



CCB/KUP

COMMERCIAL IN CONFIDENCE
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CM

PRIME MINISTER

WESTLANDS

At Friday's meeting we agreed that a jointly agreed paper by officials should be circulated to EA for discussion today. I regret that Michael Heseltine felt it necessary to claw back the original paper agreed between my officials and those at MOD. I also greatly regret that Michael found it necessary to circulate a minute - which I have only just received - to colleagues this morning. This goes against the agreement reached last Friday.

2 Despite its complexity the issue at Westlands is at heart very simple. Westlands have reached an advance stage in their negotiations with Sikorsky. Above all, they need a secure, long term relationship which will safeguard their company into the next century. I have serious reservations about the Government seeking to impose, by using its power as a purchaser, its own judgement against that of the Board of a publicly quoted company risking its future survival. Sir John Cuckney has made clear that any delay in the Sikorsky deal would precipitate Westlands being put into receivership unless the European consortium negotiations were concluded by 19 December.

3 I have copied this minute to all EA colleagues.

L.B.

L B

9 December 1985

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DEPARTMENT OF TRADE AND INDUSTRY