



Chancellor of the Duchy of Lancaster

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7 October 1985

The Rt Hon Leon Brittan QC MP
Secretary of State for Trade and
Industry
1 Victoria Street
LONDON SW1

CGO
ll/x.

Dear Secretary of State,
WESTLAND

Thank you for the copy of your minute of 4 October to the Prime Minister. I have also seen Charles Powell's letter of 7 October to John Mogg.

I await hearing further on the line which is proposed to be taken with Mr Gandhi next week. But I should offer some comments on your minute as it stands.

I understand that a European solution needs to be assessed urgently, but I think it may well owe more to an effort to keep Westland out of Sikorsky's hands than to offer a lifeline to Westland; it is not, on the face of it, apparent what the European companies have to gain which would compensate them for the possible risk, other than to make less likely a partnership between Westland and Sikorsky. Nevertheless, it can do Westland little harm now to appear the object of attention of more than one suitor.

It is not clear whether we will have definite statements of the Indian Government's intentions during Mr Gandhi's visit. Should Mr Gandhi not confirm the Indian Government's intention to place the order, then the questions you address in your minute would, of course, need to be answered quickly by Government.

A receivership would be a bad outcome; Westland's already battered position in the marketplace would be severely damaged. It is by no means likely that all those parts of the business which have

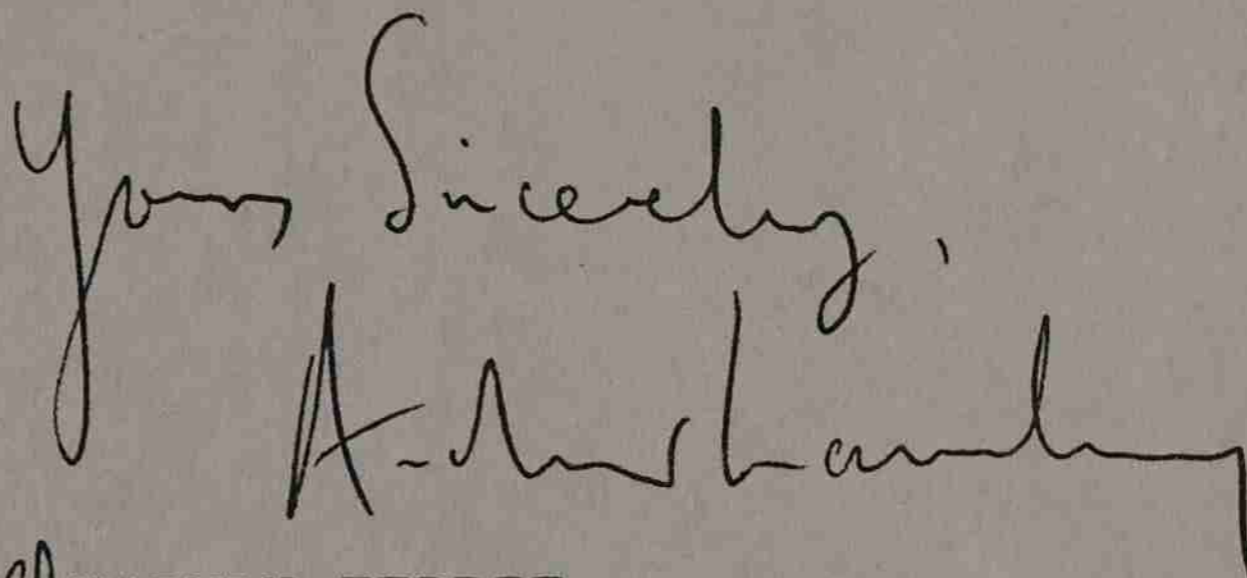
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potential would survive to see that potential realised. A rump spares and service business would likely result.

But we must judge carefully what position we are in if we underwrite the sale of even 21 W30 - 160s. Supporting the sale of the helicopters to India with aid funds is one thing, but voluntarily taking the stock off the hands of an ailing company is quite another; and especially where the liability to do so crystallises in the event of the India deal falling through.

I should be glad to join in any discussions.

I am copying this letter to the Prime Minister, Geoffrey Howe, Nigel Lawson, Michael Heseltine, David Young, Timothy Raison, and to Sir Robert Armstrong.

Yours Sincerely,


ff NORMAN TEBBIT
(Approved by the Chancellor and
signed in his absence)

AEROSPACE

WESTLAND

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