



To:

PS/SECRETARY OF STATE

From:

M J MICHELL

US/AIR

VA 7/2

215 4377

cc. Sir Brian Hayes

Mr Macdonald

Miss Bowe

Mr O'Shea

31 December 1985

WESTLAND: AEROSPATIALE

Aerospatiale telephoned from Paris on the morning of 30 December and asked to see me urgently. I readily agreed and a representative arrived at about 2.30pm with Mr Horne of Lloyds.

2. Aerospatiale rehearsed the details of their offer and argued in favour of keeping Westland within Europe on familiar lines. I explained the DTI position in accordance with the 16 December statement.

3. Further discussion disclosed the following:

- i) On the battlefield helicopter, there had been no discussions to date between the four companies on a harmonised project, or on work sharing. Aerospatiale thought there should be no problem in harmonising the British and French requirements, but the Germans would be "difficult". They were attached to the present heavy version of PAH2. The British Government had "yet to learn" that a battlefield helicopter would be "very expensive". The French and Germans were learning the hard way on PAH 2.



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- ii) Aerospatiale confirmed that should Westland manufacture Blackhawk under licence, they assumed the avionics would be open to international tender, including UK companies, for specific customer requirements.
- iii) Aerospatiale also confirmed that they would require launch orders of around 50 (preferably from not more than two or three substantial customers, not necessarily including the MOD) to launch the Super Puma Mk II.
- iv) They considered a contract to supply Super Puma to Spain was "as good as signed". Blackhawk had "no chance". Indeed Blackhawk prospects in Europe were minimal or, where they existed, full offset would be demanded eg in Germany. Germany, however, was much more likely to buy Super Puma Mk II (without any demand for offset, it seemed).
- v) Aerospatiale repeated firmly that in their view continued Westland participation in NH90 was incompatible with an association with Blackhawk, since the two projects were competitors. [This view cannot really stand alongside their other views (a) that Blackhawk will not sell anyway and (b) that it is already out-dated 1970s technology. NH90 will not be in service before the mid-1990s, so if these views are correct, would not be seriously threatened by Blackhawk. Indeed the MOD itself, for example, has made clear a preference to wait for NH90.]

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4. I repeated the DTI position again, drawing attention to our financial investment in EH101, which led us on particular as well as general grounds to be most concerned that the EH101 should continue.

M J Michell

M J MICHELL



To:

PS/Secretary of State

cc. Sir Brian Hayes
Mr Mallinson
Mr O'Shea

From:

M J MICHELL
US/Air
Room 7/3
20 Victoria St
215 4377

31 December 1985

WESTLAND: SIR JOHN CUCKNEY'S LETTER

We spoke. I am tied up all morning as you know. I attach a possible draft reply to Sir John Cuckney's letter which you may be able to make use of, subject to the instructions from No. 10. Please alter it as appropriate to suit circumstances.

A handwritten signature in cursive script, appearing to read 'M J Michell', written in dark ink.

M J MICHELL

To: Sir John Cuckney

From: The Prime Minister

Thank you for your letter of 30 December 1985.

It has naturally been the Government's concern that a British helicopter design, development and manufacturing capability should if possible be maintained, despite the present difficulties of your company. I understand that both the proposals Westland now have under consideration would achieve that objective. As long as Westland continues to carry on business in the UK, subject to British law, it will remain a company under the sponsorship of the Government.

The Government is determined that Westland should play a full part in existing and future European collaborative projects. I can assure you that, whichever of the two proposals currently under consideration the company chooses to accept, the Government will not differ in its full support for Westland's efforts on behalf of Britain. The Government would resist strongly any attempt by others to discriminate against Westland.