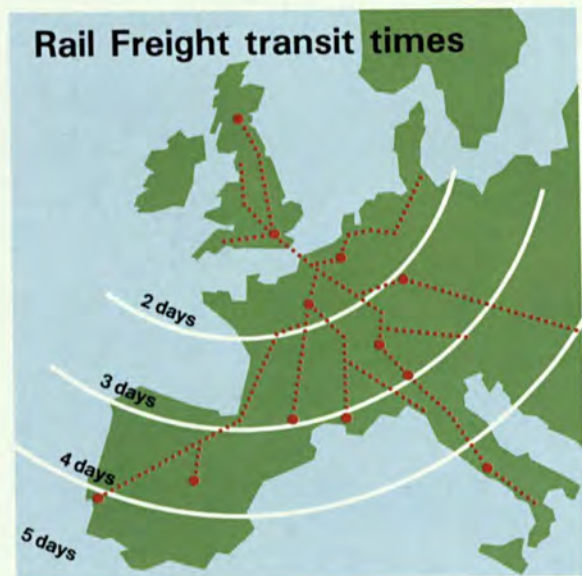
Frequent shuttle services operating from the Channel Tunnel Terminal at Cheriton, near Folkestone, will transport cars, coaches and commercial road vehicles in single and double deck ferry trains to Sangatte near Calais in 25 minutes.

## Rail Freight

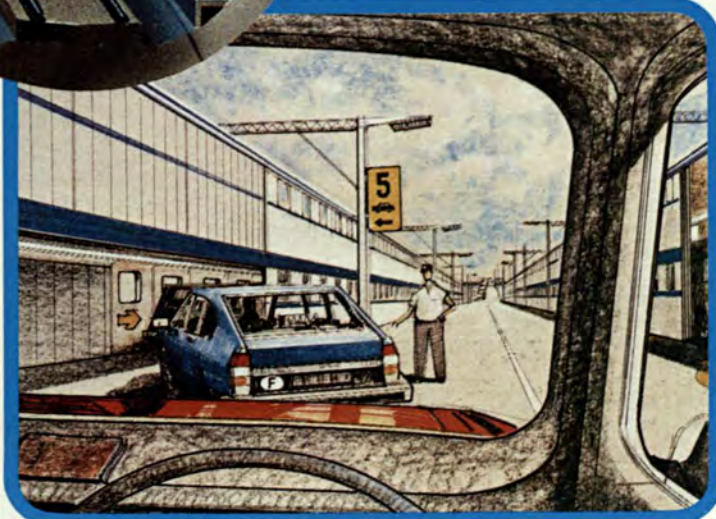
Freight trains of through wagons and containers will operate between Britain and continental centres. BR's Freightliner and Speedlink services will thus be integrated with similar services on the Continent. There will be road-to-rail transfer facilities for container traffic to and from south-east England and Northern France at Cheriton and Lille respectively.

## Rail Passengers

Passenger services will operate at high speeds between London and Paris, Lille and Brussels, with onward connections to other main centres. Passengers will also be able to join certain trains at Cheriton.



## In comfort.....





# Tunnel facts

## The Tunnel:

- Twin single track rail tunnel
- Diameter 7m
- Length 50km (37km under the sea)
- Depth below sea bed 40m
- Connected to 4.5m diameter service tunnel by cross passages

## Terminals:

- Road: at Cheriton near Folkestone and Sangatte near Calais
- Rail passengers: at Waterloo (London) and Cheriton

## Capacity:

- Trains operating at 5 minute intervals, 3,600 cars per hour in each direction.
- Frequency of 2½ minutes is feasible

## Journey Time:

- Road: ferry trains 25 minutes
- Rail passengers:  
London—Paris 4¼ hours  
London—Brussels 4 hours

## Tunnel Tolls:

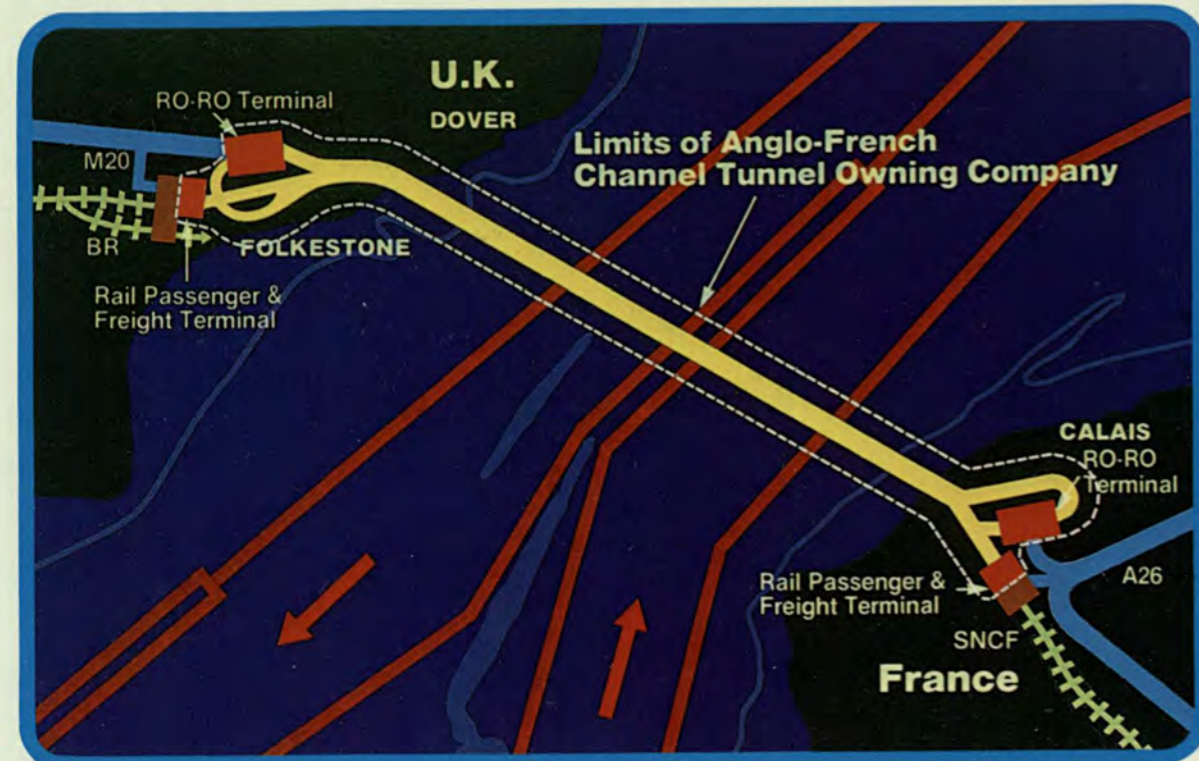
- Competitive with sea ferry charges

## Capital cost of construction:

- £1.9bn at 1983 prices, to be shared equally between UK and France

## Programme:

- Development & Financing: 2 years
- Construction: 6 years



The Owning Company will have total operational control of the road vehicle ferry train services and, in conjunction with BR and SNCF, of the passage of conventional rail passenger and freight trains through the tunnel.

Direct road access to and from the rail passenger and freight terminal, and to the ferry train services at the Tunnel terminals, will ensure a reasonable cross-Channel service in the event of any interruption of through rail services in either country.

## Environment

The project will have a minimal environmental impact during construction and use. It is currently proposed that the UK terminal will be built at Cheriton on land already owned by the Government. There will be a main line passenger terminal in London but no new rail line will be required to Folkestone.

The M20 motorway from Folkestone to London and the M25 motorway around London will be completed before the Tunnel opens.

# Official Reports

The UK Parliamentary Select Committee on Transport in 1981 and the UK/French Joint Study Group in 1982 both recommended the adoption of a bored tunnel. The latest Report from the Anglo French Channel Link Financing Group is also expected to recommend that a bored tunnel scheme is the only fixed link capable of being privately financed.



## 1974 Workings

The extensive tunnel workings at Shakespeare Cliff, Dover, and at Sangatte, completed before the Project was abandoned in 1975, will be fully utilised.

# Employment

The construction of the Tunnel will result in the creation of several thousand new jobs. In Kent alone it will provide some 8,000 permanent employment opportunities.

In addition, materials and equipment to the value of some £600m will result in a significant regional employment potential within the UK.

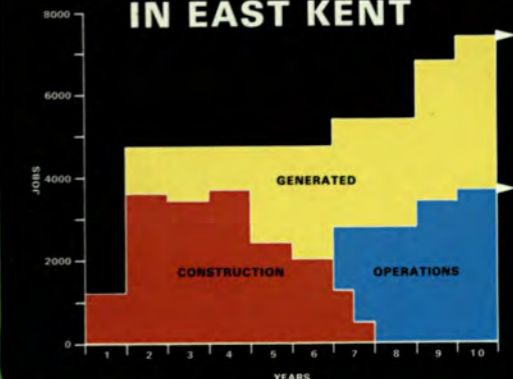
For Example:—

—Reinforcing steel	£24m	Sheffield
—Cast iron tunnel linings	£52m	Nottingham
—Cement	£17.5m	Kent
—Tunnel boring machines	£24m	Glasgow/ Midlands
—Signalling and lighting equipment	£5m	Midlands
—Ventilation and cooling equipment	£24m	Midlands
—Special rolling stock for road vehicle/shuttle trains	£180m	Birmingham
—Tunnel spoil removal system	£24m	Glasgow
—Construction plant	£24m	Glasgow
—Electric locomotives	£36m	Manchester/ Loughborough
—Overhead line equipment	£24m	Manchester
—Special passenger rolling stock and dual voltage locomotives	£60m	Derby, Manchester, Loughborough

Total potential orders for British Steel Corporation could reach £250m.

Further information from:  
The Channel Tunnel Group,  
28 Hammersmith Grove,  
London W6 7EN.  
Telephone: 01 846 3113  
Telex: 25666

## EMPLOYMENT IN EAST KENT





FRENCH REPUBLIC

UNITED KINGDOM

INVITATION TO PROMOTERS

For the development, financing, construction  
and operation of a Channel Fixed Link between  
France and the United Kingdom



## INTRODUCTION

Promoters are hereby invited to make proposals for the development, financing, construction and operation of a Fixed Link across the Channel between France and the United Kingdom within the framework of a European transport network.

### 01. General Conditions

01.1 The two Governments rule out all support from public funds or Government financial guarantees but agree to provide the necessary political undertakings. Failure to respect this condition will render any proposal unacceptable.

01.2 The Link will be constructed and operated at the promoters' own risk within the framework of national (including Community) legislation in force in each country, in particular as regards competition and abuse of a dominant position. Subject to this legislation promoters will be free to decide their own commercial policy, tariffs and the type of service to be offered.

01.3. In broad terms the laws in force in each country will apply to the Link up to the respective side of the frontier agreed by the two Governments.

01.4. Frontier controls will be organised by the two Governments in ways which as far as possible do not hinder the specific needs of the rapid flow of traffic through the Link. The cost of constructing and maintaining the necessary installations will fall to be met by the promoters.

01.5. Any permanent modification of the traffic regime in the Dover Straits (Detroit du Pas de Calais) will have to be approved by the International Maritime Organisation (IMO) and any temporary modification notified to it. The two Governments will co-operate to use their best endeavours to bring these procedures to a successful conclusion.

01.6. So far as taxation is concerned, the necessary steps will be taken to apply the principle of territoriality of taxation and of equal treatment between the directly competing modes in cross-Channel traffic.



01.7. Considerable freedom of organisation is left to promoters. However, in the event of the concession being granted to two companies costs and receipts would be divided on the principle of equality with due regard to indirect taxes. In any event the two Governments will require that, during the construction period, project managers are appointed by each concessionaire who are independent of the holders of the concession and of the contractors constructing the Link.

## 02. Guidelines for Promoters

This document contains the following guidelines:

1. Chapter One - Role of Governments
11. Political Guarantees
12. Procedures
13. Competition and Market Freedom
14. Infrastructure
15. Inter-Governmental Co-ordination
16. Outline of the Concession (including liability of Promoters and Operators)
  
2. Chapter Two - Legal Regime
21. Limits of National Jurisdiction
22. EC Contract Procedures
23. Frontier Controls
24. International Maritime Procedures
25. International Railway Conventions
26. Protection of the Marine Environment
  
3. Chapter Three - Finance and Taxation
31. General Principles
32. Organisation and Management
33. Evidence of Robustness and Viability
34. Financing
35. Fiscal Arrangements

4. Chapter Four - Characteristics of the Project
41. Description of the Project including terminal sites and inland infrastructure arrangements
42. Employment Implications
43. Environmental Implications
44. Health Safeguards
45. Protection against Sabotage and Terrorist Attacks
46. Safety and Engineering Requirements
47. Maritime Requirements

If there is a need promoters may ask for clarification of the guidelines from Mr A G Lyall or Mr Rudeau, Secretariat for the Channel Fixed Link Invitation to Promoters at the addresses set out in paragraph 03.3. Information communicated in response prepared jointly by the two sides, will be made available to all known promoters subject to considerations of commercial and industrial confidentiality. These guidelines are available in English and French, each text being equally authentic.

## 03. Receipt of Proposals

03.1. Any company or consortium of companies acting together to seek the concessions may participate in the invitation to promoters.

03.2. In this document companies or consortia will be referred to as "promoters". This definition also covers, where appropriate, operators of a Link.

03.3. Proposals, in both English and French, should be sent in a sealed envelope marked "Invitation to Promoters - Channel Fixed Link" to the two following addresses:

Department of Transport  
2 Marsham Street  
London SW1P 3EB

Ministère de L'Urbanisme, du Logement  
et des Transports  
Secrétariat d'Etat Chargé des Transports  
244 boulevard Saint-Germain  
75007 Paris

at the latest by the closing date of 31 October 1985.



03.4. In addition, and within 8 days of the request being issued, each promoter should supply 12 further copies of their proposal identical to the initial proposal and equally authentic.

03.5. Promoters must assure the two Governments that their proposals will remain valid for a period of 100 days dating from the closing date for receipt of proposals. The two Governments will use their best endeavours to reach a decision between the proposals within three months of the closing date.

03.6. In support of their proposals, promoters should put up in the United Kingdom and in France deposits amounting to 300,000 ECU's in each country. These deposits will be refunded to those promoters not chosen within one month from the date on which the decision of the two Governments is made public. The deposit of the successful promoter will be replaced by a further deposit when the formal agreement between the Governments and the companies or consortium is signed or will be refunded if an agreement not to proceed with that particular project is concluded.

#### 04. Contents of Proposals

The proposals presented by promoters must respect the guidelines listed above and contain the following information:

##### A. General information

- A1. Information relating to the companies or consortium participating in the proposal
- A2. Details of technical participants
- A3. Details of financial participants

##### B. Organisation

- B1. Content and length of the "concession"
- B2. Organisation and administration of the company or consortium
- B3. Arrangements for carrying out the project and allocation of work.

##### C. Characteristics of the project

- C1. Operational characteristics - type and level of service; commercial and operational policy
- C2. Technical characteristics - design, timetable, estimates of cost and quantities for the Link itself and for terminal and possible ancillary installations
- C3. Technical standards employed
- C4. Safeguards - environmental, phyto-sanitary, terrorism and sabotage
- C5. Impact on associated inland infrastructure
- C6. Consequences for maritime navigation
- C7. Employment and other economic implications

##### D. Financial information and commitments

- To be prepared at least in FF and £ and setting out the relevant exchange rates
- D1. Financing plan - structure, amounts, timing, financial markets envisaged, commitments of financial institutions
  - D2. Provisional cash-flow
  - D3. Assumptions taken into account in D1 and D2 above, particularly in respect of agreements with major users, notably the railway administrations in the case of a Link with a rail element.

#### 05. Evaluation of Proposals

05.1. Although the financing is entirely the responsibility of promoters, the Governments wish to assure themselves that the private finance is such as to meet the financing needs of construction and to cover all likely cost-overruns and delays. They will wish to know the measures taken to ensure respect for the forecast costs and timetable. They will wish equally to know the assumptions made on traffic, tariffs and on revenues of all kinds



and associated forecasts. They will wish equally to be assured that the project will be brought to a successful conclusion;

05.2. Without in any way limiting the two Governments' freedom of decision, proposals presented by promoters, who will have given all assurances as far as financial and technical feasibility are concerned, will be examined taking account, in particular, of the following elements:

05.21. guarantee to the Governments that the promoters will be insured against all types of risk inherent in the project, both during construction and operation;

05.22 respect for the safety of goods, people and the environment taking account of promoters' full responsibility in these areas;

05.23 maintenance of satisfactory maritime and navigational conditions in the Dover Straits, without prejudice to international procedures, notably those of the International Maritime Organisation;

05.24 nature and level of service to be offered by the Fixed Link proposed;

05.25 economic impact of the project, both during construction and operation.

05.3. The Governments reserve the right to ask promoters for any further relevant information. Once a promoter has been chosen, the exact terms of the agreements will be negotiated with them, in order to determine definitively the characteristics of the project and to establish definitively the rights and obligations of the different parties.

05.4. In the case of variants, each variant must be spelt out in full.

05.5. Promoters will be free to make publicly available such of the contents of their proposals as they wish. Once a promoter has been chosen or a decision has been taken not to follow up the present invitation, the Governments, acting together will make public the material supplied by promoters while respecting considerations of commercial or industrial confidentiality.

05.6. Proposals will be judged on a confidential basis by the two Governments. It is for the Governments to decide, within the framework of national law, what should be done with the documentation generated by the evaluation process.

05.7. The two Governments reserve the right to call in whatever advice or expertise seems to them desirable.

05.8. The evaluation carried out by the two Governments will not imply any responsibility for the assumptions, forecasts or analysis contained in the proposals submitted by promoters.

05.9. The Governments are not committed by anything in these guidelines and also reserve the right not to follow up in any way the present invitation to promoters.



11. Political Guarantees

11.1 The two Governments rule out all economic and financial guarantees (such as guarantees of borrowing or of a certain level of receipts), but agree to give the undertakings described below.

11.2 In submitting proposals, promoters should be aware that, if a decision to proceed with a Fixed Link is taken, the two Governments will use their best endeavours to move ahead as speedily as possible with the negotiation, signature and ratification of a Treaty and to proceed with legislation to provide the necessary land acquisition powers, powers to undertake the commitments spelt out below and powers to make the necessary provision for planning and other matters. The two Governments undertake, as regards the relevant international organisations, to use their best endeavours to take any initiatives and implement any procedures necessitated by the construction and operation of a Fixed Link.

11.3 The Governments are not able, however, to anticipate the will of the national parliaments and cannot guarantee the passage of any necessary primary or secondary legislation. Promoters should therefore understand that any commitments entered into before the Treaty is ratified and legislation enacted in the two countries are entered into entirely at their own risk and will not in any way be subject to Government undertakings.

11.4 Once the Treaty and the necessary legislation have entered into force, the Governments will undertake, for the duration of the concession, not to terminate the promoters' right to construct or operate a Link provided the terms of the concession are adhered to, other than for reasons of defence or national security.

11.5 Breach by either Government of the undertaking described above would entitle promoters to financial compensation on terms to be set out in the concession. Assessment of compensation will be covered by the Agreements between the two Governments and the promoting groups. The Treaty will lay down the conditions for the allocation of responsibility as between the States. Where the breach of this



undertaking is the responsibility of both States or where the responsibility is disputed, the matter will be decided by arbitration on the basis of international law.

11.6 The law of each State will apply in that part of the Link falling within its jurisdiction. Changes in the law will not normally give cause for compensation. The word law as used in this paragraph includes in particular laws relating to safety, to technical and other engineering standards, to public, plant or animal health regulations, to environment, employment, immigration, customs, taxation, to companies, to competition and to maintenance of public order.

## 12. Procedures

12.1 The Fixed Link will involve changes in the local employment situation and environment in the area of South-East Kent and Calais. Any necessary consultation will be undertaken on the basis of material supplied by the designated promoter and approved by the respective Governments. The Governments will do all in their power to ensure rapid progress.

12.2 The procedures involved, once a decision on the form of Link and the choice of promoter has been taken, will be, first, the negotiation of a Treaty by the two Governments, covering such matters as jurisdiction, safety and any arrangements for monitoring construction and operation. Many of these matters are already under consideration.

12.3 At the same time as the Treaty is being negotiated, the two Governments will draw up agreements with the promoters, covering in particular the requirements of the two Governments in respect of construction and operation and the Governments' undertakings to the promoters. Signature of the Treaty will be followed by the promotion of national legislation.

## 12.4 UK Procedures

12.41 In the United Kingdom this will involve a Government-sponsored hybrid Bill. This Bill will give powers to acquire the necessary land, provide outline planning permission and authorise construction; it will also provide the financial powers to

enable the Government to pay compensation in the event of failure to meet its undertakings; it will set out the powers of the Government in the waters up to the median line in accordance with international law; it will provide for ratification of the Treaty; and it will deal with miscellaneous matters relating to jurisdiction and safety. Promoters therefore should be prepared for this stage to provide properly referenced and comprehensive details of their land-take and the works to be constructed. It is possible that other development associated with a Fixed Link may be the subject of other Parliamentary Bills, for example for inland rail improvements; and there may need to be procedures under the Highways Act and the Town and Country Planning Act 1971.

12.42 The time needed for the passage of a hybrid Bill through Parliament cannot be predicted with accuracy. It is an important part of the process for such a Bill that those whose interests or rights are injuriously affected be given the chance to voice their objections to a Parliamentary Select Committee by petitioning against the Bill; and it is no part of the Government's intention to constrain that right. During the Bill's passage a Committee is convened to hear, over a period of weeks, the views of those who have locus standi - being directly affected by the proposals more particularly than the general public - and to consider possible amendments to the Bill to protect their right and interests. Although the Bill Committee deals with the petitioners' specific objections affecting their interests and does not provide a forum for discussion of the wider merits of a Link, it should be noted that the more effective the informal consultation carried out by the promoters with local authorities, expert bodies and other interested parties in advance of the Bill's Committee hearings, the greater the likelihood of a smooth passage for those hearings. The same will apply to the care with which a promoter has carried out an environmental impact analysis (EIA) (see paragraph 43 below) at proposal stage. The time for a Bill to proceed through Parliament will depend on the amount of discussion required. In the event of the promoters providing the requisite information on their land acquisition and planning needs, consulting fully and preparing a careful EIA, the Government will use its best endeavours to steer the legislation from introduction to Royal Assent as speedily as possible.



12.43 The land in South-East Kent already acquired by the British Government will, if necessary, be conceded to the promoter on terms to be settled.

#### 12.5 French Procedures

12.51 On the French side if land is to be acquired the completion of the Link will require a "Declaration d'Utilite Publique" (DUP) pronounced by Decree on the advice of the Conseil d'Etat. The procedure will involve:-

- a public enquiry, carried out on the spot by an inspector and involving in particular an impact study and an evaluation;
- the possible modification of local plans (POS);
- finally an inter-Ministerial instruction at national level ("instruction mixte").

12.52 Land acquired in 1974 in the region of Calais is already the property of the State. Other land, currently in private hands, has been declared a "Zone d'aménagement différé" (ZAD). The land which the State owns will be conceded if necessary to the promoter on terms to be settled. Other land acquisition (notably coastwards) could be undertaken by compulsory purchase, but this might involve some delay.

12.53 Since the entry into force of the law of 12 December 1971, French territorial waters have been extended to twelve miles and to the median line in the Straits. In accordance with international law France has the necessary powers to authorise any works and the construction of any installations and structures in the Straits of Dover.

12.54 After the completion of the procedure, the whole dossier will be submitted to the Conseil d'Etat before the Decree is issued.

12.6 Any requirements which arise in the course of the various stages of the procedures, both at local and national level, will be the responsibility of the promoters and the costs borne by them.

### 3. Competition and Market Freedom

13.1 The construction and operation of the Link at the promoters' own risk and the absence of Government financial guarantees, will be matched by freedom within the framework of the respective national laws of the two countries for the promoters to decide their own commercial policy, tariffs and the type of service to be offered. Within this framework the Treaty will guarantee the freedom of tariffs. Agreements for use of the Link made with the railway administrations and all other interested bodies will be for the promoters' own decision.

13.2 The two Governments reserve the right to require the structure and level of tariffs to be published and to be notified to the Transport Ministers of the two States at least 15 days before their coming into operation. The same will apply to the composition of the service offered to consumers, and to timetable and frequency of service in the case of rail services.

13.3 UK, French and European Community law will apply to the project, particularly as regards abuse of a dominant position and anti-competitive practices. The two Governments draw the attention of promoters in this context to the provisions of Articles 85, 86 and 90 of the Treaty of Rome and of Regulation 1017/68 which applies the competition rules of the Treaty to transport by rail, road and inland waterway.

### 14. Infrastructure

#### Road Infrastructure

14.1 It is expected that any road infrastructure required exclusively for access to a Link will be paid for by the promoters. Falling within this category are the Link's connections with the trunk road network from the bridge foot or tunnel portal and the service road connections with the local road network.

14.2 As regards inland road infrastructure:-



14.21 In the United Kingdom the most important improvements relevant to a Link - construction of the M20 Maidstone-Ashford section and replacement of the A20 between Folkestone and Dover - are firmly programmed, as schemes are required to serve cross-channel traffic with or without a Link and to meet Kent's needs.

14.22 Similarly on the French side the construction of the Calais-St Omer section of the autoroute A26 is planned as is the improvement of the fast Calais-Marck link in order to ensure a clear run from the Calais bypass to the autoroute A26 and RN1.

14.23 Further increases in road capacity on the British side not yet firmly programmed are contemplated on the Medway Towns section of the M2 and, for the late 1990s, on the Maidstone bypass whose capacity is lower than the rest of the M20. Any increased needs will have to be met whether or not there is a Fixed Link.

14.24 In France, additionally, the gradual improvement of the RN1 (Boulogne, Calais, Dunkerque, Belgian frontier), in a way which would bring the route in the long term up to Dual-2 standard, is provided for in the national road network plan.

14.25 Schemes currently programmed and those decided for the future will be paid for by the Governments or local authorities.

#### Rail

14.3 The provision of inland rail infrastructure is a matter for decision by British Rail and the SNCF drawing on finance normally available to them for commercial investment. Infrastructure works which may possibly be necessary include:-

14.31 on the British side, signalling on the Ashford-Dover stretch and development of the London terminal;

14.32 on the French side, the electrification of the Calais-Saint Omer-Hazebrouck line.

14.4 Any capital expenditure by the railways will have to be on a strictly commercial basis, applying the tests already applied to their optional investment, consistent with Government policies on public expenditure, taking into account the full benefits to the networks of BR and SNCF as a whole of any improvements. The British and French Governments would accept proposals from BR and SNCF which met these requirements.

#### 15. Inter-Governmental Co-ordination

##### 15.1 Relationship with Governments during construction and operation

The Governments envisage that it will be necessary to establish, as soon as the project is launched, joint inter-Governmental machinery to consider matters of concern to the Governments, both in their function as regulatory authorities in such matters as safety, and also to ensure that the project is carried out in compliance with the concession. Joint inter-Governmental machinery will also be needed during operation of the Link. The promoters may wish to indicate how their own joint machinery might relate to that to be established by the Governments.

##### 15.2 Co-ordination of Companies during construction and operation

In the event of the project involving parallel company structures in the UK and France, it will be important that effective binational machinery is set up to manage both the constructional and operational phases, both at the overall policy-making level and, where necessary, for day-to-day administration and decision-taking. Promoters should give full details of their proposed arrangements for such binational co-ordination and management. In any event the two Governments will require that during the construction period, project managers are appointed by each concessionaire who are independent of the holders of the concession and of the contractors constructing the Link.

#### 16. Outline of the Concession (including liability of promoters and operators)

16.1 The promoters chosen by the Governments will benefit from a concession to construct and operate the Link for a period of time yet to be fixed taking account of proposals received. The rights of promoters in the Link will expire when the concession is terminated.



16.2 The duration of the concession will take account of the type of project selected and will be intended to be sufficient to allow debt to be repaid during the life of the concession and permit a return on equity that is reasonable taking account of the degree of risk. The Governments invite promoters to make proposals on the duration of the concession and to justify them.

16.3 The concession will adhere to the following broad principles:-

16.31 The Link will be constructed and operated at the promoters' own risk without benefit of financial guarantees from either Government and within the framework of the competition legislation in force.

16.32 In the case of failure by the promoters to complete or successfully operate the Link the Governments will not be bound to ensure completion or continued operation.

16.33 Means of operation (service levels and tariffs) will be at the promoters' discretion, subject to the general law in force at the time in each State.

16.34 It is desirable that promoters conclude term contracts with the most important users of the Link of a sufficient length to allow the efficient organisation of traffic and operation of the Link; if there is a rail Link they should negotiate directly with the railway administrations and all other bodies the terms for use of the Link by the various users.

16.4 The Governments would expect promoters to take all necessary measures for the prevention of accidents and to ensure that they are in a position to meet any potential liabilities resulting from such risks.

#### 16.5 Prevention of accidents

16.51 The promoters will be required, during the whole period of construction and operation, to have available all safety equipment, primary and secondary, necessary to prevent accidents involving traffic on the Link as well as those which might be caused by ships or aircraft. In particular, there must be a permanent link between

the operation centre (or centres) of the Fixed Link, on the one hand, and the control and navigational safety centres of the two countries, in particular the CROSS GRIZ-NEZ and CNIS Dover, on the other; and the promoters must have available specific resources, physical (eg fire-fighting equipment, diving equipment etc) and human (eg an emergency intervention team on 24-hour standby etc). In addition, the promoters must establish a contingency plan approved by the competent public authorities to cover any major shipping or aviation accident. This plan will have to be coordinated with the MANCHEPLAN arrangements.

16.52 In the event of the scheme not being completed or its ceasing to operate for whatever reason (except as a result of intervention by one or both Governments acting other than for reasons of defence or national security or non-adherence to the terms of the concession by the promoters), the two Governments will require the promoters, taking account of the international standards in force at the time, to clear promptly all abandoned or unserviceable structures in the Channel so as to ensure the freedom and safety of navigation. In the case of a tunnel bored through the sub-soil of the continental shelf, the promoters must ensure that any abandoned or unserviceable construction is made safe. Promoters will be expected to indicate how these requirements will be discharged. Throughout the duration of such clearance works, the promoters must be covered by adequate insurance.

#### 16.6 Compensation for Damage

16.61 The promoters will be liable for damage caused to users of the Link and third parties by the construction works or by the Link itself, in accordance with the national laws applicable to that part of the Link where the accident took place. For this purpose the governments will require them to demonstrate that they have and will maintain adequate insurance cover. (Promoters are reminded that certain International Conventions such as the Convention of Brussels, 1924, 1957, 1968 and 1979 limit the amount of damages payable by owners of sea-going ships).

16.7 The instrument governing the concession will:

16.71 Define the rights and obligations of the conceding states and those to whom the concession has been granted;



16.72 Define objectives in terms of the time which will be taken to complete particular stages of the project;

16.73 Provide that in principle there should be the same tax inclusive tolls on both sides of the Link, with VAT payable at the rate appropriate in the country from which a crossing starts, it not being intended, however, that this should inhibit the commercial freedom of the operator;

16.74 Lay down the duration of the concession. The two Governments recognise that promoters may be concerned about the possibility of a second Fixed Link. This question will be discussed in detail with the promoters before the initial concession is granted;

16.75 Set out the necessity for promoters to maintain adequate insurance cover for risk during both the construction and the operation of the Link;

16.76 Oblige the holders of the concession to maintain the Link and associated works in good condition up to the end of the concession;

16.77 Define the possibilities of sub-concessions and the type of facilities which would be permitted; and

16.78 Enable the Governments to terminate the concession if they have reason to consider that its terms have not been fulfilled with the return to full ownership of the two States of the property rights of the concession either in the case of failure by the holders of the concession or at the normal ending of it.

16.8 In the event of the concession being granted to two companies, one British and the other French, the Governments would expect that the construction, operation and maintenance of the Link as well as compensation for damage to third parties would be carried out on the principle that costs and receipts should be divided equally between the companies with due regard to indirect taxes.

16.9 The attention of promoters is drawn to the fact that their activities in relation to financing, construction, maintenance and operation of the Link will be subject to the laws of the UK and France, including European law, in particular those concerning competition and equality of treatment (eg Articles 85, 86 and 90 of the Treaty instituting the European Economic Community).



21 Limits of National Jurisdiction

21.1 In the Treaty which they intend to conclude between them, the two Governments will define the limits of their respective jurisdiction in relation to the Link. Depending upon the type of Link involved, they may include in that treaty particular provisions to deal with any specific problems which may arise.

21.2 Each Government intends to propose legislation to its own Legislature or take the administrative steps necessary to provide that its national law, both criminal and civil, would apply to the Link up to the respective side of the frontier agreed between the two Governments.

21.3 The effect of this legislation, once enacted, would be to ensure, for example, that the Link would, during both the construction and operational phases, be included in the customs territory of the respective countries and would be subject to the taxation laws of the respective countries, that the promoters would be obliged to comply with the relevant social and employment laws of the respective countries, and that the liabilities of the promoters towards users of the Link and third parties would be subject to the respective national laws.

22. EC Contract Procedures

22.1 Community law on concessions will apply to any concession. In particular:

22.11 In accordance with the provisions of the Declaration by the Representatives of the Governments of the Member States, meeting in the Council, of 26 July 1971, (Declaration of Public Works Concessions OJ 1974 (2nd) IX55), the Governments will publish by means of a notice in the Official Journal of the European Communities, their intention to have recourse to a concession; and the promoters will be required to apply to tenders which they will invite from third parties the Regulations about publication set out in the Declaration

mentioned above and in the Directive of the Council of 26 July 1972 (72/277/EEC, OJ Special Edition 1972 (III) Page 823).

22.12 In accordance with Title II, Article 1(b) of the Declaration of 26 July 1971 the two Governments will be required to request the promoters to indicate in their offers the minimum percentage of the total value of the works covered by the concession which they intend to assign to independent sub-contractors. The two Governments will also invite the promoters to attach to their offers the list of companies considered as non-third party in relation to themselves, in accordance with the Criteria in Title II of the said Declaration.

22.2 The Governments will insert into their agreements with the promoters clauses stipulating that the promoters shall not discriminate in the award of sub-contracts and in their procurement contracts against nationals of other EC member states on grounds of nationality. Promoters should note that the European Commission and the Governments will seek to ensure compliance with such clauses.

23. Frontier Controls

23.1 Frontier controls, including immigration, customs and plant and animal health checks will be organised by the UK and French Government in ways which as far as possible, do not hinder the specific needs of the rapid flow of traffic through the Link.

23.2 The organisation of controls, whether at both ends of the Link or on one side only, will need to be decided upon in the light of the objectives contained in the Directives of the Council of the European Communities No 68/360 of 15 October 1968 and No 83/643 of 1 December 1983 concerning the easing of physical controls and of administrative procedures at frontiers.

23.3 Against this background, the Governments invite promoters in consultation with the responsible authorities in each country to make proposals concerning terminal sites, platforms and other installations necessary for frontier controls, the cost of constructing and maintaining which will fall to be met by promoters.



23.4 The promoters will be expected to meet certain responsibilities concerning the passage of animals through the Link. The nature of these responsibilities is described under 'Health Safeguards' at paragraph 44 of these guidelines.

#### 24. International Maritime Procedures

24.1 Any project which involves construction work or the building of permanent structures in the Straits of Dover must not hamper the freedom and safety of navigation.

24.2 A routing system operates in the Dover Straits which has been adopted by the International Maritime Organisation (IMO). It consists of two traffic lanes, for north-east and south-west bound vessels; a separation zone between those lanes; and inshore traffic zones between the outer edges of the lanes and the coasts of the UK and France. The traffic lanes and the separation zone together constitute a traffic separation scheme, and (as a consequence of having been adopted by IMO) are subject to Rule 10 of the International Regulations for Preventing Collisions at Sea 1972, as amended in 1981. Under the law of the United Kingdom the International Regulations are given effect through the Merchant Shipping (Distress Signals and Prevention of Collision) Regulations 1983 (SI 1983/708) and apply to UK vessels wherever they may be and to other vessels while they are in UK territorial waters. The latest versions of the system for organising navigation in the Straits of Dover were made applicable in France by Decree No 83.448 on 27 May 1983 published in the Official Journal on 5 June 1983.

24.3 Promoters should be aware that any structure (such as ventilation shafts, bridge piers, artificial islands and embankments) that in any respect involved a permanent modification of the traffic separation scheme would require acceptance by the IMO and any modification of the traffic system would have to be adopted by the IMO. It is difficult to estimate how long such a process would take but it would be time consuming (probably more than 12 months) and of uncertain result. The timetable might be shortened if there were additional meetings of the relevant IMO Committees, but a part of the cost might have to be borne by the promoters. It should be noted that any structure, whether temporary or permanent,

that did not entail modification of the traffic separation scheme, eg a structure in the separation zone, would not require IMO's approval. However, all information relating to any such structure would be made available to the IMO, which would, of course, be consulted on navigational warnings and notification.

24.4 Permanent modifications to the arrangements in the Inshore Traffic Zones of the system could be made without the approval of IMO. Notification to the IMO would however be necessary and, in the interests of securing the cooperation of the other member states, prior consultations would also be desirable.

24.5 The Governments will cooperate in the IMO on matters concerned with the Link. They will make provision for this in the Treaty. They will not however be in a position to give specific assurances to the promoters as to the duration or outcome of their approaches to the IMO.

24.6 Promoters should indicate to the Governments the measures which they propose to take in order to ensure the safety of users of the Link and of aircraft and ships utilising the immediate vicinity of the Link eg warning lights, buoyage, anti-collision protective systems around the structures, sound-warning systems etc.

24.7 The provision and maintenance of adequate navigational aids (in particular radar systems and warning lights necessary to ensure aviation and maritime safety) will be required on both sides of any structure above the water line (eg artificial islands, ventilation shafts, bridge structures and embankments in the sea) and buoyage systems marking such lanes for traversing the openings between such structures as the two Governments may prescribe.

24.8 The British Government will set out, in the appropriate legislation, the powers of the Government to authorise any works and the construction or operation of any installations in the waters up to the median line, in accordance with international law.

24.9 In accordance with international law, France has the necessary powers to authorise any works and the construction or operation of any installations or structures up to the median line. Since the



entry into force of the law of 12 December 1971 French territorial waters have extended to 12 miles and to the median line.

## 25 International railway conventions

25.1 The promoters should be aware that the Governments would expect to designate any Link involving a railway line for the purposes of the Convention concerning International Carriage by Rail (COTIF) (Berne, 1980). This Convention is implemented in the law of the United Kingdom through the International Transport Conventions Act 1983. In France, it has been implemented by a Decree of 3 September 1982.

## 26 Protection of the Marine Environment

26.1 In conformity with their international obligations, the British and French Governments are under a general duty to prevent and reduce pollution of the marine environment. The Governments will respect and will require the promoters to respect international regulations and conventions concerning the marine environment to which they are parties, and which would, in whole or in part, apply to construction and operation of a Fixed Link. (For example, the method of disposing of waste material resulting from the construction works will require the authorisation of the Government concerned).

26.2 Both Governments are party to the Convention for the Prevention of Marine Pollution by Dumping from Ships and Aircraft (Oslo, 15 February 1972) and the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London, 29 December 1972); these Conventions are implemented in the law of the United Kingdom through the Dumping at Sea Act 1974 and in France by a law of 7 July 1976. Both Governments are also party to the Convention for the Prevention of Marine Pollution from Land-Based Sources (Paris, 4 June 1974) which might cover pollution from works or land-based man-made structures related to the construction of a link as well as the Convention for the Prevention of Pollution from Ships (MARPOL) 1973, modified in 1978. In order to comply with the provisions of these Conventions and any other relevant Convention the Governments will need to know in advance of any proposals for

works involving activities of the kind regulated by those Conventions.

26.3 Those promoters whose projects would include bridge piers, ventilation shafts, artificial islands or embankments in the sea will be required to produce a hydrological study sufficient to demonstrate the effects those structures or works would have on the seabed.

26.4 In part of the Straits of Dover directly affected by the construction of a fixed link, the promoters will be invited by the two Governments to make proposals aimed at avoiding disturbance to local fisheries.



31. General Principles

31.1 Any project that is chosen will have to assure the Governments that it is technically and commercially sound, and that it can be brought to fruition without them becoming financially involved. It must be financed without any support from public funds or Government financial guarantees.

31.2 The Governments will need to be assured of the commitment of the financial institutions backing the project and will wish to examine closely any conditions which such institutions might impose.

31.3 The Governments will not intervene in the conduct and operation of the Link. However, they may wish to have certain rights in the promoting company. They will ensure that it is not subject to any inequality of treatment likely to distort free competition between types of international transport, including maritime and air transport. See also paragraphs 13.1 - 13.3 and 35.4 - 35.5.

32. Organisation and Management

32.1 Promoters are invited to submit proposals regarding the organisational arrangements concerned with the construction and operation of the Link. In doing so they will need to make use of existing legal forms of organisation. The Governments will expect that the arrangements will ensure that British and French provisions for tax, insurance and other relevant matters will be applicable. As an example, the project might take the form of a joint venture with one company incorporated in the UK and another incorporated in France. In any event, the two Governments will require that, during the construction period, project managers are appointed by each concessionaire who are independent of the holders of the concession and of the contractors constructing the Link. At a later stage it might be possible to adopt new types of organisational structure which may be developed under European Community law.

32.2 The Governments will reserve to themselves certain rights not affecting the conduct and operation of the Link. The nature of these rights will be defined in the instrument of concession and in the articles of association of companies which may be involved. In the British case, there might be a preferential share with rights set out in the articles of association of a company incorporated in the UK. Similar provisions might be adopted by the French Government in the case of a French company.

32.3 Promoters will need to explain how they intend to coordinate the activities of the various parties which may be involved in constructing and operating a Link. The Governments for their part believe that there would be advantage in the management of construction and subsequent operation being undertaken in each case by a single co-ordinating body. Promoters will in any case need to provide details of machinery they would set up to deal with issues affecting more than one party in relation to both overall policy and day-to-day management decisions. The Governments will expect to receive proposals relating to the resolving of disputes, if necessary by means of arbitration.

32.4 The movements of funds between companies, as well as between them and the body mentioned above, will be subject, where applicable, to exchange controls, But the Link should not be subject in this regard to any discriminatory treatment in comparison with other companies subject to these controls.

33. Evidence of Robustness and Viability

33.1 Promoters must present detailed financial forecasts, on an annual basis, covering the period from the start of the project until at least ten years after loans have been repaid.

33.2 For this purpose information provided by promoters should include -

33.21 an assessment of the cost, net of VAT, of works included in the concession (the Link itself and associated works, such as terminal installations) including costs of preparation;



- 33.22 an assessment of the cost, net of VAT, of operating and maintaining the Link;
- 33.23 assumptions about traffic using the Link, broken down by type, showing possible growth over time. The method of working out these forecasts should be described;
- 33.24 the basis of pricing in relation to use of the Link and other commercial activities;
- 33.25 forecasts of receipts, including those expected to derive from term contracts with major users, and from non-transport activities;
- 33.26 a financial plan, showing intended sources of capital, the times at which it will be needed and the costs of servicing it;
- 33.27 integrated cash flow forecasts and associated measures of profitability
- (a) for the project as a whole
- (b) from the viewpoint of holders of equity; and
- 33.28 projected balance sheets at appropriate points during construction and operation.

33.3 The assumptions, including those regarding future levels of taxation, on which the above information is based should be clearly stated. Promoters should show how projects perform on normal tests of financial viability, and indicate the extent to which projects are sensitive to upward or downward variations in traffic flow, changes in tariff policy, cost overruns, delays in the completion date, and changes in the rates of interest and exchange rates.

33.4 More generally, in order to test the economic and financial viability of their projects, promoters should specify the indicators they will be using and show the sensitivity of the projects to significant exogenous factors. They should also indicate their proposed sub-contracting and procurement arrangements.

33.5 The promoters should state the means and procedures that they would use to cover possible delays and cost overrun, with or without the involvement of insurance companies, as well as the risk that might result in the event that they decided to delay the construction of the Link, interrupt it, or not complete it.

33.6 Acceptance by the Governments of a project will not imply their endorsement of particular forecasts.

#### 34. Financing

##### (a) General Principles

34.1 The whole of the risk must be borne by those who provide finance. As indicated in the Communiqué issued on 15 November 1984 following discussions between British and French Transport Ministers and confirmed on 30 November at the Anglo-French summit the project must be financed without support from public funds or Government financial guarantees and on the basis of conditions prevailing in the international capital markets. On the other hand, and subject to the prevailing legislation relating to competition, the promoters will enjoy freedom to determine their commercial policy, tariffs and type and level of service offered. They will be able to undertake the management and commercial operation of the Link without interference by the Governments.

34.2 To enable the Governments to be satisfied of the soundness of the project, the promoters must provide full information on their anticipated capital structure, the timing that is proposed for calls on the various markets, and the expected amounts to be raised in each of these markets.

34.3 The standing of financial institutions making commitments, the amounts of those commitments (which should represent a substantial part of the project cost) and the nature of any conditions attaching to them will be essential criteria which the Governments will use in selecting proposals. The Governments will place importance on the extent to which the promoters are prepared to commit their own financial resources.



34.4 The promoters must demonstrate to the Governments that they have sources of finance available to meet the financial risks to which a project of this scale is susceptible.

34.5 In the interests of orderly markets, the amounts and timing of calls will be subject to the usual systems of approval on the part of the British and French authorities responsible for the supervision of those markets.

(b) Equity capital

34.6 It is left to promoters to determine the proportion of equity in their capital structure. However, the Governments expect this proportion to be substantial, and it will be one of their criteria in assessing proposals. Promoters must indicate whether they intend to make a public offering of shares.

34.7 Promoters must identify themselves and describe their financial structure and any relationships with other shareholders within the promoting group or with third parties outside the group. They must also describe the commercial, financial or industrial nature of those links. The two Governments reserve the right to be kept informed of the identity of those who acquire an interest in shares in companies holding the concession.

(c) Other types of finance

34.8 The promoters must state clearly -

34.81 the amount of funds to be borrowed;

34.82 the types and characteristics of the financial instruments to be employed;

34.83 the timing on which calls for funds would be made;

34.84 the amounts of loan capital which would be outstanding at different times; and

34.85 the assumptions which are made about the cost of servicing and repaying debt and about inflation.

34.9 Any lending by banks will be subject to whatever restrictions apply to such lending at the time in the United Kingdom and France. The Government will need to consider the monetary implications of proposals, including the possible impact on monetary growth. Capital issues will be expected to account for a significant proportion of the funding.

Fiscal Arrangements

(a) General Principles

35.1 The tax arrangements concerning the Link will be governed by the following three principles:

35.11 territoriality of taxes: each country will apply its normal laws to the construction, maintenance and operation of that part of the project falling within its jurisdiction. This applies to both national and local taxes. There can be no assurance against possible changes in legislation, either in the UK or in France;

35.12 equal treatment for use of the Link in the sense that any VAT payable in respect of a crossing in the same direction should be levied at the same rate, regardless of where payment is made;

35.13 non-discrimination between users of competing modes of transport, subject to what is said concerning duty free facilities in paragraphs 35.4 and 35.5.

(b) Value-Added Tax

35.2 Subject to what follows, supplies of goods and services made in the construction and operation of the Link, as well as the transport of passengers and freight, will be subject to the national VAT rules in the country in which they are made. Although there are differences between the rules in the two countries, the two Governments believe that it will be possible to ensure that promoters do not have to bear any additional financial costs over and above their normal VAT liabilities. Where necessary, they will work together to achieve this.



35.3 As regards any imposition of VAT on users, the Governments have agreed to approach the Community together for a derogation from the Sixth Directive on VAT so that tolls are not liable for VAT in line with other charges for crossing the Channel in order not to discriminate between the various means of travel between the two countries.

(c) Duty-Free Facilities

35.4 The recommendation of the Customs Co-operation Council dated 16 June 1960, and accepted by the UK and France, provides that tax-free shops and similar establishments should not be installed at international frontiers except at sea ports and Customs airports and that sales at such shops should be limited to travellers departing abroad by sea or air.

35.5 Promoters should therefore not assume at this stage that duty-free facilities will be available to users of the Link. Their forecasts of traffic and cash flow should be accordingly submitted on two bases, with and without duty-free facilities.

CHAPTER FOUR: CHARACTERISTICS OF THE PROJECT

41 Description of project including traffic forecasts

41.1 Promoters must provide a complete description of the project, including:-

41.11 alignment and profile of the Link and precise location of the terminal sites;

41.12 detailed plans with indications of materials;

41.13 schedule for execution of the work;

41.14 indications of the quantities of materials;

41.15 cost estimates.

41.2 The descriptions must identify separately the main structure or structures, the terminal areas and facilities, and all associated works and all equipment including moving equipment (trains and safety, rescue and maintenance equipment etc), that are to be provided at the promoter's expense.

41.3 For each part of the project the plans, programmes, quantity-estimating and costs should be related, and the whole should constitute a complete justification of costs and overall timetables for the proposal.

41.4 Promoters must provide a detailed analysis of their assumptions about traffic. This should be broken down according to the various categories of users, showing possible growth over time. The promoter should justify his forecasts in all relevant respects, with particular reference to data available to him on current traffic levels. Possible restrictions upon the use of the Link by particular categories of traffic should be specified.

41.5 The detailed information relating to construction and operation including traffic forecasts, should provide a basis for the overall financial forecast which the promoters should provide



for the project as a whole, indicating in particular specific target dates in the construction process, and cash-flow projections, on an annual basis, covering the period from the start of the project until at least 10 years after loans have been repaid. The assumptions on the level of tolls which these assessments require should be set out and linked to the traffic forecasts referred to in the previous paragraph.

#### 42. Employment implications

Promoters should provide estimates for both direct and indirect employment creation relating to both the construction period and to operation of the Link. Supporting evidence should be supplied.

#### 43. Environmental implications

43.1 Promoters will be expected to carry out an environmental impact assessment in both countries. In France, this study will be based upon the relevant French regulation. In the UK, it should be on the basis of the draft European Community Directive. This should cover land use, environmental pollution, amenity, safety and local employment considerations. A check-list of matters covered by the EC Directive (not all of which will necessarily be applicable to all schemes) is annexed at Annex I to this Chapter.

43.2 As well as the effects on the surrounding environment, promoters should give details relating to the project itself, particularly to its architectural standards and the extent to which the design takes account of its environmental location. Details should also be given of arrangements for spoil disposal with reference to the effect both on the inland environment and, if spoil is to be dumped at sea, on the marine environment. See also paragraph 26.

#### 44. Health safeguards

Promoters should give details of the measures they propose to take to prevent the spread of rabies and other diseases to humans, plants and animals. It will be necessary for promoters to deny access to

the Link to stray and wild animals, and to take measures to ensure that animals do not escape and are not dumped from vehicles. The UK Government would expect to extend to the operator of a Link the liability of carriers to ensure that unlicensed arrivals are not permitted to land in the UK.

#### 45. Protection against sabotage and terrorist attacks

45.1 Promoters will be expected to ensure that structures, facilities and services are designed in such a way that adequate protection is provided against the risk of terrorist attack.

45.2 In developing their designs and plans, promoters should consult the appropriate authorities in each country on acceptable standards of protection for this purpose. In the UK promoters should consult the International Transport Division of the Department of Transport in the first instance. In France, promoters should consult the Haut Fonctionnaire de Défense du Ministère Chargé des Transports.

#### 46. Safety and engineering requirements

46.1 The Governments will make the arrangements that they consider appropriate for the examination of the technical proposals from the point of view of the reliability of the concepts, particularly if novel techniques are used, and of the cost forecasts, for both constructional and operational stages, in order to eliminate any risk of failure for technical or financial reasons.

46.2 This assessment will therefore include:-

46.21 Vetting of individuals and firms involved in the project work.

46.22 Examination of preliminary designs with a view to selecting one project.

46.23 Examination of the complete design, and a process of approval and certification.



46.24 Quality Assurance system for the control of design and supervisory activities.

46.25 Periodic survey and certification during the operational life.

46.3 The Governments nevertheless accept no responsibility in regard to these technical proposals.

46.4 Details of information required and the standards and constraints to be adhered to in relation to road and general structural safety and to rail safety respectively are set out in Annexes II and III respectively to this Chapter.

47. Maritime requirements

47.1 Information upon the general nature of the constraints resulting from the application of international maritime obligations is given paragraphs 24 and 26 above.

47.2 Annex IV to this Chapter sets out in more detail the restrictions that the governments will apply to the various layouts and forms of Link that promoters are liable to propose.

ANNEX I TO CHAPTER FOUR

Checklist of matters to be considered for inclusion in an environmental assessment

This checklist should be regarded as a guide to the subjects that need to be considered when the specifications of an environmental assessment are under consideration.

The environmental effects of a development during its construction and commissioning phases should be considered separately from the effects arising once it is operational.

1. Description of the Project

11. Purpose and character of the project (including details of proposed access and transport arrangements, and of numbers to be employed and where they will come from (this relates to paragraph 42 of Chapter Four)).

12. Land use requirements and other physical features of the project

12.1 During construction

12.2 When operational

13. Production processes and operational features of the project:

13.1 Type and quantities of raw materials, energy and other resources consumed;

13.2 Residues and emissions by type and quantity including:

13.21 Discharge to water

13.22 Emissions to air

13.23 Noise

13.24 Others



14. Description of measures to be taken to mitigate adverse environmental effects.

15. Alternative sites considered and reasons for final choice.

2. Information describing the site and its environment

21. List of information.

21.1 Population - proximity and numbers.

21.2 Fauna and flora - in particular important, rare or protected species.

21.3 Soil: agricultural quality, geology etc.

21.4 Water: aquifers, water courses, shoreline.

21.5 Architectural heritage, archaeological features.

21.6 Landscape and topography.

21.7 Recreational uses.

21.8 Any other relevant environmental features eg climatic factors.

22. The information considered under this section should include all relevant statutory designations such as National Nature Reserves, Sites of Special Scientific Interest, National Parks, Areas of Outstanding Natural Beauty, Heritage Coasts, regional parks, country parks, and designated areas, conservation areas, listed buildings and scheduled ancient monuments.

3. Evaluation of Effects

31. Effects on Land

31.1 Physical effect of the development - eg change in local topography, effect of earth-moving on stability, soil erosion etc.

31.2 Land use/resource effects:

31.21 Quality and quantity of agricultural land to be taken

31.22 Effect on surrounding land uses including agriculture

31.23 Spoil and waste disposal.

32. Effects on water

32.1 Effect of development on drainage pattern in the area;

32.2 Changes to other hydrographic characteristics - eg ground water level, water courses, flow of underground water;

32.3 Effect on coastal hydrology.

33. Effects on air and climate

34. Effects on humans and artefacts

34.1 Change in population arising from the development and consequential environmental effects;

34.2 Visual impact of the development on the surrounding area and landscape;

34.3 Levels and effect of emissions from the development during normal operation;

34.4 Levels and effects of noise from the development;

34.5 Effects of the development on local roads and transport;

34.6 Effect of the development on buildings, ancient monuments and other human artefacts: eg through visual intrusion.



35. Effects on flora and fauna

35.1 Loss of mature trees and other flora from the site.

35.2 Effects on local vegetation and animal habitats.

35.3 Other ecological consequences.

36. Indirect and secondary effects associated with the project - eg

36.1 Effects from traffic related to the development.

36.2 Effects arising from the consumption of materials, water, energy or other resources by the development.

36.3 Effects of other development associated with the project - eg new roads, sewers, housing, power lines, pipelines, telecommunications etc.

37. Risk of major accident

Potential off-site hazards of the development arising from occurrences such as explosions, fires or uncontrolled emissions of hazardous substances.

38. Mitigating measures

38.1 Likely effectiveness of measures designed to mitigate adverse environmental consequences of the development.

38.2 Secondary effects of such measures.

39. The effects of the inter-relationship of the above factors

ANNEX II TO CHAPTER FOUR

Road and General Structural Safety

01. The design and construction of any road Link will be the responsibility of the promoter.

02. The promoter should set out in his submission all the information necessary to describe the project and allow an assessment to be made of its technical or technological feasibility, the conditions under which it will operate, the level of service it will provide for users, and the means by which their safety will be guaranteed.

03. Since it will be a bi-national project, it is not appropriate at this stage for the Governments to lay down the technical standards to be used. However, the promoter should give careful attention to all aspects of applicable standards existing in both countries, and give details of all the standards he has used, whether national, international or self-imposed.

04. This Annex sets out the basic constraints imposed by the Governments and the specific criteria on which information is required from promoters.

1. Geometric Characteristics

The promoter should give details of the general characteristics of the proposed Link.

11. Cross Section

11.1 Except at specific places, continuous sections of the Link should contain at least two traffic lanes in each direction.

11.2 These lanes should be 3.5m wide.

11.3 Alongside the slow lane there should be a breakdown lane of at least 2m width on continuous sections. Whatever



width is adopted, promoters should give details of the procedures that they would adopt to ensure safety in relation to disabled vehicles.

11.4 Alongside the fast lane there should be an additional width of 0.45m or more where there is no walkway and 0.3m where there is a walkway.

11.5 In the case of a tunnel there should be walkways, elevated by at least 160mm, alongside both the breakdown lane and the additional width of 0.3m referred to above. These walkways should be at least 0.6m wide if the sides of the tunnel are concave and at least 0.75m wide if they are vertical.

11.6 In unenclosed sections, there should be a walkway of at least 0.6m beside the breakdown lane.

11.7 Extra width should be provided on any curves with a radius of less than 200m, extending to at least 0.5m on curves of less than 100m radius.

## 12. Horizontal alignment and longitudinal section

12.1 The technical standards in the European agreement on Main International Traffic Arteries (AGR), which came into force in March 1983, should be applied. The promoter should nevertheless also consider the possible application of national technical standards where these are stricter. The geometric characteristics of the horizontal alignment and longitudinal section should be studied so that for the chosen design speed homogeneous visibility distances are obtained, both laterally (lateral clearance at curves) and longitudinally.

12.2 Except in duly signposted zones which constitute a break in the continuity of the Link, this design speed should be equal to or greater than 50 mph.

12.3 The promoter should give details of the maximum gradients and slopes provided for in the project, and give a full

justification in the case of very slight gradients (less than 0.3%) or inclines exceeding 1.5% in tunnels or 4% in unenclosed sections.

## 13. Headroom

The clearance above the traffic lanes should be at least 4.5m in conformity with the AGR provisions.

## 2. VEHICLES TO BE ADMITTED

21. Apart from specific exemptions for which a case is made by the promoter, use of the Link should be open to all road vehicles without discrimination, subject to the following reservations:

## 22. Dangerous goods and abnormal loads

The promoter should indicate the types and quantities of dangerous goods and abnormal loads which he would permit to use the Link, subject to the approval of the Governments. It should be noted that both countries are signatories to ADR (the European Agreement concerning the International Carriage of Dangerous Goods by road).

## 23. Weights and dimensions

Where no EC standard has yet been adopted, the promoter should take account of the national standards in force in both countries. In particular, attention is drawn to the maximum permitted axle loads (10.5 tonnes in Great Britain and 13 tonnes in France), which are likely to be replaced by an EC standard between these two limits.

## 24. Noise, pollution and special equipment

Use of the Link may be restricted to vehicles which respect the EC regulations in force, or, in the absence of such regulations, those in force in one or other of the two countries.

## 25. Special categories

The use of the link will be limited to categories of vehicles authorised on the motorways of either country, except where special facilities are provided for particular categories.



The ability to maintain a minimum speed on the level may be imposed.

### 3. Design of Links

#### 31. Loading regulations

The promoter should indicate the loading regulations he intends to apply to the whole Link, with due regard to the regulations in force in both countries. The live loads adopted must take account of traffic forecasts, rules of operation and exceptional circumstances (accidents, delays etc). The Link must not be subject to progressive failure.

#### 32. Design rules

32.1 The promoter must indicate the design rules he intends to apply to the various structures, with due regard to the regulations in force in both countries. The specifications for the various materials and components must be consistent with those which have been used as a basis for the establishment of the aforementioned regulations.

32.2 Away from the field of application of standards, for instance when the conditions under which materials are used in practice deviate from those normally observed and also in the case of new materials, the properties of the materials including shrinkage and creep effects must be justified through the use of statistically viable experiments; the diversity of the characteristics of materials and components must be taken into account.

32.3 The effects of the regime of tide, currents and sediment transport on the structure should be assessed for any intended permanent obstruction or set of obstructions in the Channel, defined as projections in the waterway above the rock bed of the Channel. As far as possible within the time available, this assessment should be supported by hydrological and mathematical models.

### 3. Environmental loadings

33.1 The promoter should indicate the measures he intends to take in order to ensure that these various parameters and the limit values are taken into account. In particular, the following items should be referred to:

- wind: continuous force and gusts
- snow and ice (effects on structures or the operation of certain devices)
- rainfall
- maritime data (tides, currents, storms, wave action including coincident slamming)
- temperature variations

These, taken separately and in combination, should take a period of recurrence of at least 120 years into account.

33.2 The aerodynamic characteristics for deck structures with and without traffic should be derived from specific wind tunnel tests, unless suitable alternative data exists. The magnification of wave load effects due to dynamic response of the structures should be taken into account.

33.3 The promoter should indicate the measures he intends to take in the case of a bridge in order to ensure the safety of users in the event of winds or storms. He should indicate, where necessary, any operational measures (which may go as far as total closure beyond certain thresholds) in order to ensure the safety of users and structures.

33.4 The promoter should indicate the seismic loading taken into account, based upon a return period of 120 years.



#### 34. Accidental collisions

34.1 The promoter should indicate the measures taken into account in respect of the main accident risks.

34.2 In the case of fixed structures at sea, the promoter should indicate in particular the measures taken in order to ensure the safety of structures in the event of a collision involving a ship. These measures should at least preserve the structure if there is a collision involving any vessel travelling at a speed of 17 knots and likely, taking account of water draughts, to come into contact with the Link. The measures above should apply to all structures exposed to collisions and take account of protective devices designed to absorb energy and the structures themselves; they must be justified through the use of calculations and experiments, and by description of their mode of operation. The evaluation and application of collision loadings for the structure must be provided.

#### 35. Fatigue, durability and maintenance

35.1 All the components of the Link other than those which are easily replaceable should have a 95% probability of fatigue resistance for 120 years.

35.2 The spectra of live loads should be based on the most unfavourable traffic scenario; the spectra for applying the wave and wind forces must be given and must comply with local oceanographic and meteorological data.

35.3 All the materials used in the Link's structure should be insensitive to corrosion in a marine environment or specially protected for this purpose.

35.4 All parts should be accessible for inspection and maintenance. The Link should be retained in a normal maintenance condition, including when it is handed over at the end of the concession. A maintenance programme should be outlined, assuming a life expectancy for the Link of at least 100 years.

#### 36. Tunnels

36.1 Tunnels are to be designed as composite structures with the ground, making such provisions for ground, water and traffic loading as are compatible with stress/strain and other short and long-term characteristics of the ground and the structure, and allowing for the construction process.

36.2 Provision must be made to adapt the design and maintain its integrity in response to any difficulties encountered during construction.

36.3 It must be specified whether the lining is regarded as being watertight and in any case an assessment of the infiltration flow must be provided.

36.4 Immersed tube tunnels shall be designed to support local loading, caused by foundered vessel, anchor or similar, the loading appropriately modified by protective layers over the tunnel.

#### 37. Fire resistance

The fire behaviour of the various components of the Link (structures and components) must be specified: inflammability, degree of fire separation (firebreaks), fire resistance. Materials should, so far as possible be fire-resistant and of a nature not giving off dense smoke or toxic fumes when exposed to fire or electrical discharge.

#### 4. LIGHTING

41. The promoter should specify the Link's lighting facilities.

42. In the case of tunnels this should take account of the recommendations of the PIARC (Permanent International Association of Road Congresses) Technical Committee Reports of 1979 and 1983.

43. For all forms of Link, a minimum ambient illumination in continuous sections will be expected. The attention of promoters is particularly drawn to the fact that this ambient illumination should be compatible with the use of the closed circuit camera surveillance network.



44. In the case of a bridge, the attention of the promoters is drawn to the special problem of safety posed by driving in fog.

45. Where a roadway is carried at the same level as a railway, attention is drawn to paragraph 82.42 of Annex III.

#### 5. VENTILATION

51. The ventilation of the Link should comply with the recommendations of the PIARC Tunnels Technical Committee report to its congress in Sydney in October 1983. However, the promoter will be responsible for taking all measures, including limitation of traffic, to ensure that actual pollution does not exceed the values adopted in these recommendations. In normal operating conditions, longitudinal air velocity should not exceed 10 m/s.

52. The promoter should indicate in broad outlines the essential measures adopted for ventilating the Link and provide any information relating to their feasibility with regard to the objectives listed above. Full details should be provided of the planned safety and relative independence of the various ventilation systems. The main measures relating to the emergency plan for traffic accidents or the impaired functioning of the systems should be specified together with the planned measures, where necessary, to limit noise and discomfort of passengers at air vents.

53. If, as part of their policing power, inspections show that the concentrations of pollutants defined in paragraph 51 above are being exceeded, the Governments reserve the right to order the closure of the Link or restrictions in traffic flows until it is re-established without the operator being able to claim any compensation. However, it is recalled that the promoter is responsible for the design and proper functioning of the ventilation and for the consequences that its impaired functioning could have for users.

#### 6. CONSTRUCTION PROCESSES

61. A feasibility study of the proposed construction processes should be provided, including risk analyses and supported where necessary by experimental results.

62. In connection with the requirements of paragraph 16.52 concerning abandonment, promoters should provide information on the means and feasibility of carrying out these requirements.

#### 7. OPERATIONAL MEASURES

71. The promoter must assess the maximum capacity of the Link, taking into consideration, in particular, curves, toll barriers, ventilation flows and restrictions on access. He must specify any capacity limitations and other reductions in characteristics in the case of bad weather.

72. Risk assessments shall be undertaken concerning all matters affecting safety of the system to demonstrate adequacy of the equipment and arrangements and their expected reliability in service.

#### 73. Traffic regulations - Traffic signs

For safety reasons, it would appear desirable for the transition from the general traffic rules applicable in France to those applicable in Great Britain, or vice versa, to take place as the user leaves the Link; however, the question could be reviewed, on the one hand, if the Link included artificial islands accessible to vehicles, and on the other hand, in the light of the location of and arrangements for customs and police controls, and what these comprise. The promoter shall be responsible for enforcing any special traffic regulations, such as a minimum speed in normal traffic conditions, a maximum speed, spacing of heavy goods vehicles etc, that may be introduced in the interests of smooth running and safety. Traffic signs shall comply with harmonised European provisions. Wording must be in both English and French.

#### 74. Restraint devices

Barriers and other physical restraint devices shall be in accordance with the rules and provisions of one country or the other.



## 75. Operational Equipment

75.1 The Link shall be equipped with a system of properly marked emergency telephone points at regular intervals.

75.2 A closed-circuit TV surveillance system will also be provided, unless the promoter gives preference to any other automatic surveillance device of equivalent effectiveness and reliability.

75.3 Devices for communicating with users on the Link shall also be provided. The promoter shall specify the devices provided: these shall include variable message panels or signs and may include, for users listening to the radio, the re-transmission of broadcasts in one or other language, with a blocking facility for messages which may require to be communicated, or any other specific mode.

75.4 In the case of a tunnel or covered sections, signs and signals shall include traffic lights governing the assignment of traffic lanes, spaced at regular intervals. These would be operated by remote control to close off a lane as required.

75.5 It must be shown that the control system is able to prevent dangerous situations, such as exceeding the permissible capacity of the Link, from arising.

## 76. Emergency arrangements

76.1 The promoter shall prepare plans for emergency intervention tailored to the principal types and frequencies of possible accident and breakdowns. These plans shall specify in particular what provisions for intervention there are:

76.11 relating to operational measures (traffic control, cutting off flow etc)

76.12 regarding the bringing of assistance, evacuation and fire-fighting.

76.2 Ventilation islands and shafts in the sea shall be fitted with a helicopter landing-stage.

76.3 The Link shall be equipped as a minimum with fire-extinguishers at regular intervals level with the emergency telephone posts (portable multi-purpose extinguishers).

76.4 In the case of a tunnel, safety niches shall be provided at intervals to be specified. Pedestrian walkways giving access to fire- and smoke-free collection points and possibly allowing pedestrians to cross to the other carriageway, shall be constructed at regular intervals and equipped, in respect of tunnels and covered sections, with 2-hour fire-retarding doors. In case of fire, the ventilation system should be designed so that the direction of smoke evacuation can be controlled and to allow access to the location of the incident to emergency teams. A number of passages allowing vehicles to be transferred from one carriageway to the other should also be incorporated to facilitate maintenance or cope with emergencies.

76.5 If traffic is brought to a standstill, or in any other appropriate circumstances, the operational arrangements should be such as to guarantee that users (possibly in their own vehicles) will be able to reach the open air within a period not exceeding 90 minutes.

76.6 Reliability of power supply shall be assessed and emergency standby provisions for systems influencing operational safety and security shall be presented.

## 77. Reporting of Accidents

The promoter will be required to report and investigate the causes of all accidents.

## 78. Amenity

The promoter shall indicate the measures which he plans to take, regarding very long covered sections, to maintain alertness of users.



## 8. ARRANGEMENTS AT TERMINALS

81. The terminal installations shall include all the infrastructure and superstructure required for police, immigration and customs (transit or clearance) controls.

82. They shall include parking areas and reception arrangements for peak time operation of the Link. See also paragraph 23 (Chapter 2).

## ANNEX III TO CHAPTER FOUR

### Rail Safety

1. It will be necessary to ensure that a Link is safe, both structurally and operationally, in respect of its rail element, on a continuing basis. Inter-Governmental machinery to ensure the safety of the rail element will be established for both the constructional and operational stages. Even if promoters do not spell out detailed solutions of all the potential rail safety problems in their proposals, they must supply sufficient information to demonstrate that foreseeable problems can be solved, with sufficient confidence to satisfy the Governments that the soundness of the project is not in question, and that the overall financial projections properly reflect the safety requirements.

2. Beyond this, the UK and French Governments will set up procedure for:-

2.1 taking account of the works, rolling stock, etc, with respect to their safety;

2.2 supervision of construction of the fixed works in order to secure compliance with safety requirements;

2.3 approval of safety rules and regulations drawn up by the operating authority;

2.4 reporting and investigation of accidents;

2.5 determination of the types and quantities of dangerous goods permitted through a rail tunnel.

### 3. General characteristics of the project

3.1 Structures should satisfy the requirements of Annex II, Sections 3 and 6 to this Chapter concerning design and construction procedures.



3.2 In order to ensure that any rail Link can form an integral part of the European rail network in the future, the following main requirements should be adhered to:

32.1 the power for trains is to be supplied by means of an overhead line system from a nominal 25000V, single phase, 50 Hz system fed in duplicate from the British and French grid systems;

32.2 the loading gauge should be at least UIC-B;

32.3 the Link should allow the passage at 160 km/h in conformity with the official railway operating regulations, of trains of the national networks capable of reaching this speed in the tunnel;

32.4 the terminal installations should include all the infrastructure and superstructure required for police, immigration and customs (transit or clearance) controls. They should include parking areas and reception arrangements for peak time operation of the Link.

4. The principal safety requirements below cover the following forms of construction:

4.1 twin bored tunnel with separate service tunnel;

4.2 single bored tunnel (one or two tracks) with separate service tunnel;

4.3 an immersed tube tunnel;

4.4 a bridge;

4.5 any other combination of these.

## 5. Twin Bored Tunnel and Service Tunnel

### 5. Rail equipment

51.1 The main tunnels will be linked by cross-overs permitting, if necessary, single-line working to take place in sections between cross-overs.

51.2 The service tunnel will be used as a technical and maintenance tunnel to accommodate services and will notably supply fresh air under pressure for the ventilation of the tunnels.

Cross passages shall be provided for communication between the service tunnel and the main tunnels as indicated in paragraph 6.1 below. Piston effect relief ducts will be provided between the main tunnels.

51.3 The track shall be supported continually throughout on a slab or reinforced concrete.

### 5.2 Safety standards

52.1 Construction standards.

#### 52.11 Service tunnel

A service tunnel allowing easy access to the two main running tunnels will be required over both the undersea and underland sections of the Link. A transport system will be required to enable the emergency services to reach any part of the Link, even if the main running tunnels were to be blocked.

#### 52.12 Adits

Connecting adits to provide communication between the service tunnel and the running tunnels will be required at a maximum spacing of 500 metres.



### 52.13 Walkways

A continuous walkway will be required throughout the length of the two main tunnels on the nearest side to the service tunnel. It must permit evacuation of a train in case of emergency and must have a clear width of at least 800 millimetres and be located at a height of at least 750 millimetres above that level except opposite the adits and at crossovers where the height may be reduced. A direction marker placed at a maximum of 500 millimetres above the level of the walkway will guide the evacuation of the users to the nearest point of access to the service tunnel; a handrail will be provided for the length of the tunnel. Running the length of the opposite side will be a track at least 500 millimetres wide, placed at a level permitting inspection of the running gear of a stationary train.

### 52.14 Fire Resistance

The fire behaviour of the various components of the Link (structures and components) must be specified: inflammability, degree of fire separation (firebreaks), fire resistance.

## 52.2 Fixed equipment of the tunnel

### 52.21 Fire Resistance

The fire behaviour of the various pieces of fixed equipment must be specified: inflammability, degree of fire separation (firebreaks), fire resistance. All fixed equipment should, so far as possible, be made of fire resistant materials and of a nature not giving off dense smoke or toxic fumes when exposed to fire or electrical discharge.

### 52.22 Track structure

The track will be constructed in a way to provide sufficient clearances. Fastenings will be of a kind that require a minimum of inspection and tightening.

### 52.23 Rail

Joints will be eliminated as far as possible and gaps in the running surface reduced to a minimum.

### 52.24 Detection of derailed wheels

Provision should be made to detect derailed wheels and to bring the train to a standstill in the event of derailment. This protection should extend on the approach lines to a distance from the tunnel entrance equivalent to the minimum braking distance.

### 52.25 Hot axle box detection

Hot axle box detectors shall be provided on the approach lines to a distance from the tunnel entrance equivalent to the minimum braking distance. They will be associated with an automatic device to indicate that the train must be stopped.

### 52.26 Tunnel lighting

Permanent lighting must be available in both tunnels and adits of a sufficient intensity for personnel to move about in safety. Two sources of supply are to be provided each capable of providing at least the minimum level of lighting required.

### 52.27 Ventilation and smoke extraction

The ventilation system, as well as providing satisfactory conditions during normal operation, will be required to maintain a smoke-free area into which passengers from a train on which a fire has occurred can be moved pending evacuation from the tunnel, and permitting emergency access to the train involved.

### 52.28 Fire-fighting equipment

Depending on the fire-fighting methods to be adopted, special equipment must be adopted and approved by the Governments.



### 52.3 Signalling and communications

52.31 The signalling system must be able to maintain a sufficient interval between trains to guarantee safety. It should incorporate some form of safeguard to prevent the passing of signals requiring a halt. The system should be capable of development to provide control of the train's speed at any point, using the most advanced techniques available. In this light the promoter must propose a signalling system compatible with that of the two networks, with speeds and spacing spelt out and with two-way working.

52.32 Direct telephone lines linked to the control signal box or equivalent provision must be installed at all stop signals. A carrier wave telephone system or equivalent will be installed to assure communication between trains and the terminal control system. This system must permit the setting-up of direct and continuous communication between the control centre on the one side and the driver and the personnel responsible for safety on the other.

52.33 A separate telephone system shall be provided for use of maintenance and inspection staff; the equipment should be located at appropriate intervals along the service tunnel and adits; it shall incorporate some form of emergency call device.

### 52.4 Equipment of locomotives and rolling stock

52.41 All trains using the tunnel must be fitted with an automatic continuous brake of a pattern conforming to the Union Internationale des Chemins-de-fer requirements for international traffic. An effective form of vigilance control shall be fitted to all motive power units using the tunnel.

52.42 A driver-guard communication system with public address facilities will be required on all trains.

52.43 A passenger alarm system shall be provided so that the train staff can be alerted in the case of emergency. It should not apply the brakes of the train. So far as through trains are

concerned, the two Governments will expect their railway administrations to provide that the alarm system should not apply the brakes of the train.

52.44 Staff trained in fire-fighting duties and special fire-fighting equipment, approved by the Governments, will be required on all vehicle-ferry trains. On through trains a member of the railway staff will be responsible for security.

52.45 Vehicle-ferry wagons will be provided with two emergency doors of a clear width of at least 600 millimetres on each side. When in the fully open position the doors shall not project more than 200 millimetres outside the wagon body contour. Users should not be able to open the doors accidentally. Vehicle-ferry wagons should be provided with fire doors or curtains with a resistance time of at least half an hour to prevent the spread of smoke along the train in the event of a fire occurring on board.

### 52.5 Operating safety requirements

52.51 The railway operating rules, including laid down emergency procedures, will require to be submitted for approval on behalf of the Governments.

52.52 In the event of a train becoming immobilised in a tunnel for any reason it must be possible to ensure that any other trains in the tunnel can be brought out without delay and that all passengers, including those from the stranded train, can reach the open air within a period not exceeding 90 minutes. It will perhaps be necessary to fulfil this condition, to provide all trains with the technical means of driving trains in reverse. However, promoters must be able to demonstrate that they can satisfy this general condition in all cases, including loss of current supply and damage to the catenary.

### 52.6 Control posts

A single principal control centre shall be provided to control train movements and tunnel installations.



52.7 In addition, promoters will be required to demonstrate that, in the event of fire, the overall installation including ventilation, construction and spacing of adits, etc, is such as to ensure safe evacuation of all the passengers on the train to a safe area. In this connection, attention needs to be paid to the need to manage the air in the tunnel to allow both the evacuation of passengers and the access of emergency services to the train. Ventilation equipment must be fully capable of continuing to function in any emergency.

52.8 If a scheme includes ferry trains, the promoters should specify the following characteristics:-

- 52.81 Vertical and lateral clearances within the vehicles.
- 52.82 The space available for passengers travelling with cars to leave their vehicles and circulate.
- 52.83 Possibilities for access between levels of two-level wagons and between vehicles.
- 52.84 Ventilation.
- 52.85 Toilet facilities.
- 52.86 The arrangements for the carriage of heavy lorries, coaches and caravans.

#### 6. Single Bored Tunnel with Separate Service Tunnel

The requirements are the same as for a twin tunnel subject to any reference to 'two main tunnels and a service tunnel' being replaced by a 'main tunnel and a service tunnel'.

#### 7. Immersed Tube Tunnel

7.1 An immersed tube tunnel will be constructed with internal walls providing longitudinal separation of the structure into the equivalent of a main tunnel(s) and service tunnel. Railway tunnels will be separated from any highway lanes.

7.2 The requirements for an immersed tube tunnel will be the same as those for the corresponding form of bored tunnel.

#### 8. Bridge

8.1 The maximum speed, axle loading, weight of trains for which the bridge is designed will be a matter for negotiation with national railway companies. The following items of paragraph 5 will apply (where relevant) as if reference to a tunnel was reference to a bridge.

- 51.1 Cross-overs
- 51.3 Track structure
- 52.2 The following sub-paragraphs:-
  - 52.22 track structure
  - 52.23 rail
  - 52.24 fire-fighting equipment
- 52.3 Signalling and telecommunication
- 52.4 Locomotive and rolling stock equipment
- 52.5 Operational safety
- 52.6 Control posts

8.2 In addition, the following requirements will apply:-

- 82.1 The bridge structure shall be protected against the risk of derailed trains.
- 82.2 Provision shall be made for containing a derailed train on the bridge.
- 82.3 Continuous walkways shall be provided alongside each side of the bridge in order to allow for the emergency evacuation of a train and for the inspection of the train or track.
- 82.4 If the bridge carries a roadway at a similar level to the railway the following shall be provided:-
  - 82.41 a barrier to prevent road vehicles running onto the railway;



82.42 a barrier to prevent train drivers from being dazzled by road vehicle headlights and vice versa, and to avoid confusion between road and the signalling systems.

82.5 If the railway is contained within an enclosed part of the bridge structure then similar criteria for the evacuation of passengers to those required for a tunnel will apply.

#### CHAPTER 4: ANNEX IV

##### Maritime requirements

1. No permanent structure may be built in the two main lanes of the traffic separation scheme without prior approval from the IMO.
2. Structures - such as ventilation shafts, bridge piers, artificial islands or embankments in the sea - which may be built in the separation zone of the traffic separation scheme or in the immediate vicinity of the two main lanes must in no case impinge on those lanes without prior approval from the IMO.
3. In the two main lanes of the traffic separation scheme the depth of water must be maintained as it is at present, when that is less than 30m; and depths greater than 30m must not be raised to a level less than 30m. The promoters must give the Governments all necessary information concerning any changes in water depth so that appropriate action may be taken at the international level and to mark charts and notify mariners.
4. In the Inshore Traffic Zones (ITZ), British and French, the width of the navigable passage between structures will be a minimum of 400m, with an air draught of 50m above high water. However, up to a maximum distance of 4km from the coast, these requirements may be reduced, in order to facilitate the crossing of the coast, provided that the width of the navigable passage is not less than 200m, and the air draught not less than 15m.
5. If the Link envisages a structure crossing over the two main lanes of the traffic separation scheme which has a minimum air draught above high water requiring a permanent modification of the traffic separation scheme, the prior approval of the IMO will be necessary. (A minimum air draught of 70m might avoid the need to resort to this procedure).
6. The promoters must provide proof of the effectiveness of the protective systems of any structures in the event of collisions, as concerns both the structures themselves and any vessels involved.



7. In accordance with the international conventions relevant to the Link, the method of disposing of waste material resulting from the construction works will require the authorisation of the Government concerned.

8. The promoters must satisfy the two Governments that the hydrological effects of their structures on shipping will be acceptable.

9. During the duration of the construction works:

9.1 no complete closure of a main lane of the traffic separation scheme will be allowed;

9.2 the promoters may occupy an area up to 2km by 1km at a time provided that construction operations do not take place concurrently in an ITZ and in the adjoining main lane, and vice versa;

9.3 the promoters may occupy for not more than 3 weeks either half of the width of one main lane if there are no construction works concurrently in the other main lane, or a quarter of the width of each main lane;

9.4 in all cases, 4 months prior notice to the two Governments would be necessary, in particular in order that the IMO and the maritime community be informed;

9.5 the IMO will be given prior notice of these general proposals for the organisation of construction works, as well as information, at the appropriate time, relating to each particular operation;

9.6 for all construction work, the Governments will require the provision and maintenance of adequate temporary protective systems and navigation aids (eg guard boats, buoyage etc).



SIR (JOHN) NICHOLAS HENDERSON GCMG 1977 (KCMG 1972, CMG 1965)

Born: April 1, 1919 in London - son of Professor Sir Hubert Henderson

Educated: Stowe School, Hertford College, Oxford (Hon Fellow 1975)

Career: Member H.M. Diplomatic Service  
Served Minister of State's Office Cairo 1942-43  
Asst Private Secretary to the Foreign Secretary 1944-47  
H.M. Embassy Washington 1947-49  
Athens 1949-50  
Permanent Under Secretary's Dept Foreign Office 1950-53  
H.M. Embassy Vienna 1953-56  
Santiago 1956-59  
Northern Department Foreign Office 1959-62  
Permanent Under Secretary's Department 1962-63  
Head of Northern Department Foreign Office 1963  
Private Secretary to the Secretary of State  
for Foreign Affairs 1963-65  
Minister in Madrid 1965-69  
Ambassador to Poland 1969-72  
to Federal Republic of Germany 1972-75  
to France 1975-79  
Retired then re-appointed Ambassador to Washington 1979-82  
when played a key role during the Falklands conflict  
explaining Britain's position to the American public and Congress.

Directorships: Tarmac PLC June 1983  
Foreign & Colonial Investment Trust 1982  
M & G Reinsurance 1982  
Hambros 1983

Publications 'Prince Eugen of Savoy' (biography) 1964; 'The Birth of Nato'  
1982; various stories & articles in Penguin New Writing,  
Horizon, Apollo, Country Life and History Today.

Recreations: Tennis, gardening, dogs

Clubs Brooks, Garrick & Beefsteak



Press Notice No: 150

2 April 1935

CHANNEL FIXED LINK: INVITATION TO PROMOTERS PUBLISHED

Nicholas Ridley, Secretary of State for Transport, today made a statement in the House of Commons to announce publication of the "Invitation to Promoters" for the development, financing, construction and operation of a Channel Fixed Link between France and the United Kingdom. The text of Mr Ridley's statement is attached.

The Invitation to Promoters, consisting of the guidelines promoters will need in submitting proposals, is in four main parts.

Chapter 1 deals with the Role of the Governments. It sets out the basic undertakings that the two Governments would give for the negotiation of a Treaty and the promotion of the necessary legislation; it defines the degree of commercial freedom that the promoters of a Link would enjoy; it sets out the positions of the Governments on the provision of inland infrastructure; and it deals with liabilities of the promoters and operators.

Chapter 2 deals with the legal regime of a link. In particular, it sets out the position on jurisdiction, the application of EC contract procedures, the essential requirements on frontier controls, and the international requirements applying to shipping, railways and the marine environment.

Chapter 3 deals with the financial aspects - the requirements of the Governments as to the organisation of the Commercial companies involved; limitations upon the financing arrangements; taxation;



and the evidence that promoters are required to provide to demonstrate the basic viability and financial robustness of their proposals.

Chapter 4 deals with the physical characteristics of the project. It sets out the detailed information that the promoters must provide on the technical characteristics, the employment and environmental implications of their proposals, and the safeguards to be taken as to health, terrorism, and the physical safety of users of the Link and of the English Channel.

#### NOTES TO EDITORS

On 14 November 1984 the Secretary of State for Transport met the French Ministers responsible for transport, and they jointly reaffirmed their willingness to facilitate a fixed link on this basis. A copy of the joint communique was released as PN 523/84. The Ministers also agreed to set up an official working group to prepare guidance for prospective promoting groups on the definition of the undertakings the two Governments would be prepared to give, the financial and commercial framework within which a scheme would operate, and the two Governments' requirements on matters such as safety, environment protection, and maritime considerations.

At the Anglo/French Summit meeting on 29 November, the Prime Minister and the French President welcomed and endorsed the conclusions of their Transport Ministers, and asked the official working group to complete their work by the end of February 1985. The draft guidelines were submitted to the two Governments on 28 February and agreed at an Anglo/French Ministerial meeting on 20 March. (PN 112/85).

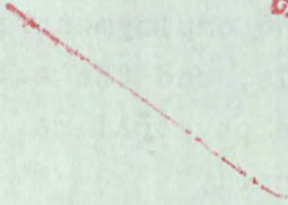
Press Enquiries: 01 212 0431

Public Enquiries: 01 212 3434  
ask for Public Enquiry Unit.



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7



Prime Minister

CONFIDENTIAL

PRIME MINISTER

10 May 1985

CHANNEL LINK - MEETING WITH SIR NICHOLAS HENDERSON

A successful fusion of British and French contributions is important both at Government level, and within the consortium undertaking the construction and operation of the Link. At times recently, it has looked as if the two Governments could be placed in the invidious and unhelpful position of having to choose between promoting consortia either made up predominantly of British interests or of French interests. Fortunately, Sir Nicholas Henderson and his Channel Tunnel Group (CTG) have led the way in seeking a genuine, well-balanced fusion of British and French industrial and commercial interests.

You might like to open the discussion by congratulating Sir Nicholas on having just concluded (it is hoped by 10 May 1985) a formal co-operation agreement with a substantial group of French companies. His reading of whether the French Government see a need to encourage this sort of Anglo-French co-operation within promoting groups would be of interest.

CTG's success in attracting French partners is perhaps a reflection of the fact that the business world sees them as serious contenders, if not favourites. Technically and operationally, their twin-bore tunnel scheme is well-defined and sound. But what attracts the money men is the capacity to transport much the same volume of road traffic as Euroroute or

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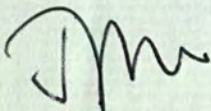
- 2 -

a drive-through tunnel (also in the CTG stable), for less than half the capital cost. Against this, the concept of a merry-go-round of trains (not operated by BR or SNCF) forming as it were a moving motorway, has yet to excite the imagination of the public.

Sir Nicholas will want to explain to you why he believes that the moving-motorway concept should appeal as much to users as any drive-through scheme - not least through lower tariffs. You might like to ask him whether he has plans to capture the public imagination in a publicity campaign.

You could make sure that CTG are under no illusions as to the 100% private-sector funding of the venture, with BR not involved at taxpayers' expense or guarantee. You may want to be re-assured that the twin-bore tunnel scheme will not be vulnerable to disruption by the British or French Rail unions - the transportation system in the Link being entirely separate and operated by the promoter.

Whilst your encouragement will no doubt be valued by Sir Nicholas and his colleagues, he must not, of course, expect any advice or support which is not equally available to his competitors.



JOHN WYBREW

CONFIDENTIAL



01-588 2851.

41, BISHOPSGATE,  
LONDON, EC2P 2AA.

C. D. Powell, Esq.,  
Private Secretary to The Prime Minister,  
10 Downing Street,  
London, S.W.1.

*CDP*

22nd April, 1985

*Dear Charles*

Thank you for your letter of the 17th April. I look forward to seeing the Prime Minister at 10.30 a.m. on Monday, 13th May and will turn up at Downing Street.

*John Chen*

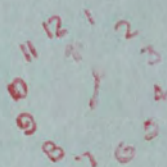
*Nicho*

Sir Nicholas Henderson



Transport : Channel Tunnel A3

24 APR 1985







10 DOWNING STREET

*From the Private Secretary*

17 April 1985

Many thanks for your letter of 10 April.

BY The Prime Minister would be very happy to see you to talk about the Channel link. Can you manage 10.30 am on Monday 13 May?

(C.D. Powell)

Sir Nicholas Henderson, G.C.M.G.

SRW



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CF BU



BM

10 DOWNING STREET

From the Private Secretary

17 April 1985

Channel Link

The Prime Minister has agreed to see Sir Nicholas Henderson on 13 May. The purpose of his call is to tell her about the Channel Tunnel Group's proposals. I enclose a copy of his letter and note.

BF

I should be grateful for a brief by 1600 hours on 10 May.

I am copying this letter and enclosure to Colin Budd (Foreign and Commonwealth Office).

(C.D. Powell)

Richard Allan, Esq.,  
Department of Transport

SRW



CONFIDENTIAL



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State  
Foreign and Commonwealth Office  
Whitehall  
SW1H

117 APR 1985

*N B P M*

CHANNEL FIXED LINK (CFL)

In Nicholas Ridley's absence abroad, and as David Mitchell is also away, I am writing to thank you for your helpful letter of 1 April in response to his of 28 March.

What you had to say about public consultation was reinforced by Patrick Jenkin in his letter of 3 April. I am glad to know that you agree that we should proceed on the assumption that there will be no local public inquiry while keeping our options formally open at this stage. We accept the cautionary remarks, expressed also on Ian Stewart's behalf (his Private Secretary's letter of 29 March) about the need to ensure that the informal consultative procedures for which we have made provision are seen, in combination with the hybrid bill procedures, to be adequate. We must of course, review the position when we have decided which project, if any, should go forward.

The contingency work with the French to which Nicholas referred is now at hand. We are also following up with them the related question of liberalisation of road transport in advance of the opening of any fixed link.

Generally I think the Statement (into which we were able to incorporate the changes suggested by Ian Stewart) and the guidelines went down well both with Parliament and the media. A great deal of very active interest is now evident on the part of the financial markets.



I am sending copies of this letter to the Prime Minister, the Home Secretary, the Secretary of State for Defence, members of E(A), the Chief Whip, the Economic Secretary and Sir Robert Armstrong.

*Lynda*  
*Chalker*

MRS LYNDA CHALKER



Transport: Channel Tunnel

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12 APR 1985

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1030 AM B

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01-588 2851

41, BISHOPSGATE,  
LONDON, EC2P 2AA.

Prime Minister

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

Agree to see  
Nicko Henderson in  
10th April, 1985  
May to discuss Channel  
Tunnel?

Dear Prime Minister,

CAP  
1614  
ms

I am writing to ask whether I can have a word with you some time, perhaps in May, about the Channel link. I am Chairman of the Channel Tunnel Group which will be submitting proposals in accordance with the recently-issued guidelines.

I am in touch with Ministers, Parliament and Whitehall generally, but I do want to have the chance to speak to you. As you know, you can rely on me not to take up more than the minimum of your time.

I realise that you do not want to commit yourself at this stage, and I am therefore concerned by the extent to which your views are being taken for granted and expressed publicly. The Times of the 3rd April, for example, reports that "Mrs Thatcher's closest colleagues are already pressing for the road option". (i.e. Euroroute).

When I was in Paris recently I was told in the Prime Minister's office, though not by him personally, that it was assumed in France that the British Prime Minister was in favour of Euroroute.



Perhaps I could clarify one point: the Channel Tunnel Group are examining the possibilities of a drive-through tunnel. So, the idea of driving should not be seen as the monopoly of Euroroute. It is too early to say whether or not it is practicable.

I attach a note setting out what the Channel Tunnel Group stands for.

*Yours sincerely,*

*Nicho*

Sir Nicholas Henderson



## THE CHANNEL TUNNEL GROUP

The Channel Tunnel Group proposes to construct twin tunnels, each of seven metres in diameter, and a smaller service tunnel. This system will provide a privately operated, roll-on roll-off shuttle to run between the British and French coasts, with trains leaving every 5 minutes, giving a capacity of 3,600 vehicles per hour in each direction. This "rolling-road" would be operated to high standards of safety in such a way as to avoid any delay at either terminal for passengers who would, if they wished, remain in or near their vehicles for the transit. The ferry train will be brightly lit and air-conditioned.

There will also be through rail traffic to and from all parts of the U.K. to the Continent. Passenger services between London and Paris/Brussels would be expected to take about four hours (or three hours if a high speed service were introduced in France).

The Channel Tunnel Group are also examining the possibilities of a drive through tunnel in the light of the guidelines for a fixed link issued by the British and French Governments. If there is to be an all-weather drive through scheme that would be acceptable to drivers, the only practical method would be by tunnel; the Channel Tunnel Group have studied the ideas of a bridge or immersed tube but do not consider either of these practical in terms of construction or operation.

Before reaching their decision in favour of their bored tunnel project, the Channel Tunnel Group fully considered whether existing ferry services might not suffice if suitably developed to meet cross channel needs for freight and passengers. But the Channel Tunnel Group have been impressed by the following:

1. The great increase in traffic of all kinds between the U.K. and the Continent, some 9% per annum in the past decade, is the consequence partly of the U.K.'s membership of the European Community and the changed direction of our overseas trade. Since the early seventies our annual exports with the E.E.C. have increased by some 50%. The growth may not continue at quite this pace but it is a fair assumption that passenger and freight traffic will increase by another 50% by the end of the century.
2. The present cost of cross channel carriage whether for passengers or freight is very high and a disincentive to the freer movement of goods and people within the European Community. The facilities to be constructed by the Channel Tunnel Group will provide a reduction in the cost of cross channel carriage.
3. The tunnel will also be more convenient and immune to the vagaries of weather; the same cannot be said of any other scheme. Such a link may therefore encourage increased usage in the winter months.

The Channel Tunnel Group have it in mind that a fixed link between Britain and France should not require such a degree of traffic as would render uneconomic a continuing ferry service. They believe that the future needs of cross channel freight operators and passengers will be such as to require both a fixed link and ferries (in addition of course to air services); and that it would be against the national interest to be dependent upon a single means of transport. Tunnels of the kind proposed together with ferries would afford the necessary flexibility in services offered.



The Channel Tunnel Group are confident that their scheme is technically feasible. There is a continuous layer of "lower chalk" under the Channel between the U.K. and France which is impervious to water and ideal for tunnelling. The Channel Tunnel would be bored under the sea entirely in this chalk layer and would run about 40 metres below the sea bed. Construction time is expected to be 4.1/2 years.

The Group are also convinced that they will be able to finance the project entirely from private sources. There will be no need to depend financially on governments.

The Channel Tunnel Group is composed of five British construction companies, Balfour Beatty, Costain, George Wimpey, Tarmac and Taylor Woodrow as well as the National Westminster Bank which is the Group's Banker and Adviser. The Group have Flemings and Morgan Grenfell as Merchant Bank Advisers.

The Group are linking up with French partners and the project will belong to two owning companies operating under a joint Anglo French partnership.

Finally, the Channel Tunnel Group wish to put it on record that the three most recent reports regarding a fixed cross channel link concluded in favour of twin bored tunnels. These were the Parliamentary Select Committee on Transport of February 1981, the U.K. French Joint Study Group of June 1982 and the Franco British Channel Link Financing Group of May 1984. These three reports considered that such a scheme was the only one that was both technically feasible and financially viable.



CENQ  
PC

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

} April 1985

N3PM

Dear Nick,

## CHANNEL FIXED LINK

pt 2 att

Thank you for sending me a copy of your letter of 28 March to Geoffrey Howe and other colleagues.

You ask specifically for assurance that colleagues agree with your proposals on procedures, ie a hybrid Bill, combined with appropriate local consultations, but no formal public inquiry. The short answer, as far as I am concerned is, 'Yes, in the circumstances.' This is because I want the project to go ahead, and I have no reason to dissent from your judgement that a full-blown public inquiry would effectively kill it.

But it is unlikely that all those concerned will see the matter in the same light. The lack of public inquiry will almost certainly be seized on as an additional stick with which to beat the project by all those (eg shipping and port interests, plus marine and rural conservationists) who will be opposed to it on wider grounds, and they may obtain support from others on 'constitutional' grounds. If a more contentious and environmentally damaging form of project is chosen (ie some form of road link) then the lack of a public inquiry will be the more strongly attacked.

While there may be no way of avoiding these troubles altogether, I trust you will seek to minimise them by requiring the maximum sensible consultation within the limitations we have set. And we shall need to take these procedural and environmental problems into account when the time comes to select the form of project to go forward.

I am sending copies of this letter to the recipients of yours.

Your ever  
Patrick

PATRICK JENKIN



TRANSPORT: Channel Tunnel: Pt 3





[Mr. Tebbit]

the machine is operating normally. It operates today in the way that it usually does. The letters go in, are read optically, and come out the other end. As I understand it, that is the normal way of operation.

**Mr. Dave Nellist** (Coventry, South-East): Is it not hypocritical for the Secretary of State to talk about the reliability of the service and its quality when the Post Office is closing Crown post offices and destroying local services, abrogating local and national agreements, and putting profit before public service? Should not the right hon. Gentleman have announced today that it was the responsibility of the management of the Post office to return to full consultation and negotiation with the UCW, before — if the angry mood of the Coventry postal workers is any guide — the dispute inevitably spreads?

**Mr. Tebbit:** I am sure that the hon. Gentleman will do his best to spread the dispute. But he should consider whether a refusal to operate the machinery effectively represents an ambition to put profit before service to the community. Many people would think so.

**Mr. Bob McTaggart** (Glasgow, Central): If the Secretary of State is concerned about giving a service to the community and preventing the hardship that is caused to many people through post office closures, will he use his good offices to instruct the Postmaster-General to cease the policy of sub post office closures? That policy is causing great hardship throughout the country.

**Mr. Tebbit:** The office of Postmaster-General was abolished even before the hon. Gentleman became a Member of Parliament. But the substantive point is that the proposed closures are subject to an extensive process of consultation. Not all the proposed closures are carried through, and I believe that the Post Office adopts an extremely responsible attitude towards its obligations in that respect.

**Mr. Paddy Ashdown** (Yeovil): On a point of order, Mr. Speaker. I apologise for delaying the House, but many Opposition Members were unable to hear the precise answer that the Secretary of State gave in response to the hon. Member for Islington, North (Mr. Corbyn). You will recall, Mr. Speaker, that the hon. Member for Islington, North asked whether the Secretary of State had given his permission for the chairman of the Post Office to circulate a letter. The Secretary of State either said he did, or he did not. We were unable to hear his reply. Could the Secretary of State clarify that point?

**Mr. Tebbit:** It may be for the convenience of the House if I make that point clear. I said that the chairman had no need or requirement to ask me for permission to circulate a letter. I did not give him permission to circulate. He did it entirely off his own bat.

## English Channel (Fixed Link)

3.33 pm

**The Secretary of State for Transport (Mr. Nicholas Ridley):** I should like to make a statement about the Channel fixed link.

The House will know that in November 1984, I met the French Ministers responsible for transport to discuss the possibility of a fixed link across the English Channel. At that meeting we reaffirmed the willingness of the British and French Governments to take whatever steps might be necessary to facilitate the construction of a fixed link between the United Kingdom and France within the framework of the European transport network. We agreed that this project, for which essential political guarantees would be provided, should be financed without support from public funds or Government guarantees against commercial or technical risks and on the basis of conditions prevailing on the international financial markets.

We also agreed to establish a working group of officials of both Governments to draw up guidelines to potential promoters in order to give them a clear understanding of the requirements of the two Governments on, for example, safety and the environment, the undertakings that the two Governments would be prepared to give, and on any constraints affecting commercial exploitation. At the meeting on 29 November between my right hon. Friend the Prime Minister and the French President, these decisions were confirmed, and it was decided that officials would be instructed to report to Ministers by the end of February.

Officials delivered their report on 28 February, and on 20 March we held a further meeting with the French Ministers to agree the final texts of the guidelines and to decide certain further points. In particular, we agreed that the closing date for proposals would be 31 October 1985, and that the two Governments would aim to reach a decision around the end of the year, on which proposal, if any, they consider should be enabled to go ahead. We also agreed that we should begin contingency work now on those elements of the treaty which would be common to any form of link chosen.

I have placed copies of the guidelines—or, to give them their proper name, the "Invitation to Promoters"—in the Vote Office.

In saying this, I do not want hon. Members to think that we have prejudged the issues. When they have had time to study the guidelines, they will recognise my concern to ensure that there is adequate public consultation, that environmental, social and employment impacts are fully appreciated and that the financial conditions are fully met. All these matters will be carefully considered before the two Governments arrive at a decision.

I cannot yet tell whether a fixed link will be built across the Channel or not. What I can say is that the private sector now has a unique opportunity. We have reached full agreement with the French on the conditions which the promoters must meet. I wish the promoters well in this great endeavour.

**Mrs. Gwyneth Dunwoody** (Crewe and Nantwich): We welcome any suggestion of considerable investment in the infrastructure. Indeed, we have been asking the



Government for many years for precisely this sort of infrastructure development, with its impact on jobs and industry.

Will the Secretary of State give us some undertakings? From a quick examination of the guidelines, it would appear that certain difficulties might arise. Will he give us an assurance that safety will be a paramount consideration in any decisions that are taken? I refer to the safety of those using the Channel now and of those using it during construction.

Whatever decisions are taken, I hope that several important factors will be borne in mind. First, will the right hon. Gentleman give an assurance that the environmental impact of any decision on the fixed link will be a paramount consideration? Secondly, what will be the impact on the creation of new jobs — which is mentioned in the guidelines — and of unemployment? In 1980, 9,000 jobs were dependent on ferries at Dover alone. Will any consideration be given to what will happen in the Dover area if investment goes ahead in other regions? What impact will the fixed link have on the regions? What attempts will there be to improve the infrastructure?

We are told that British Rail must be responsible for its commercial investments. Are the Government prepared to consider helping either British Rail or those who will need to support a fixed rail link or road and rail link? Can we be assured that, before any final decision is taken, the House will have a full opportunity to debate every aspect of the project?

**Mr. Ridley:** The hon. Lady's welcome for this exciting and imaginative project seemed to descend into a lot of detailed points. However, I shall seek to answer them. First, of course, safety will be a paramount concern during the period both of construction and of any link. We shall make it a very important matter to satisfy ourselves that safety considerations have been fully taken into account before any proposal is accepted.

Secondly, any contender will be asked to put forward an environmental impact study of his proposals on the English side. The French will have a different procedure on their side. This will form a very important part of the considerations when deciding which proposal to accept.

Thirdly, traffic across the Channel is likely to double by the year 2,000. That will leave room for both a fixed link and a very large ferry industry. It will possibly be as large a ferry industry as it is now, despite the fixed link. However, that will depend upon the capacity of the link, and I cannot forecast what that will be until we receive the offers.

Fourthly, a considerable number of jobs will be created all over the country for fabricating the various parts of the link, whatever the link may be, but the form of link will have to be determined before it is possible to ascertain the full impact on employment throughout the country. As for British Rail, if it is in its interests to make any further investment as a result of any link, it will go through the normal appraisal techniques and, if it is commercially viable, it will be authorised. If it falls below commercial viability, it will be up to the promoters to assist British Rail to top up the funds available to it so that it can make any extra investment show a positive rate of return.

Finally, the guidelines propose that the Government should sponsor a hybrid Bill, which will enable the House to express its views. If the hon. Lady wishes to have a

further opportunity to debate the matter, I am sure that my hon. Friend the Leader of the House will listen to anything that the Opposition may have to say.

**Several Hon. Members rose**—

**Mr. Speaker:** Order. The House will have heard the last comment of the Minister. We shall undoubtedly return to this subject in due course. Therefore, I shall allow questions to continue until 5 o'clock, after which we must move on.

**Mr. David Howell (Guildford):** My right hon. Friend rightly speaks about a unique opportunity for the private sector, but does he accept that that also creates a dilemma? While the Government may not wish to indicate a preference for any particular form of fixed link until they can be absolutely sure that it can be financed privately, the promoters will have great difficulty in establishing whether it can be financed privately until they are sure what kind of fixed link the Government prefer. Could my right hon. Friend seek to try to break the deadlock by accelerating the Government's indication of what kind of fixed link they would prefer, so that the process can go forward?

**Mr. Ridley:** I am grateful to my right hon. Friend for his welcome. However, I believe that the promoters are broadly satisfied that they can go ahead and prepare their propositions, including the financial backing that will be needed, and that they have enough time in which to do so before 31 October. That will enable them to assemble their bids, including the financial aspect. It would be quite wrong to preclude any particular type of link or proposition in case we cut out a horse which might turn out to be the fastest horse in the race.

**Mr. Bruce Millan (Glasgow, Govan):** Is the Secretary of State aware that, whether this link is financed by private or public capital, it will nevertheless represent a massive expenditure largely for the benefit of the south-east of England? [HON. MEMBERS: "No."] Yes, largely for the benefit of the south-east of England. There is already an over concentration of population and economic activity on the south-east of England. Some Opposition Members are not enthusiastic, to say the least, about the proposal, however it is financed, particularly at a time when the Government are cutting regional aid.

**Mr. Ridley:** It is possible that a great deal of this capital will be footloose, international capital, which might not come to these islands at all if the project does not go ahead. Therefore, I do not believe that the right hon. Gentleman should view this project in terms of a denuding of capital which might otherwise be available for other projects. Secondly, I think that the right hon. Gentleman must concede that if there is to be a tunnel underneath the Channel, it has to start from Kent rather than from Glasgow.

**Mr. Terence Higgins (Worthing):** Will the criteria used by the Government to judge competing proposals include the rate of return on capital? What guarantee will the Government require from any promoters that they will have the resources to complete the project?

**Mr. Ridley:** The rate of return on capital will be a matter for the promoters. They will have to demonstrate to their financial backers that they have a viable project. The Government's concern would be to make sure that any



[Mr. Ridley]

investment in British Rail or in roads showed a positive rate of return, according to normal criteria. We shall also ensure that sufficient bonded guarantees of finance are made available to satisfy the two Governments that adequate finance is available for completion of the project.

**Mr. Stephen Ross** (Isle of Wight): We on this Bench welcome the statement by the Secretary of State, which is a change and a pleasure. We believe that this is an imaginative idea and that a link should have been built long ago. Will the Secretary of State confirm that all options are open—rail only, road-rail, bridge and tunnel—and will he please assure the House that once the bids are in there will be no delay on the part of the Government in reaching a decision?

**Mr. Ridley:** I am grateful to the hon Gentleman and delighted to be in a spirit of accord with him. All options are open—the ones that we know about and the ones that we have not yet heard about—provided that they meet the criteria and come in time. Secondly, the firm intention of the two Governments is to complete their consideration and reach a decision by the end of the year, if possible. The French are as keen as we are to do this.

**Mr. Michael Howard** (Folkstone and Hythe): Can my right hon. Friend tell the house a little more about the requirement in the guidelines for public consultation? Can he give an assurance that the effects on south-east Kent, in economic as well as in environmental terms, will be fully taken into account before any decision is reached? Can he also describe the machinery that he has in mind for achieving these objectives?

**Mr. Ridley:** I am grateful to my hon. and learned Friend. Paragraph 12.42 of the guidelines sets out all the procedures for parliamentary and public consultation:

"the more effective the informal consultation carried out by the promoters with local authorities, expert bodies and other interested parties in advance of the Bill's Committee hearings, the greater the likelihood of a smooth passage for those hearings."

That is the point. If the promoters can ascertain local views and go as far as possible towards meeting them, they will find it much easier to persuade the Committee of this House that the proposals are in order.

**Mr. Roland Boyes** (Houghton and Washington): Have not the Government's policies created a wide and ever growing gap between the poorer regions of the north and the south, and have not independent consultants' reports stated quite clearly that the building of a tunnel will put the poorer regions in an even more vulnerable position compared with the richer regions? Have the Government carried out independent inquiries into the effect on the north-east of England of the building of the tunnel? If not, does it not show conclusively that the Government do not give a damn about the massive and ever growing unemployment in the north-east?

**Mr. Ridley:** I refute entirely what the hon. Gentleman says.

**Mr. Boyes:** The right hon. Gentleman cannot do so.

**Mr. Ridley:** The right hon. Gentleman knows perfectly well that the north of England and Scotland have many more estuarial bridges and tunnels than the south of England. All that is happening is that another toll crossing

may be provided across the Channel. The building of the structure, whatever it may be, will create work for the industrial areas of this country. The improvement in our access to and trade with the continent will be of value to the whole country, if it proves to be possible to move goods more cheaply through the link than by ship.

**Mr. Jonathan Aitken** (Thanet, South): Before we all get trampled over in the enthusiastic rush to abolish the good old English Channel, will my right hon. Friend confirm that his document, "Invitation to promoters", which sounds suspiciously like a prospectus for a latterday South Sea Bubble, is a highly speculative, tentative and hypothetical affair? Will he be careful to ensure that the considerable investment now going into the Channel ports in terms of jobs and money will not be placed in jeopardy by the scheme?

**Mr. Ridley:** It will be for investors, including merchant banks of all sorts, to decide whether they wish to invest in any promoter's scheme and to submit a proposal to the Government for that purpose. It must be for them to make up their own minds whether they want to show the correct amount of money to justify one of the schemes going ahead. It would be wrong of me to give guidance either way.

**Mr. Robert MacLennan** (Caithness and Sutherland): Does the Minister recognise that not all Scottish opinion will be as insular as that expressed by the right hon. Member for Glasgow, Govan (Mr. Millan), that among the possible beneficiaries of such a scheme would be British Steel's Scottish plants, and that employment in the developing parts of Britain could be greatly assisted by at least one of the projects put forward? Why is the right hon. Gentleman proposing that the scheme should lapse in October?

**Mr. Ridley:** I am grateful to the hon. Gentleman for pointing out that there could be large benefits for the steel and other industries located all over Britain and for taking a much more sensible view than the right hon. Member for Glasgow, Govan (Mr. Millan).

The 31 October is the last date for the receipt of propositions, and all known contenders have so far agreed that that date gives them sufficient time to prepare their offers. If there were any strong plea for a delay to enable somebody else to come in, we would consider that.

**Mr. Roger Gale** (Thanet, North): I welcome my right hon. Friend's insistence that any fixed link should be financed through free enterprise, but will he give the House an undertaking that his Department will make the necessary investment in the infrastructure in north-east Kent before the building of any such link, because without it, far from benefiting, that area is likely to be devastated.

**Mr. Ridley:** I am grateful to my hon. Friend for welcoming the project. We shall have to consider the implications for Kent's infrastructure. My hon. Friend mentions north-east Kent, but I suspect that south-east Kent will be affected as well. That will be part of the assessment that will have to be made when we receive any particular proposal.

**Sir David Price** (Eastleigh): As a member of the Select Committee which looked at the issue in the previous Parliament, may I ask my right hon. Friend two quick questions? Is he aware that not a single promoter who



appeared before us was willing to put up the money without a basic Government guarantee? Is there to be one? [HON. MEMBERS: "No."] Good.

Secondly, will my right hon. Friend bear in mind that the bridgers, in their evidence to us, were pushing the state of their art far beyond its ability to span the Channel?

**Mr. Ridley:** I have made it clear in the statement and in the guidelines that there will be no Government guarantees of a financial or economic nature. They will be confined to political guarantees, in the case of cancellation for political reasons, by one or the other Government. That is spelt out in the guidelines.

Secondly, I do not want to comment on any particular scheme, be it bridge, bored tunnel or tube, without seeing the full details of what is finally put forward. I do not want to prejudge the decision in any way.

**Mr. Kenneth Warren (Hastings and Rye):** I welcome the prospect of the promotion of a fixed link across the Channel, but to what physical extent will national law apply each side of the Channel?

Secondly, may I reinforce the wish of my hon. Friend the Member for Thanet, North (Mr. Gale) to see the road and rail infrastructure brought up to a standard commensurate with the Channel tunnel when, as he well knows, in south-east England it is already running far behind current demand?

**Mr. Ridley:** I am grateful to my hon. Friend. He will find the question of national law dealt with in the guidelines, but we may have to extend other jurisdiction to the centre of the Channel, as he will read. We must see what proposals come forward from the promoters before we can decide what is necessary on infrastructure, but I assure my hon. Friend that that will be taken into account carefully at the time of receiving propositions.

**Mr. Den Dover (Chorley):** Will my right hon. Friend confirm that British Rail will be able to sign an arm's length agreement with the successful promoter and that that will in no way count against any public sector borrowing requirement?

**Mr. Ridley:** Yes, I can confirm that. British Rail can enter into any agreement that it wishes, but if any investment which it is called upon to finance does not show a positive rate of return, it will be for the promoter to help it with its contribution so that it does show a positive rate of return.

**Mr. Toby Jessel (Twickenham):** If a Channel link were built, would not our trade pattern become so geared to it and so dependent on it, probably far more than any other country, that we would be vulnerable to a threat of closure at the other end? Can my right hon. Friend be certain that no French Government in the future, perhaps to further their bargaining position on some completely different matter, would ever make such a threat?

**Mr. Ridley:** We shall be seeking to sign a treaty with the French about that. The predictions seem to be that a sizeable ferry industry will remain, which will provide an alternative method of getting goods and people across the Channel. I believe that the French will wish to sign a treaty with us, which I hope will be an added protection for the real danger which my hon. Friend rightly mentions.

**Sir John Osborn (Sheffield, Hallam):** Does not the capacity of the final link have its own environmental,

social and employment implications? Is my right hon. Friend satisfied that we have the equipment of Association Trans-Manche, the French agency involved? Will he consider the speeding up of Customs, because whatever link there is will be useless unless we do something on that front as well?

**Mr. Ridley:** I agree with my hon. Friend that the capacity of the link has consequences for the environment as well as for the infrastructure. We are asking the promoters to assess the effects so that we can take them into account in coming to a decision. I agree that Customs are important, and we are already in touch with them to make sure that we can facilitate the passage of goods and people in the quickest way possible.

**Mr. Robert Adley (Christchurch):** Does my right hon. Friend recall the sad political circumstances which surrounded the fact that the late Mr. Anthony Crosland was obliged to cancel the previous tunnel? Will he please take on board the importance of, as far as possible, getting all-party support for the project, bearing in mind that there are people in all parties who do not want it? In view of the obvious and understandable concern about regional policy, will he please do everything that he can to see that that aspect is high on his list of factors when he comes to make his decision? Finally, what will happen if we want one thing and the French want another?

**Mr. Ridley:** I have been encouraged by the wide support so far this afternoon for the principle that I have set forth in the statement. That bodes well for the House being prepared to give a good proposal a fair wind. My hon. Friend asks what will happen if there is a difference of opinion between ourselves and the French, but that is a hypothetical question and we must wait and see what develops. However, it is necessary for the French as well as ourselves to agree before anything can go ahead.

**Dr. Jeremy Bray (Motherwell, South):** Does the Minister expect the promoters to take into account the employment effects either during construction or subsequently in the operation of the fixed link? If not, will the Minister do so?

**Mr. Ridley:** Yes; the guidelines require the promoters to estimate the employment effects both during and after construction, and they will be a relevant factor in coming to a decision.

**Mr. Richard Tracey (Surbiton):** Does my right hon. Friend share my amazement that, in the light of their recent statements, the Opposition do not appear to be happy at the prospect of improving the infrastructure? Does he agree that that may be because the Government are insisting on the use of private rather than taxpayers' money to finance this project?

**Mr. Ridley:** I think that the Opposition are a little uneasy about the fact that it does not cost the taxpayer anything if the project goes ahead, whereas their view often seems to be that the taxpayer must be made to pay more. Therefore, I am sure that my hon. Friends will be delighted if we can have the benefit of this great addition to our infrastructure without great additions to our taxes.

**Mr. Nicholas Winterton (Macclesfield):** May I say that, coming from the north-west, I am fully behind the project. I hope that will please my right hon. Friend. May I remind him that the promoters have already spent many



[Mr. Nicholas Winterton]

millions of pounds on putting propositions to the Government, and can I therefore reinforce the request made by my right hon. Friend the Member for Guildford (Mr. Howell) that the Government might give some indication before 31 October of the sort of tunnel that they want? That would at least remove the necessity of making expensive proposals which will not even be considered.

**Mr. Ridley:** My hon. Friend has raised a serious point, and I have considered it carefully. I do not believe that any very expensive work will be necessary for the promoters before 31 October. We have so structured it that, if expensive testing work is necessary, that can be done only after a decision has been taken. Equally, I am sure that he would agree with me that it would be unfair to any group of promoters who wished to put forward a scheme if we were to rule out such a scheme before they had time even to put it forward.

**Mr. Teddy Taylor** (Southend, East): As the unanimous decision of the five banks' review was that there was no way in which this could be financed from private funds without external guarantees, can my right hon. Friend give us an assurance that there will be no question of national guarantees by the back door through the EEC? Can he give a clear assurance that, if no proposal comes forward by the end of the year, he will finally bury this silly and outmoded white elephant?

**Mr. Ridley:** Perhaps the new factor in the situation is that, despite what the banks said in the report, to which my hon. Friend has referred, miraculously they now find that they think they can finance the scheme without access to public funds or public guarantees. It may be that my hon. Friend will see something in that transformation. I am happy to give him the undertaking for which he asks. There will be no EEC funds or guarantees for the link, because that would merely be public money channelled through another route.

## BILLS PRESENTED

### HORSES AND PONIES

Mr. David Amess, supported by Mr. Harry Greenway, Mr. Greg Knight, and Mr. Gerald Bermingham, presented a Bill to protect horses and ponies against abandonment by their owners; to provide for a statutory code of practice on the tethering of horses and ponies; to oblige owners to arrange for a humane method of identification for their animals; and for purposes connected therewith: And the same was read the First time; and ordered to be read a Second time upon Friday 26 April and to be printed. [Bill 118.]



*u Press*

CHANNEL FIXED LINK

STATEMENT BY THE SECRETARY OF STATE FOR TRANSPORT

2 APRIL 1985

1. I WOULD LIKE TO MAKE A STATEMENT ABOUT THE CHANNEL FIXED LINK.

2. THE HOUSE WILL KNOW THAT IN NOVEMBER 1984, I MET THE FRENCH MINISTERS RESPONSIBLE FOR TRANSPORT TO DISCUSS THE POSSIBILITY OF A FIXED LINK ACROSS THE ENGLISH CHANNEL. AT THAT MEETING WE REAFFIRMED THE WILLINGNESS OF THE BRITISH AND FRENCH GOVERNMENTS TO TAKE WHATEVER STEPS MIGHT BE NECESSARY TO FACILITATE THE CONSTRUCTION OF A FIXED LINK BETWEEN THE UK AND FRANCE WITHIN THE FRAMEWORK OF THE EUROPEAN TRANSPORT NETWORK. WE AGREED THAT THIS PROJECT, FOR WHICH ESSENTIAL POLITICAL GUARANTEES WOULD BE PROVIDED, SHOULD BE FINANCED WITHOUT SUPPORT FROM PUBLIC FUNDS OR GOVERNMENT GUARANTEES AGAINST COMMERCIAL OR TECHNICAL RISKS AND ON THE BASIS OF CONDITIONS PREVAILING ON THE INTERNATIONAL FINANCIAL MARKETS.

3. WE ALSO AGREED TO ESTABLISH A WORKING GROUP OF OFFICIALS OF BOTH GOVERNMENTS TO DRAW UP GUIDELINES TO POTENTIAL PROMOTERS, IN ORDER TO GIVE THEM A CLEAR UNDERSTANDING OF THE REQUIREMENTS OF THE TWO GOVERNMENTS ON, FOR EXAMPLE, SAFETY AND THE ENVIRONMENT, THE UNDERTAKINGS THE TWO GOVERNMENTS WOULD BE PREPARED TO GIVE, AND OF ANY CONSTRAINTS AFFECTING COMMERCIAL EXPLOITATION. AT THE MEETING ON 29 NOVEMBER BETWEEN MY RT HON FRIEND THE PRIME MINISTER AND THE FRENCH PRESIDENT, THESE DECISIONS WERE CONFIRMED, AND IT WAS DECIDED THAT OFFICIALS WOULD BE INSTRUCTED TO REPORT TO MINISTERS BY THE END OF FEBRUARY.

4. OFFICIALS DELIVERED THEIR REPORT ON 28 FEBRUARY, AND ON 20 MARCH WE HELD A FURTHER MEETING WITH THE FRENCH MINISTERS TO AGREE THE FINAL TEXTS OF THE GUIDELINES AND TO DECIDE CERTAIN FURTHER POINTS. IN PARTICULAR, WE AGREED THAT THE CLOSING DATE FOR PROPOSALS WOULD BE 31 OCTOBER, AND THAT THE TWO GOVERNMENTS



WOULD AIM TO REACH A DECISION AROUND THE END OF THE YEAR, ON WHICH PROPOSAL, IF ANY, THEY CONSIDER SHOULD BE ENABLED TO GO AHEAD. WE ALSO AGREED THAT WE SHOULD BEGIN CONTINGENCY WORK NOW ON THOSE ELEMENTS OF THE TREATY WHICH WOULD BE COMMON TO ANY FORM OF LINK CHOSEN.

5. I HAVE PLACED COPIES OF THE GUIDELINES - OR, TO GIVE THEM THEIR PROPER NAME, THE "INVITATION TO PROMOTERS" - IN THE VOTE OFFICE.

6. IN SAYING THIS, I DO NOT WANT HON MEMBERS TO THINK THAT WE HAVE PREJUDGED THE ISSUES. WHEN THEY HAVE HAD TIME TO STUDY THE GUIDELINES THEY WILL RECOGNISE MY CONCERN TO ENSURE THAT THERE IS ADEQUATE PUBLIC CONSULTATION, THAT ENVIRONMENTAL, SOCIAL AND EMPLOYMENT IMPACTS ARE FULLY APPRECIATED AND THAT THE FINANCIAL CONDITIONS ARE FULLY MET. ALL THESE MATTERS WILL BE CAREFULLY CONSIDERED BEFORE THE TWO GOVERNMENTS ARRIVE AT A DECISION.

7. MR SPEAKER, I CANNOT YET TELL WHETHER A FIXED LINK WILL BE BUILT ACROSS THE CHANNEL OR NOT. WHAT I CAN SAY IS THAT THE PRIVATE SECTOR NOW HAS A UNIQUE OPPORTUNITY. WE HAVE REACHED FULL AGREEMENT WITH THE FRENCH ON THE CONDITIONS WHICH THE PROMOTERS MUST MEET. I WISH THE PROMOTERS WELL IN THIS GREAT ENDEAVOUR.



CONFIDENTIAL



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

Tim Flesher Esq  
10 Downing Street  
LONDON  
SW1

2 April 1985

Dear Tim,

W  
2/4

CHANNEL FIXED LINK

/ I attach a copy of the text of  
/ the statement being made by my Secretary  
of State today, and a copy of the final  
version of the "Invitation to Promoters"  
(the Guidelines) for your information.

I am also sending copies, under  
cover of a copy of this letter, to private  
secretaries to all members of E(A),  
to the Secretary of State for Defence  
and to Sir Robert Armstrong.

Copy destroyed.  
See copy attached to  
briefing dated 10 May 1985  
S. Gray  
22/5/2014

Yours ever

PP. H C S DERWENT  
Private Secretary

CONFIDENTIAL





FCS/85/75

SECRETARY OF STATE FOR TRANSPORT

Channel Fixed Link (CFL)

1. Thank you for your letter of 28 March reporting on your meeting with your French colleagues on 20 March, and its successful conclusions on publication of the Guidelines, the timetable for decision-making and the scope of further work. I agree broadly with what you propose.
2. You ask for the agreement of colleagues to two specific points:
- (a) I think the wording in your draft statement to the House on the "prejudged" point hits just the right note. Clearly it would be irresponsible on the Government's part not to begin contingency work until a decision, whatever it might be, is taken: we cannot expect a successful promoter to maintain his financial and technical commitments in limbo while we get the governmental framework into position. Equally, the fact that such contingency work had been undertaken would not mean that it could not be dropped if the scheme came to nought (though I hope the use of scarce manpower can nevertheless be deployed as economically as possible);
- (b) the question of public consultation. This is more difficult. Naturally we must allow all sides of the question to be thoroughly aired and must take due account of what is said. On the other hand, we shall have trouble with the French and with the promoters if they think we are proposing consultation procedures which will drag on for years. The worst position of all would be one in which we started off confident of our ability to promote consultation in the way you suggest

/in





in your letter, only to find that we were forced at a later stage to concede a different and longer procedure. I think we shall need to consider very carefully assessments by John Wakeham of the views of our supporters, and by Patrick Jenkin on the legal position and the strength of public opinion, both in Kent and nationally. Assuming that these assessments are reassuring, however, I agree that your proposal on consultations would be the best way of maintaining momentum.

3. You mentioned the confidential discussions on national defence, security (including counter-terrorism and policing), blockades etc. My officials are in touch with other Whitehall Departments on these and will be putting suggestions to the Quai d'Orsay on how work should be taken forward bilaterally. The objective will be to entrust substantive work to the Departments most closely concerned (while ensuring that others interested are kept appropriately informed), and that progress on these matters is coordinated as necessary with other work following on from the publication of the guidelines. In particular, we must ensure that the promoters can be told in good time of any implications these confidential matters may have for the capital cost or operating profits of the CFL.

4. I am copying this minute to the Prime Minister, members of E(A), the Home Secretary (in view of his interest in counter-terrorism and policing), the Secretary of State for Defence, the Chief Whip and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

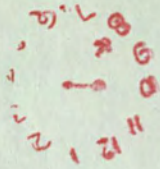
GEOFFREY HOWE

Foreign and Commonwealth Office

1 April 1985



TRANSPORT: Channel Tunnel



01 APR 1985



PART 2 ends:-

PS/CST to Transport 29.3.85

PART 3 begins:-

FCS to SS/Transport 1.4.85.



