

PRIME MINISTER

WESTLAND

Michael Alison telephoned me to report his latest conversation with Lord Fanshawe.

Lord Fanshawe said that he had recently discussed the position with Mr. Heseltine. Mr. Heseltine had given him the impression (but perhaps had not actually said) that he would resign if the company did not adopt the European option. He then went on about his "humiliation" in Cabinet!

Lord Fanshawe said that the Westland Board's preliminary consideration of the two rival bids led them to favour still UT's, especially since they thought that its terms would be improved. The Westland Technical Directors' impression is that the European offer "is not as good as it might seem". The Westland Board will meet again next Monday to come to a final decision on the merits of the bids.

Lord Fanshawe asked whether the Government might give the company a steer on which bid to back. Michael, very rightly in my view, said that he did not think that the Government would do that.

*It would. They must
make their own judgment on
the facts and the two
propositions.*

N.C.W.

23 December 1985

David, Nigel.

Kenneth Warren MP
phoned ref Westlands.
It has had a number of
phonecalls from the
'Industry' over the
weekend: the 'Industry'
being all those companies
who make up $\frac{2}{3}$ by value
of Westlands. They are
fed up with being used as
a shuttlecock. This includes
RR, Racal, GEC Avionics,
Lucas etc. They feel that
nobody seems to have
thought of their contracts
with Westland. They feel
that any decision should

be left entirely to
westlands, and so does
Kenneth Warren.

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23/12