

Pine ^{D.} ~~Minster~~
CDD

MR POWELL

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WESTLANDS

Michael Heseltine's shotgun marriage of the European helicopter industry echoes Harold Wilson's reconstruction of the motor industry in the 1960s. This created BL; it failed not least because the constituent companies jealously guarded their products and autonomy, such that the losses were merely aggregated and no scale economies achieved. All the European helicopter companies are losing money, and each country is sure jealously to guard its national interest.

For Westlands it may be worse, because whilst the European partners will appoint a Director to its Board, Westlands will have no reciprocal right. Promises of more work are likely to remain just promises. All the European companies are short of work; Aerospatiale is unlikely to increase the amount of work it is already contractually committed to giving Westlands.

The American threat is not new. Most of Westlands and Agusta's existing helicopter designs are of American origin. Cutting these links, as proposed by the National Armaments Directors, will not only weaken European defence capacity and increase its costs, but will kill Sikorsky's involvement in Westlands.

At its crudest, Michael Heseltine is proposing that a Conservative Government should intervene to kill a private sector rescue of Westlands - which amazingly costs the Government nothing - in order to promote a European deal which will reduce competition and result in the stripping of Westlands, such that it will only survive long term with state subsidy. This surely isn't on.

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