

Heseltine throws down gauntlet on Westland deal

● Mr Michael Heseltine is to appeal to backbenchers of all parties in order to put pressure on his Cabinet colleagues over Westland helicopters

● He wants to persuade the Cabinet that Westland's proposed acceptance of an American-backed rescue package is against the national interest

● Mr Leon Brittan was accused of misleading the Commons on the issue and playing along with a backdoor attempt to squeeze European helicopter capability

● The Prime Minister told the Commons that the choice was down to the Westland board and its shareholders, bankers and auditors.

By Julian Haviland, Political Editor

Mr Michael Heseltine, Secretary of State for Defence, has decided with extraordinary audacity to appeal to backbench MPs on both sides of the Commons to put pressure on his Cabinet colleagues over the future of Westland helicopters.

His immediate purpose is to get a full discussion by the Cabinet of where the national interest lies.

As a first move in a campaign which has startled MPs by its determination he will meet members of the all-party Commons defence committee in a closed session today.

His purpose is to persuade them to his conviction that Westland's proposal to accept a rescue package from Sikorsky and Fiat - details of which will be revealed tomorrow - is against the national interest; and that the all-European solution which he helped to put together must be considered seriously by Westland and the Government.

The Sikorsky-Fiat rescue is expected to be agreed formally tomorrow, and government sources believe if a European counter-bid is not firmed up by Christmas Eve, that case will fall by default.

Mr Heseltine's advocacy of the European solution has been blocked by two elements: the scepticism of the Westland board; and the unwillingness of the Government, most notably of the Prime Minister, to take or express a collective view.

On BBC radio last night Mrs Margaret Thatcher displayed her determination to keep Westland's difficulties at arm's length, saying several times that it would not be for the Government to decide. Only Westland could assess the different bids and the company's financial position.

Mrs Thatcher, with the strong support of Mr Leon Brittan, Secretary of State for Trade and Industry, has shown herself extremely wary of government involvement in a company with vast debts and an empty order book.

In theory, Mr Heseltine has a clear right to bring his concern to Cabinet. In practice, Mrs Thatcher, as chairman, can block full discussion and so far appears to have done so.

Mr Heseltine, with uncommon boldness, is enlisting the backbenches to outflank her.

So far the Prime Minister's response has been phlegmatic. Her view of the Defence Secretary's pressure was said yesterday to be that it was "unorthodox, but in order".

Mr Heseltine's activity yesterday was fired by resentment of Mr Brittan's report to the House on Monday.

Mr Brittan conveyed to MPs the impression that the Government had examined and rejected the case for a rescue by the European consortium, which includes British Aero-

space, Aerospatiale, Agusta and Messerschmitt-Bolkow-Blohm.

The case has not been considered by the Cabinet. Mr Heseltine is insisting that it should be.

If he can get a hearing he will argue that to leave the fate of Britain's sole helicopter-maker to market forces would be not only foolish but an abandonment of established practice in defence procurement.

He will seek to show that the European offer, which Westland regards as flimsy, is substantial and would guarantee finance, orders and work.

He will argue that his European rescue plan simply brings into the field of helicopters the European collaboration in aircraft procurement which has long been Government policy.

It was said on Mr Heseltine's behalf yesterday that he has no wish, as some of his Cabinet critics have complained, to put pressure on the Westland board. He recognizes that his preferred plan for the company has been produced very late in the day.

But he wants to be sure the company and shareholders are aware they have a choice.

He would hope also to persuade the Cabinet to declare a preference for his European solution.

If the Cabinet fails to do what he thinks is its duty, then he is looking to MPs to do theirs.

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Brittan accused by critics of 'misleading Commons'

By Anthony Bevins, Political Correspondent

Senior government sources yesterday accused Mr Leon Brittan, Secretary of State for Trade and Industry, of misleading the Commons and the public over the bid by United Technologies, owners of US firm Sikorsky, and Fiat for a substantial stake in Westland, the helicopter manufacturers.

That charge was categorically denied by the Department of Trade and Industry last night. But the authoritative sources said it was scandalous that Mr Brittan should play along with an American attempt to squeeze European helicopter capability, and that Westland should refuse to divulge critical information to potential European contenders for a holding in the company.

One source said that Mr Michael Heseltine, Secretary of State for Defence, had won

the backing of every Cabinet sub-committee he had attended on the issue; arguing that the Europeans should be allowed to make a counter-offer.

Some who attended those meetings disagree.

It was said that he had won the argument, even persuading normally "dry" opponents, in the face of hostility from both the Prime Minister and Mr Brittan. It is understood that the next weapon in Mr Heseltine's armoury could well be a forecast of the British jobs that could be put at risk by the US bid.

A senior source said "these silly clowns appeared to believe the Americans when they gave assurances for the future standing of Westland". He argued that Westland would inevitably go the same way as Ford and other British manu-

facturers dominated by the Americans.

They would become a "dumping ground" for foreign parts and technology, they would be refused permission to export because of US input, and although Rolls Royce would supply engines and airframe, the key avionics and electronics would be taken by the US and that would have a detrimental impact on British employment.

A United Technologies source at corporate headquarters in Hartford, Connecticut, said last night that the bid for a minority stake was being made to help to solve Westland's problems, and there was no intention to turn the company into a "metal-bashing" operation.

"Our whole effort is to put Westland back in a healthy position, in the short, the

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medium and the long term - to save the company and leave it British. We are not taking the company over."

But the most critical argument being put against the deal yesterday was the national interest; the point that there was a European agreement on helicopter production which would be smashed by a Westland deal with United Technologies-Fiat - whose prime purpose was to force the Ministry of Defence to buy the Sikorsky Black Hawk

The United Technologies source said that if the British Government did not want Black Hawk, they could have other specifications; no European agreements would be cancelled; and there would be export opportunities to the United States as well as Europe.

It was said in London yesterday that the Ministry of Defence had rejected Black Hawk after a licence agreement had been made with Shorts of Belfast.

Mr Brittan told the Commons on Monday that the Shorts arrangement was entirely dependent upon the possibility of Black Hawk being bought by the ministry. "That has not happened, and therefore that arrangement does not stand."

The Times' sources said yesterday that that statement was misleading. Shorts still held the licence agreement. The Department of Trade and Industry said last night that the minister's words were based on the information available.

A senior source close to Shorts said yesterday that the company had a memorandum of understanding with Sikorsky to assemble, and make parts, for Black Hawk helicopters

ordered by the Ministry of Defence. The understanding still existed, and the company had not heard from Sikorsky about any change in the status of the agreement, though there was provision for it to be terminated at 60 days' notice.

He agreed that as the Ministry of Defence had not ordered any Black Hawks the agreement had never come into operational effect.

There was also the strongest possible criticism of Mr Brittan's "misleading" statement that the president of Agusta, the Italian collaborator with Westland as part of the European helicopter programme, would "continue to co-operate with Westland on the programme."

Although Mr Brittan referred to things said by Signor Raffaello Teti, president of Agusta, "in the heat of the moment", he did not mention that Signor Teti had told ministers that agreements reached with Westland "would seriously suffer by the participation in Westland of non-European third parties."

Departmental sources last night dismissed that charge, saying the MPs were quite capable of reading European attacks in Saturday's *Financial Times*.

The Prime Minister told the Commons yesterday that the choice was down to Westland; its board, its shareholders, its bankers and its auditors.

Responding to criticisms that Westland was not giving the European consortium information they needed to make their offer, Sir John Cuckney, chairman of Westland, said they were not required to. It was not a bid situation in which everybody was entitled to the same information.

The crucial votes

Small shareholders seem willing to support the Westland board, provided that they are satisfied with the terms of the proposed link with Sikorsky.

Their votes will be crucial at a general meeting to be called in the new year to decide Westland's future. Private individuals hold about 75 per cent of the shares.

One of them, Mr Edward Frost, of Yeovil, Somerset, who

worked for Westland for more than 40 years, said last night that he would reserve his decision until the shareholders' meeting.

The board is expected also to be able to count on the support of M and G, the unit trust group, and United Scientific Holdings, the United Kingdom defence contractor, again subject to the terms being right. Together they hold almost 11 per cent of the shares.