

---

# Westland rejects Heseltine package

By Rodney Cowton  
Defence Correspondent

The board of Westland, the Yeovil-based helicopter manufacturing company, moved into head-on conflict with its principal customer yesterday when it rejected an offer of financial assistance which had been put together on the initiative of Mr Michael Heseltine, Secretary of State for Defence.

Instead, the board announced that it had reached agreement in principle with an American company, United Technologies, and Fiat, the Italian industrial group, which will take a minority stake in Westland.

The Westland decision will be seen as a defeat for Mr Heseltine and a victory for Mr Leon Brittan, Secretary of State for Trade and Industry, who has supported Westland's right to find its own solution, and has resisted efforts to press the company into accepting the European approach.

The decision was greeted at the Ministry of Defence with anger and hints of possibly dire consequences for the company, but it was clear that Mr Brittan and his department were pleased at the outcome and clearly considered the proposal by United Technologies and Fiat a fully costed and viable one.

Westland has been facing difficulties because of insufficient orders until about 1990 when an Anglo-Italian project for a new naval helicopter, the EH-101, comes into production.

The company has been talking to United Technologies and its helicopter subsidiary, Sikorski, for weeks, and it is only in the past fortnight that Mr Heseltine has sought to inspire a purely European solution to Westland problems.

That solution was delivered to the Westland offices in London yesterday afternoon, and appears to have been rejected within three hours. A spokesman for the "European" solution said he did not

Continued on page 2, col 4

---

---

# European cash rescue rejected by Westland

Continued from page 1

understand how it could be rejected so quickly.

Ministry of Defence officials gave a warning that if the European solution was not accepted it could bring into question European collaboration programmes, including the EH-101 project, and would lose work and orders that were on offer under the European solution.

Sir John Cuckney, chairman of Westland, said he was satisfied that the arrangement with United Technologies and Fiat was better for Westland and its shareholders.

Under the European solution Messerschmitt-Bolkow-Blohm of West Germany, Aerospatiale of France, Agusta of Italy and British Aerospace offered to subscribe between them £30 million for shares in Westland.

In addition Aerospatiale and Agusta offered to sub-contract to Westland work with an estimated value of £130 million over five years.

Mr David Horne, managing director of Lloyds Merchant Bank, acting on behalf of the four companies, made clear that the companies would press for adoption of their solution.

Ministry of Defence officials said that one element of the European solution was that the governments of Britain, West

Germany, France and Italy had agreed as part of the arrangement that they would harmonize their requirements for a new battlefield helicopter. That would produce savings for Britain of about £25 million, and would make possible the ordering of six additional Sea King helicopters for Westland.

Sir John said that United Technologies and Fiat would between them take a 29.9 per cent in Westland.

He said the European solution was not what Westland required. He had to secure the medium and long-term future of the company, and the United Technologies and Fiat arrangement offered advantages over the European solution as well as providing work that was "not dependent on the market".

As part of the arrangement Westland would take a licence to manufacture and sell the Sikorski Black Hawk helicopter.

Mr Denzil Davies, Labour's defence spokesman, said the Westland agreement would leave Westland as "tin-bashers for the Americans".

The Ministry of Defence said last night that the Government was considering Westland's announcement and its implications. Mr Heseltine made it clear that Britain had no intention of ordering the Black Hawk helicopter.

**Westland rejects Heseltine package.**

By Rodney Cowton Defence Correspondent.

*The Times* (London, England), Saturday, Dec 14, 1985; pg. 1; Issue 62321. (649 words)

**Category:** News

© Times Newspapers Limited

**Gale Document Number:**CS18059662