



cc: Sir P. Craddock
Chief Whip

10 DOWNING STREET

From the Private Secretary

30 December 1985

WESTLAND

I enclose a copy of a letter which the Prime Minister has this afternoon received from Sir John Cuckney.

The Prime Minister would like to reply tomorrow. The gist of the reply which she would like to send is that the Government believe that a substantial British design development and production capability should remain, irrespective of which consortium takes a minority share-holding; that we hope and expect that in either case Westland will want to continue to play a full part in European collaborative helicopter projects; and that the Government will continue to give full support to the company's efforts in seeking to do so.

I should be grateful for a draft by 1600 hours on 31 December, cleared as appropriate with other departments and the Law Officers.

I am copying this letter to Richard Mottram (Ministry of Defence), Richard Broadbent (Chief Secretary's Office), Len Appleyard (Foreign and Commonwealth Office) and Michael Stark (Cabinet Office).

(Charles Powell)

Miss Catherine Bradley,
Department of Trade and Industry.

WESTLAND plc

From
Sir John Cuckney

4, CARLTON GARDENS,
PALL MALL,
LONDON, SW1Y 5AB.

TEL: 01-839 4061

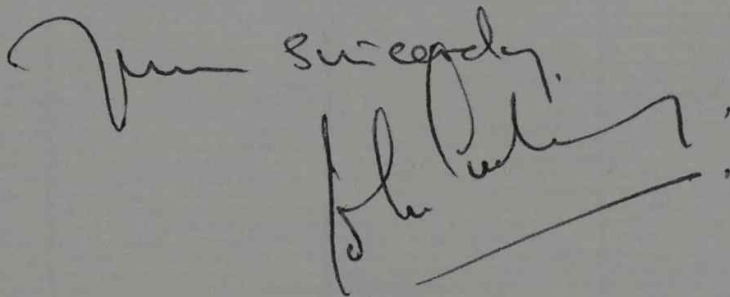
The Rt. Hon. Mrs. Margaret Thatcher, MP,
Prime Minister,
10, Downing Street,
LONDON, S.W.1.

30th December, 1985

Dear Prime Minister,

In view of the response you made to a question in the House of Commons on the 19th December that major procurement decisions are a matter for the Government as a whole, it would greatly help my Board to know if Westland would no longer be considered a European company by the Government if a minority shareholding in the company were held by a major international group from a NATO country outside Europe.

This question is of fundamental importance in view of the statement in a letter from the Procurement Executive, Ministry of Defence to Lloyds Merchant Bank dated 24th December that only by joining the so called European consortium would Westland be in a position to take responsibility for the British share of European helicopter collaborative projects.

Yours sincerely,


From: D R Marsh, Director of Procurement Policy



PROCUREMENT EXECUTIVE, MINISTRY OF DEFENCE

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D/DPP/6/6/4

24th December 1985

Lloyds Merchant Bank Ltd
40-66 Queen Victoria Street
London EC4P 4EL

For the attention of David Horne Esq, Managing Director

Dear Mr Horne

In Westland plc's letter to you of 23rd December two questions were asked concerning the Ministry of Defence. You requested our advice.

The answers are as follows:

Question 1.

As made clear in the Secretary of State's letter of 13th December to Sir John Cuckney, the Ministry of Defence wishes to procure the collaborative helicopters described in the attachments to that letter. It hopes that Westland plc will remain in partnership with the companies in the consortium so as to be in a position to take responsibility for the British share of these projects. We would not wish to see work on the projects jeopardised by Westland putting itself outside the framework of that cooperation in order to manufacture the Black Hawk helicopter for which the Ministry of Defence has neither the requirement nor the funds. In this connection, the European governments have informed the Ministry of Defence that, in the event of Westland's accepting the UTC/Fiat proposals, they would wish to review Westland's participation in the joint programmes.

Question 2.

The Ministry of Defence naturally hopes that the engine in which a British company is collaborating - the RTM 322 (Rolls

Royce - Turbomecca engine) - will be fitted to the Super Puma helicopter. It recognises, of course, that this is a commercial decision for the companies concerned.

I am sending a copy of this letter to Westland plc, to Lazard Brothers and Co Ltd, and to County Bank Ltd.

*copy enclosed
to Puma House
for D. J. Harris*

