

WESTLAND: AGREEMENT BETWEEN SIKORSKY AND SHORTS

The key points of the memorandum between Sikorsky and Shorts are as follows:

- i) The agreement is not a licence. It is a memorandum of agreement which envisaged the subsequent negotiation of more specific licence arrangements.
- ii) The agreement is specifically related to the former Air Staff Target 404 (AST 404).
- iii) In the context of AST 404 Sikorsky intended to have Shorts' participation in the final assembly, flight test, fabrication of the pipe fuselage and other composite parts.
- iv) There was a possibility of further participation by Shorts following a successful programme for AST 404.
- v) Any specific work resulting from this statement of intention was to be the subject of a separate agreement.
- vi) Both sides have the right to terminate the agreement on 60 days' notice.

The agreement did not refer to arrangements for avionics. It did not exclude participation by UK avionic companies as has been suggested. We are not aware of any other document which would exclude such participation. Indeed, our understanding was that Sikorsky were anxious to encourage UK avionic companies to participate in order to improve the attractiveness of the aircraft to the UK authorities. For a similar reason they arranged for the aircraft to be powered by the Rolls Royce RTM 322 engine.

AST 404 has been withdrawn by the MOD who have announced that they are reviewing their requirements for support helicopters. More recently Mr. Heseltine has announced that the MOD will in any case not order the Black Hawk or any similar helicopter. Although the Sikorsky/Shorts memorandum remains in existence, in practice it has therefore never become operational.

So far as the prospective licence arrangement between Sikorsky and Westland is concerned, this would not be specifically tied to AST 404, which has in any case been withdrawn. We understand it will be a general licence to manufacture and sell the Black Hawk in agreed areas of the world. We are not aware of any intention to exclude British avionic companies from supplying equipment to Black Hawks built under licence by Westland. The normal arrangements can be expected to apply ie that particular customers will be able to specify equipment fits based on international competitive tender.

Should the MOD change its mind and order Black Hawk from Westland at some future date, the question may arise as to possible conflict with the Sikorsky/Shorts arrangements. This would be a commercial matter between the companies and has not yet been addressed by them because the situation is entirely hypothetical, given the clear statement from the MOD that Black Hawk will not be ordered. The matter might need to be resolved through legal channels, or some commercial compromise might be worked out. In fact it is arguable that, since a hypothetical future MOD order would not be against AST 404, and would not be placed with Sikorsky/Shorts (both of which are assumed in the Sikorsky/Shorts memorandum) the terms of the Sikorsky/Shorts memorandum would not be regarded as activated by any order placed with Westland by the MOD.

Department of Trade and Industry
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