

ORIGINAL FILED ON:

RA ENVIRONMENTAL  
AFFAIRS: Acid Rain  
p 5PRIME MINISTER

## MEETING OF E(A): 15 JUNE

There are two potential items for the agenda:

1. A second Severn crossing (see folder 1.)
2. Acid rain: draft EC large combustion plants directive (see folder 2)

Severn Crossing

This will definitely need to be discussed by the Committee. Two papers are enclosed:

1. E(A)(88)28. An earlier paper by Peter Walker in which he makes a case for urgent action to build a second crossing as soon as possible.
2. E(A)(88)30. A paper just circulated by Mr. Channon. He argues that, measured against priorities in the national roads programme, a second Severn crossing rates only low priority. Even though he is bidding for an extra £400 million in this year's PES, he is not seeking provision for this project. He therefore argues that this is an excellent opportunity to build on the Dartford precedent and to invite bids on a broadly similar basis for a second privately financed Severn crossing. His paper also addresses the issue of tolls on the present bridge.

Some further papers will be available next week for the meeting. The Policy Unit and Cabinet Office will prepare briefs, and we can expect a note from the Chief Secretary, who is holding a meeting on Monday, to thrash out the Treasury line. The Treasury faces a real dilemma about what line to take on the private finance option.

I imagine you will want to look carefully at the private

sector approach. Mr. Channon is proposing following quite closely the Dartford case. But it might also be worth considering other private financing options, such as including the approach roads within the private project, and excluding taking over the existing bridge. Such alternatives would introduce a fuller degree of private sector risk.

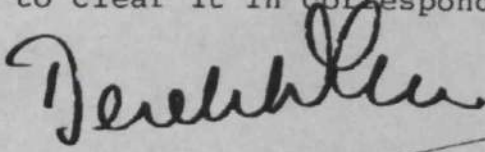
#### Acid Rain

Charles has already assembled the main papers on this issue under his cover minute of today's date. But there are one or two other developments during the day which you will wish to be aware of:

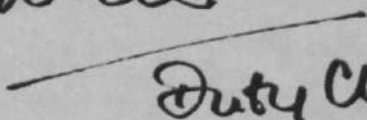
I now also enclose a note by Caroline Sinclair in the Policy Unit supporting Mr. Ridley's approach.

You may want to consider whether you see the need for this item to be discussed in E(A). If you are content with the approach advocated by Mr. Ridley you might (mindful of the pressures on your diary next week) want to propose clearing the item in correspondence. One potential difficulty with that course is that Mr. Parkinson is in the Far East until next Wednesday morning, and Mr. Morrison is reluctant to commit his position in his absence; but we ought to be able to find a way round that.

Do you want to put the acid rain item on the E(A) agenda or seek to clear it in correspondence?

f PG 

10 June, 1988.

  
Derek Clarke