



FCS/83/58

SECRETARY OF STATE FOR INDUSTRY

Await
Chief Secretary's
response

Do

EH 101 Helicopter

1. Your letter of 11 March to Leon Brittan mentions that officials have recommended development of the military and civil versions of the EH 101 helicopter. As I minuted to you on 25 November, I support this project and see it as a valuable expression of Britain's interest in working with the Italians in a practical way.

will request
if required

2. I think it important that we now make the final arrangements with the Italians as soon as possible. On the civil side they have had funds available for some time, and, after the encouraging comments we made at the recent Summit, can justifiably expect us to reach a decision quickly. I therefore hope that it will be possible for you to visit Rome soon to sign the confidential Memorandum of Understanding. Signor Fanfani's officials have told us that this would be helpful to him in piloting through the Chamber of Deputies legislation necessary to authorise, in turn, the military version. British and Italian Ministries of Defence would then be able to sign their Memorandum of Understanding.

3. This argues for a realistic approach to negotiations with Westland on launch aid terms. It is, I understand, accepted by officials that Westlands will in due course be able to meet a 5% return on launch aid at the levels you suggested in your letter. I agree with you therefore that our opening bid should not be so low as to stop negotiations in their tracks. EH 101 is a good project which both HMG and the company want to launch, and the sooner the negotiations are completed the better.

/4.

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4. I am copying this minute to the Prime Minister, Michael Heseltine, Leon Brittan, Arthur Cockfield and Norman Tebbit. Copies are also being sent to Sir Robert Armstrong and John Sparrow.

FP

(FRANCIS PYM)

Foreign and Commonwealth Office

21 March, 1983

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DEFENSE
A-9 Aug 82
Defense budget.

21 MAR 1982

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