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INTERIM REPORT

drawn up on behalf of the Committee on Transport

on the possibilities of providing Community support
for a fixed link across the Channel

Rapporteur : Mr M VANDEWIELE

PE 84.110/fin.

In a letter dated 4 March 1982, the Committee on Transport asked for authorization to draw up a report on the possibilities of obtaining Community support for a fixed Channel link.

The President of the European Parliament gave his permission in a letter dated 6 April 1982.

The Committee on Economic and Monetary Affairs was asked to deliver an opinion.

The Committee on Transport appointed Mr Vandewiele rapporteur on 29 April 1982.

At the request of the Committee on Transport, made on 24 September 1982, the rapporteur held meetings on this subject with the British Secretary of State for Transport and the French Minister for Transport on 20 December 1982 and 19 January 1983 respectively.

Since the scale and conditions of Community support cannot be determined until the governments directly concerned have taken a decision of principle which they probably will not do before the next elections to the European Parliament, the Committee on Transport decided on 17 February 1983 to draw up an interim report in order to take recent developments into account.

The Committee on Transport discussed the draft interim report at its meetings of 26 April and 26 May 1983 and approved them on the latter date unanimously with one abstention.

Present: Mr Seefeld, chairman; Dame Shélagh Roberts, Mr Carossino, Mr Kaloyannis, vice-chairmen; Mr Vandewiele, rapporteur; Mr Cardia, Mr Gabert, Mr K.-H. Hoffmann, Mr Janssen van Raay (deputizing for Mr Modiano), Mr Key, Mr Klinkenborg, Mr Loo (deputizing for Mr Albers), Mr Martin, Mr Moorhouse, Mr Moreland (deputizing for Mr Cotrell) and Mr Skovmand.

The opinion of the Committee on Economic and Monetary Affairs is appended to this report.

The report was tabled on 26 May 1983.

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The Committee on Transport hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the possibilities of providing Community support for a fixed link across the Channel

The European Parliament,

- A. having regard to its earlier reports and resolutions on transport infrastructure, particularly its report on the construction of a Channel tunnel and the associated resolution of 8 May 1981¹,
- B. having regard also to its resolution on the Channel Tunnel and the European Community of 9 November 1981², and its resolutions of 22 April 1982 on the financing of a fixed link across the Channel³,
- C. having regard to the report by the Commission of the European Communities on Community support for a possible fixed link crossing of the Channel, France to the UK (SEC(82) 942),
- D. having regard to the Council Regulation of 30 December 1982 on the granting of limited support in the field of transport infrastructure⁴,
- E. having regard to the rapporteur's discussions with the ministers responsible in the countries directly concerned by this project,
- F. having regard to the interim report by the Committee on Transport and the opinion of the Committee on Economic and Monetary Affairs (Doc. 1-372/83),

¹ Doc. 1-93/81, OJ No. C 144 of 15.6.1981, p. 98

² Doc. 1-515/81, OJ No. C 287 of 9.11.1981, p. 102

³ Doc. 1-114/82, OJ No. C 125 of 17.5.1982, p. 81 and
Doc. 1-131/82, OJ No. C 125 of 17.5.1982, p. 82

⁴ OJ No. L 376 of 31.12.1982, p. 10

1. Reaffirms its repeated and consistent recommendation that a fixed Channel link should be built and that, in view of the project's Community dimension, the Community should participate in the attainment of this objective;
2. Considers the construction of such a link desirable for the stimulation of the Member States' industrial production and economies and the promotion of intra-Community trade and passenger traffic, because of the positive effects which it may be expected to have on employment and the situation of certain regions in the Community;
3. Emphasizes in particular the significance of this link for Community policy on transport infrastructure and is of the opinion that a fixed link across the Channel is an indispensable part of a coherent European infrastructure network;
4. Welcomes the fact, therefore, that in September 1981 the French President and the British Prime Minister revived the idea of a fixed link between the Continent and the United Kingdom and that a Franco-British working group has prepared an excellent report on the matter with commendable speed;
5. Has examined this document with interest and endorses the working group's conclusions, which are that any uncertainty about whether or not this project is to be carried out ought to be eliminated as soon as possible;
6. Stresses that the countries directly concerned would derive most benefit from a continuation of a fixed link and a thriving maritime industry, each being perfectly compatible and desirable for an efficient and complementary cross-Channel transport system;
7. Notes with satisfaction that Community involvement in this project has in the meantime become a reality, since the Council earmarked half a million ECU of the 1982 Community budget for financing the preparatory work and the Commission is closely involved in the preparation of the financial feasibility study that a consortium of French and British banks were last year asked to carry out by their governments;
8. Expresses its satisfaction also at the fact that the British Secretary of State and the French Minister for Transport have again stated that they are in favour of the construction of a fixed link between their countries although the decision of principle can only be made on the basis of the results of the feasibility study mentioned above;

9. Points out in this connection that both countries intend to seek finance for this project on the international capital market and neither of them is prepared to provide a government financial guarantee;
10. Considers it therefore of the utmost importance that both governments should give a clear political and legally binding undertaking, to prevent the work being suspended as it was in 1975;
11. Points out that it cannot make any specific proposals on the amount of Community support available for this link and the conditions and procedure for providing it - which it had earlier indicated a willingness to do - until a decision of principle has been taken and the type of project to be implemented has been finally determined.
12. Regrets that there have been considerable delays in carrying out the study on the financial implications of a fixed Channel link and the enthusiasm with which the decision of September 1981 was initially greeted now seems to have diminished;
13. Calls urgently therefore upon the British and French authorities responsible to do everything in their power to enable this decision to be taken as rapidly as possible;
14. Notes with interest the preference of the Franco-British working party on the grounds of environmental protection, the safety of shipping in the busy sea lanes of the Channel and considerable savings in energy, for a double railway tunnel 7 metres wide, possibly built in phases, with provision for a vehicle shuttle;
15. Instructs its President to forward this resolution to the Commission, the Council, the governments of the Member States concerned and the national parliaments.

EXPLANATORY STATEMENTI. INTRODUCTION

1. On 20 March 1981 the Committee on Transport approved a report on the construction of a tunnel under the Channel. In this working document prepared by Mr De Keersmaecker (Doc. 1-93/81) the various aspects of the question of a fixed link across the Channel were considered in detail and emphasis was laid on the advantages of this project and its interest for the Community.
2. A year later, on 25 February 1982, the Committee on Transport decided to draw up an own-initiative report on the possibilities of Community aid for this infrastructure project whose importance to the Community lies primarily in the area of transport policy.
3. After discussion of a working document on the subject (PE 80.183), the Committee on Transport instructed its rapporteur on 24 September 1982 to consult the British Secretary of State and the French Minister for Transport.
4. An oral report on your rapporteur's talks with Mr Howell on 20 December 1982 and with Mr Fiterman on 19 January 1983, was given at the committee meeting on 17 February 1983.
5. On that occasion, on the rapporteur's proposal, the Committee on Transport decided to draw up an interim report, because:
 - without a decision of principle by the British and French authorities to build a fixed link between their countries and a decision on the type of project required, it is impossible for the Community to fix the size and details of any financial aid and for the European Parliament to bring out a definitive report
and
 - it is unlikely that these decisions will be taken before the next European parliamentary elections, while there have been a number of developments since the De Keersmaecker report was adopted, which must not be overlooked.

II. DEVELOPMENTS SINCE THE DE KEERSMAEKER REPORT

A. In general

6. The most important political event since the De Keersmaeker resolution was adopted on 8 May 1981¹, was undoubtedly the decision by the French President and the British Prime Minister to hold a joint inquiry into the interest and feasibility of a fixed link across the Channel.

7. Following this decision by Mrs Thatcher and Mr Mitterrand, during their meeting in London on 10 and 11 September 1981, a special working group, made up of senior officials and their departmental experts, was set up with commendable speed by the French and British ministers for Transport and held its first meeting on 28 September 1981.

8. This Franco-British study group has in the meantime handed over its report to the ministers concerned. On 16 June 1982 Mr Fiterman, the French Minister for Transport, and Mr Howell, the British Secretary of State for Transport, simultaneously announced the findings of this study to the Assemblée Nationale and the House of Commons.

9. In this important and detailed report, a summary of which is given in the annex, the study group stresses that the prevailing uncertainty on whether to build a fixed link across the Channel must be eliminated as soon as possible.

The working group is moreover of the opinion that the countries concerned will receive the most benefit from a combination of a fixed link and a thriving maritime industry and gives its preference to a project for a double railway tunnel to be laid in phases with provision for a vehicle shuttle.

Finally the study group noted the European Parliament's interest in this project and recommended Community involvement if there were a decision to proceed.

¹ OJ No. C 144 of 15.6.1981, p. 98

10. In the autumn of last year a consortium of British and French banks¹ was asked to carry out a study of the financial implications of a fixed link and of particular projects that were submitted by the governments concerned.

11. The preparation of this financial feasibility study, which the British and French Governments must approve before deciding to proceed, has however run into considerable delays and the final results will probably not be available until the end of 1983 instead of at the beginning of the year.

12. Your rapporteur also regrets to note that the initial enthusiasm with which this top-level decision was received has now cooled and fears that this may be the beginning of a period of hesitation during which the necessary decisions will be shelved.

B. Community aspects

(i) The Council

13. On 16 December 1982 the Council (transport) approved the Commission proposal for a regulation on limited financial support in the field of transport infrastructure.

On the strength of this regulation the Community earmarked 10 million ECU financial aid for three transport infrastructure projects including the Channel link².

For financing 'work on the technical aspects for use in appraisal of the project by the banking institutions' 500,000 ECU was allocated³.

14. The Committee on Transport welcomed this regulation, mainly because for the first time Community resources were allocated for financing transport infrastructure as such; the Commission of the European Communities had already submitted a draft regulation on this as long ago as on 5 July 1976⁴, which the European Parliament has continually urged should be implemented.

¹ I.e. Banque Nationale de Paris, Crédit Lyonnais, Banque Indosuez, Midland Bank and National Westminster Bank

² In its opinion on the subject - cfr the report by Dame Shelagh Roberts (Doc. 1-651/82) - Parliament did not retain the Channel project, because the Committee on Transport was of the opinion that 'only projects which are ready for implementation' should receive support and the financing of studies should no longer do so.

³ Regulation (EEC) No. 3600/82 OJ No. L 376 of 31.12.1982, p. 10

⁴ OJ No. C 207 of 2.9.1976

Furthermore, this innovation of granting aid to projects of Community interest is largely a result of Parliament's unceasing exhortations.

(ii) The Commission

15. Mr De Keersmaeker has already commended in his report the Commission's determination to create a Community policy for transport infrastructure and the priority that must be given to building a fixed Channel link.

This trend has since been established. In fact the Commission has continued its endeavours in this quarter with even greater zeal in recent years, thanks to the impetus given by the Council on 10 June 1982 and the personal efforts of its then President, Mr De Croo.

16. In the last two years, the Commission has drawn up other important documents on a common transport infrastructure policy including the evaluation of the Community interest of infrastructure projects (COM(81) 507), the evaluation technology of transport infrastructure investments (COM(82) 807) and, in particular, the transport infrastructure experimental programme (COM(82) 828).

The fixed Channel link has an important place in all these documents.

17. At its request, the Commission of the European Communities finally submitted a report to the European Parliament on Community support for a possible fixed link crossing of the Channel on 9 June 1982. More will be said about the contents of this document (SEC(82) 942) in the next section.

(iii) The European Parliament

18. The European Parliament has consistently argued in favour of a fixed Channel link both in plenary sittings and in the Committee on Transport, as will be shown below.

19. A motion for a resolution on the Channel tunnel and the European Community, tabled by Mr Berkhouwer, Mr Moorhouse, Mr De Keersmaeker, Mr Charzat, Mr Israel, Mr Janssen van Raay and Mr Moreland, in which emphasis was again laid on the various advantages of the project, received 221 signatures in

October 1981, pursuant to Rule 49 of the Rules of Procedure (entry in the register)¹.

On 22 April 1982 there was a debate on the desirability of financial participation in this project by the Community and two motions for resolutions were tabled: the resolution by Mr Seefeld and others, on behalf of the Committee on Transport, on the financing of a fixed link across the Channel, in which stress was laid on the value of Community support², and the resolution by Mr Cottrell and others, in which 'the economic necessity' of the fixed link was reaffirmed³.

20. While preparing its own-initiative report, the Committee on Transport had meetings with representatives of the British Steel 'Euro Route' project for a bridge-tunnel plan (24 June 1982), representatives of British Rail (13 July 1982) and representatives of the European Channel Tunnel Group/ Groupement Européen du Tunnel sous la Manche (24 September 1982) and Sir Frederick Bolton, Chairman of the Dover Harbour Board (26 May 1983).

As was mentioned above, on 20 December 1982, your rapporteur, in the presence of Mr Moorhouse, had meetings on this question with Mr Howell, the British Secretary of State for Transport, and, on 19 January 1983 accompanied by Mr Martin, with Mr Fiterman, the French Minister for Transport.

On 13 July of this year, at the invitation of the chairman of the 'Conseil Régional Nord/Pas-de-Calais', a delegation from the Committee on Transport, consisting of the bureau and the rapporteur, will go to Calais to discuss this question with representatives of the study group that has been specially set up.

III. THE FINANCING OF A FIXED LINK ACROSS THE CHANNEL AND THE POSSIBILITIES OF PROVIDING COMMUNITY SUPPORT

A. Theoretical considerations

21. There can be no further doubts about the actual principle of Community support for the building of a fixed link across the Channel, now that the

¹ OJ No. C 287 of 9.11.1981, p. 102

² Doc. 1-114/82, OJ No. C 125 of 17.5.1982, p. 81

³ Doc. 1-131/82, OJ No. C 125 of 17.5.1982, p. 82

European Parliament, the Commission and the Council have all given their approval, as was pointed out in the previous section.

22. Community involvement in this project, which has been repeatedly urged by Parliament, has in the meantime become a fact and on these grounds alone - since the De Keersmaecker report - notable progress is certain, given that:

- the Community has paid out half a million ECU

- and the financial feasibility study by the consortium of banks is being carried out in close cooperation with the European Commission.

23. In addition both the French Minister of Transport and his British counterpart have informed your rapporteur that they are not only still in favour of a fixed Channel link but also attach great importance to Community involvement and support in actually building it.

24. To finance a fixed link between the continent and the United Kingdom, the British and French authorities have decided to call upon the international capital market, i.e. for risk capital in particular; consequently no government funds will be made available.

Mr Fiterman and Mr Howell also told your rapporteur that in no circumstances would they give a financial guarantee.

B. Practical considerations

25. The scale of support from Community funds and the conditions and procedures for it are entirely dependent on an unambiguous decision by the British and French authorities to make an effective move towards building a fixed Channel link and on the type of project that is chosen.

26. The Commission has always emphasized in various reports and communications that such a decision is indispensable. In its report of 9 June 1982 the Commission stipulates that any financial support 'has to be based on an evaluation of a large number of factors which cannot be quantified until the specific nature of a project is known'. In other words Community support is

dependent on the project's financial and technical characteristics (design, construction methods)¹.

The estimated investment costs range from about nine thousand million FF or £900 million for a single track tunnel 6 m wide (the cheapest formula) to about 38 thousand million FF or £3.8 thousand million for a bridge-tunnel project based on artificial islands (the most expensive solution)².

27. The main financial sources for any Community support are³:

(i) the European Investment Bank (EIB), which can grant loans of up to 20 to 30% of the total cost, with interest rates below market levels;

(ii) the New Community Instrument (NCI), which, under EIB supervision and by a similar procedure, can grant loans to projects that contribute to convergence and integration in the Community, which would certainly be the case with the Channel Link;

(iii) the European Regional Development Fund (ERDF), which can give financial help of up to 30% of the total cost of projects in areas that are relatively depressed or are experiencing great difficulties; this does not apply to the South East of England but does apply to the Nord/Pas-de-Calais region.

28. In addition to Community support, grants, reduced interest loans and loan guarantees may possibly be granted under the 1976 draft regulation on support for projects of Community interest in transport infrastructure⁴. According to the Commission this would 'permit the Community to accord a loan under the NCI Mechanism which would be guaranteed ... directly by the Community through the Commission budget'⁵.

¹ Commission report to the European Parliament on Community support for a possible fixed link crossing of the Channel, France to the UK: the current position, SEC(82) 942, par. 1.1 and 1.2

² Costs at levels for end of 1981. Source: report of the Franco-British working group

³ Report by the Commission to the European Parliament on Community support for a possible fixed link crossing of the Channel, France to the UK: the current position, SEC(82) 942, par. 4.2 to 4.6

⁴ OJ No. C 207 of 2.9.1976

⁵ Cf. SEC(82) 942, p. 5, par. 4.6

29. With this in view, the financial feasibility study now being drawn up by the consortium of banks is of exceptional importance, seeing that further data will become available on viability and internal profitability, etc., and thus on the availability and amount of private funds, which in their turn will be decisive in determining whether or not a guarantee will be given and if it is for how much.

30. In this connection your rapporteur is able to say that Mr Fiterman and Mr Howell have stated that they are prepared to give a clear political guarantee, as soon as the decision of principle has been taken. The French Minister for Transport has emphasized that it is essential to ensure that once the work is begun it will be brought to a satisfactory conclusion. The possibility of the work being suspended as in January 1975 must at all costs be avoided; an appropriate legal agreement must therefore be drawn up.

31. In its experimental transport infrastructure programme covering the period 1981-1987, the Commission writes that it would be desirable to envisage cofinancing of various preparatory technical works for the construction of a fixed Channel link, subject to a decision of principle to construct¹.

32. In its report to the Council on the Community interest of transport infrastructure investments: practical experience with the evaluation methodology, the Commission raised the exceptionally important question that some unforeseen event might considerably increase the cost of the works².

Mr Moorhouse has also emphasized this problem. Your rapporteur hopes therefore that the banks' feasibility study will throw some light on it. In any case such an eventuality must not be allowed to lead to a suspension of the work, which would mean that all the money and effort already devoted to this link would have been expended in vain.

¹ Cf. COM(82) 828 final, p. 13

² Cf. COM(82) 807 final, p. 10

33. With regard to the type of project your rapporteur wishes to record the Franco-British working party's preference for a double railway tunnel, which would link two tunnels 7 metres in diameter by means of a service tunnel 4.5 metres wide and would consequently allow for a vehicle shuttle. This project might eventually be built in phases. In the De Keersmaeker report the Committee on Transport has already expressed its preference for a railway tunnel because of its concern for the environment and the safety of shipping in the busiest seaway in the world. Furthermore, no new or untried technology should be used here so as to reduce the risk of a large unforeseen rise in costs. Finally, such a solution would permit savings in energy and fuel, which are not to be neglected.

34. This project is not only the choice of the Franco-British study group¹, the national authorities directly concerned also seem to prefer it.

35. In its report, the Franco-British study group estimated the cost of this double railway tunnel at 1.8 thousand million pounds or 18 thousand million FF².

Your rapporteur is of the opinion that this sum is not too large for the necessary resources to be found on the international capital market³.

36. Finally, it should be noted that the report by the Franco-British working party indicates that the countries concerned would derive most benefit from the combination of a fixed link and a thriving maritime industry.

¹ See conclusion 1(iii) of its report shown in annex.

² Prices for the end of 1981.

³ In January 1983, a tunnel was completed between the Japanese islands of Hokkaido and Hondo. The 'Seikan' tunnel, 54 km long, is the longest in the world and about 4.5 km longer than a future Channel would be (49.5 km).

IV. CONCLUSIONS AND RECOMMENDATIONS

37. The Committee on Transport wishes to restate its opinion that the construction of a fixed Channel link is desirable for the Community, in view of the advantages for the Member States' economy, intra-Community trade, the promotion of employment, the beneficial effects at regional level - particularly in the surrounding areas - and finally for the Community transport infrastructure policy.

38. It welcomes the fact therefore that the French President and the British Prime Minister gave this plan a new lease of life in September 1981 and that a Franco-British study group has very quickly brought out an excellent report on it.

39. The Committee on Transport regrets however that the new impetus has been lost and there are now delays with the financial feasibility study, which a consortium of French and British banks have been asked to carry out.

This delay is all the more regrettable in that a decision of principle by the governments directly concerned has to be taken on the basis of the results of this study and it is not possible to settle the size or the conditions of Community financial aid without such a decision.

40. On the grounds of environmental protection, the safety of shipping in the heavily navigated Channel and the possibility of a major saving in energy, preference is given to a double rail tunnel, 7 m wide, possibly built in phases, with provision for a vehicle shuttle.

The Committee on Transport does not wish to anticipate the Franco-British decision or to exclude alternative solutions.

41. Your rapporteur welcomes the fact that Community involvement in carrying out this infrastructure project of extreme importance for the Community has now become a reality, as has been shown in this report.

42. Finally the Committee on Transport calls on the British and French authorities responsible to take a definite decision on the project to build a fixed Channel link as soon as possible.

SUMMARY OF CONCLUSIONS

of the Fixed Channel Link
Report of UK/French Study Group¹

1. In sum, the Group reaches the following conclusions:

- (i) It cannot advise Ministers that they should rule out deferring a decision pending further study of drive-through schemes, but it believes that the transitional uncertainty which would meanwhile exist could be damaging and that the adjustments which would be necessary once such a link came into operation could be unacceptable from social and other points of view.
- (ii) Indeed the Group considers that it is important to eliminate uncertainty as soon as possible and to take a decision on whether to place exclusive reliance on development of shipping services or whether to complement these by a fixed link in the form of a bored tunnel capable of being in operation by the beginning of the next decade.
- (iii) For the combination of reasons developed above, the Group believes that the balance of advantage lies with bored twin rail tunnels with a vehicle shuttle, constructed, if necessary, in phases. This solution would appear to be in the broad interests of both countries, since it would offer a secure means of transport, would be energy saving in operating and would not adversely affect employment.
- (iv) The Group understands it to be the intention of both Governments that, if they decide that they should facilitate, by Treaty and other Governmental processes, the construction of a fixed link, the necessary finance should be sought from market sources. In the light of financial studies which it has carried out as a complement to its economic analysis, the Group believes that the approach recommended in (iii) above is that most likely to appeal to the capital markets.

¹ Presented to Parliament by the Secretary of State for Transport, Department of Transport, June 1982, Cmnd. 8561, p. 24 and 25

- (v) The Group emphasizes that the confidence of the capital market is dependent on a clear expression of goodwill by both Governments and an assurance that they will not act against the interests of the project.
 - (vi) The Group suggests to Ministers that the only decision they can immediately take is, if it is to be in favour of a fixed link, one of principle: on both sides of the Channel it must be subject to the ability of the market to raise finance on terms acceptable to both Governments.
2. It is the Group's judgment that the best solution from the point of view of both countries would be one which combined a fixed link of the kind proposed with a thriving maritime industry still carrying as much as, or more than, the traffic it now carries, in conditions of healthy and constructive competition.
3. The Group has noted the strong interest expressed by the European Parliament in the idea of a fixed Channel link and has taken particular note of the content of its Resolution of 8 May 1981. It also notes that the Commission of the European Communities has commissioned studies designed to assess the Community interest in such a link. The Group recommends that if Ministers take a decision to proceed, the two Governments should inform the Commission with a view to further consideration of the Community interest and the possible scope for Community involvement.

OPINION

of the Committee on Economic and Monetary Affairs

Draftsman : Mr G. DELEAU

On 28 April 1982, the Committee on Economic and Monetary Affairs appointed Mr DELEAU draftsman of the opinion.

The committee considered the draft opinion at its meeting of 26 May 1983 and adopted it unanimously.

The following took part in the vote :

Mr MOREAU, chairman;

Mr HOPPER, vice-chairman;

Mr DELEAU, vice-chairman and draftsman;

Mr CALVEZ (deputizing for Mr DE GUCHT), Mr COHEN (deputizing for Mrs DESOUCHES),

Mrs FOCKE (deputizing for Mr RUFFOLO), Mr FRIEDRICH, Mr HERMAN, Mr LEZZI

(deputizing for Mr CABORN), Mr SELIGMAN (deputizing for Mr DE FERRANTI),

Mr WAGNER, Mr von WOGAU and Mr WELSH

This opinion was tabled on 27 May 1983.

1. Plans for the construction of a fixed link across the Channel

The Committee on Economic and Monetary Affairs is not required to assess the technical aspects of the many projects for a fixed Channel link.

However, economic and monetary considerations, on which the Committee on Economic and Monetary Affairs is obliged to express its preferences, do affect the choice of project. Thus the latest studies show that a single track rail tunnel, without vehicle shuttle for the time being, would best suit the hypothesis of slow economic growth.

This type of project would noticeably facilitate passenger and goods traffic to and from Britain, would stimulate economic activity and promote the efficient use of energy without imperilling regional and environmental objectives.

A fixed rail link would permit an economically stable transfer from road to rail which would not affect existing specialized vehicle ferry operations on either side of the Channel.

In the present economic climate this to a certain extent 'minimum' solution would bring the maximum advantage at the least risk, while not ruling out a second tunnel for vehicle traffic in the future.

Moreover, in its resolution of 8 May 1981 the European Parliament did lend its support to the rail link plan.¹

2. Financing of a rail tunnel project

The negotiations between the two governments directly affected have run into difficulties mainly over the method of finance, as the British Government is counting solely on private capital while the French Government favours public finance.

¹ OJ C 144, 15.6.1981, p. 98

Failure by the authorities to underwrite operations would certainly increase the problems and cost of financing the project. Moreover, the British Government's preference for private finance raises special problems in view of the importance of the project to the French and British state-owned railways.

The European Parliament therefore ought to urge the Council and Commission to make this project a major European investment project for the eighties, over and above the two Member States directly concerned, and enjoying very substantial Community financial support.

According to the report by the Commission on the subject published on 9 January 1982¹ there are two main possible sources of Community financial aid:

- the European Investment Bank, which may grant loans (20-30% for infrastructure projects) to assist the financing of projects which serve the common interests of several Member States;
- the New Community Instrument for which the Commission has just proposed a new 'tranche' of 3,000m ECU.

Moreover, in view of the short, medium and long-term regional implications of the project, ERDF aid might also be considered.

In conclusion, the Committee on Economic and Monetary Affairs:

1. Believes that the construction of a rail link under the Channel will substantially improve passenger and goods transport to and from Britain while best preserving the regional and social interests concerned, and will therefore make a major contribution to economic integration in the Community;
2. Therefore considers that this great investment project, as part of a policy to revive the economy, should exemplify the vigour of the Community in the Eighties and become a European venture;

1

Sec (82) 942.

3. Therefore repeats its desire to see greater use made of the Community's financial instruments and calls for all the Community's financial resources, in particular via the European Investment Bank and the NCI, to be mobilized so that the project for a rail link under the Channel, once it has been finalized, may receive Community financial aid sufficient to guarantee its long overdue completion.

4. Considers, finally, that in view of the divergences between the countries concerned and the amount of capital required, these financial resources should be supplemented by attracting private investment. In this case it would be necessary to consider setting up a European development company to act as prime contractor for the construction of the link and subsequently to be responsible for its running. All Community Member States would be given the opportunity of participating in the company.