

MPs support Heseltine in Westland campaign

● Mr Michael Heseltine has won the Commons defence committee's crucial support for his Westland helicopters Cabinet campaign.

● The company signed an agreement yesterday with Sikorsky and Fiat to give them together a 30% stake in Westland.

● The rival European consortium said it would lobby Westland shareholders to overturn the deal

By Julian Haviland, Political Editor

Mr Michael Heseltine, Secretary of State for Defence, yesterday won the crucial backing of the Commons defence committee for his high-risk campaign to persuade the Cabinet to take responsibility for Britain's helicopter industry.

At a private meeting at Westminster, he took members of the all-party committee through the arguments which he has put to a Cabinet sub-committee but has not yet been allowed to develop before the full Cabinet.

He appears to have persuaded most of the committee that his plan for a joint European rescue for the endangered helicopter maker Westland should, in the national interest, be preferred to the package adopted by the Westland board.

Westland signed an agreement with Sikorsky of the United States and Fiat of Italy yesterday that will give them together a 30 per cent holding in Westland. That is subject to shareholders' approval.

Details of the proposed arrangement will be published today.

Mr Heseltine told the select committee that details of the rival proposal, in which the General Electric Company and British Aerospace have joined with Aerospatiale, of France, Agusta, of Italy, and MBH, of West Germany, will also be made known today or tomorrow.

The vital point on which he won the committee's backing was that the arguments in favour of his European solution should be fully examined and the national interest taken fully into account.

He supplied details of his outline agreement with Britain's European partners and the committee agreed to publish them, saying that the defence implications of any change at Westland should be explored.

The committee, which has in the past been critical of Mr Heseltine and some of his defence savings, was impressed by his arguments and his manner. He refused to be drawn into argument against his colleagues in the Cabinet.

He appears to have won support from some members of the committee who have misgivings about his defiance of the Prime Minister in her insistence that the future of Westland cannot be a matter for the Government.

He expounded his fears, which most of the committee appeared to share, that the arrangement with Sikorsky would destroy the gains in European co-operation secured through the European fighter aircraft, and lead to Sikorsky's first gaining control of Westland and then closing it.

The Westland question is not on the agenda for today's Cabinet.

It was said yesterday that Mr Heseltine remained somewhat isolated among his colleagues, but it was also said on the Prime Minister's behalf that there was no objection in principle to a European solution if Mr Heseltine could find one attractive to the Westland board.

A growing number of Conservative MPs, among whom opinion appeared to be moving in Mr Heseltine's favour yesterday, take the view that the select committee's backing and yesterday's support by the Defence Manufacturers' Association for a European solution, may have already created a new political situation.

If within 24 hours the Westland board and shareholders find themselves with two distinct proposals, each equally sound industrially, as now seems certain, then Mr Heseltine may yet find his lost cause victorious after all.

Draft deal, back page

Rescue deal signed with Sikorsky

By Patience Wheatcroft

Westland signed an agreement with the American Sikorsky company last night, despite the continuing public controversy over the future of the helicopter company.

The deal, which remains subject to shareholder approval, will give Sikorsky nearly 30 per cent of Westland's shares as part of a £70 million financial reconstruction which is aimed at saving Westland from receivership.

Today the company will disclose the extent of its financial difficulties: losses in the year to September will have been at least £80 million and could have topped £100 million. That is 10 times worse than some City analysts had predicted.

"The order of magnitude of the financial problems is simply massive, people just don't realize," Westland's chairman, Sir John Cuckney, said yesterday.

Despite the Sikorsky agreement, the rival European consortium will meet today to finalize its own proposals for Westland. It intends that shareholders should have details of both schemes before they vote early next year.

The European consortium, which includes British Aerospace, Agusta and Messerschmitt-Böckow-Blom, complained yesterday that its

efforts to come up with a firm proposal for Westland had been hampered by the company's refusal to provide it with the same financial information that had been made available to Sikorsky.

Lazard Brothers, the merchant bank acting for Westland, denied the accusation, and claimed that there were some details which had been released to Sikorsky only at the last moment when it was clear that a commercial deal could be concluded.

Sir John remains highly sceptical of the prospects for any European solution. "Two of the companies involved have already told me that they would prefer to see Westland fold", he said yesterday. He added that Aerospatiale, the French helicopter manufacturer, was an important competitor and would not be an easy partner. "In half the world we are deadly rivals", he said.

His intention was to conclude a deal with Sikorsky as quickly as possible. "If I can do that I will have done what was asked when the Bank of England brought me in as chairman", he said. "Otherwise, Westland will be in receivership". Both Barclays Bank and National Westminster are parties to the deal with Sikorsky, which also involves Fiat of Italy.

Continued on back page, col 1

Westland signs rescue deal with Sikorsky

Continued from page 1

But support was building up last night for the European solution. The president of the Defence Manufacturers Association, Lord Gregson, came out in favour of Europe. "In the long term it is in the best interests of the UK and of Europe for Westland to be part of a wholly European capability in helicopters", he said.

One of Europe's largest helicopter distributors, Mc-Alpine Helicopters, also spoke

out against a link with the US company. The chief executive, Mr Robin Keith, said: "I hope that Westland shareholders will think long and hard before entering into something which could eventually lead to the UK being isolated from any future European helicopter partnership".

Sir John remains unimpressed by such arguments. "The deal with Sikorsky secures the company's future and employment in Westland," he said.

MPs support Heseltine in Westland campaign.

By Julian Haviland, Political Editor and By Patience Wheatcroft.

The Times (London, England), Thursday, Dec 19, 1985; pg. 1; Issue 62325. (1115 words)

Category: News

© Times Newspapers Limited

Gale Document Number:CS17142163