



10 DOWNING STREET

From the Private Secretary

**SIR ROBERT ARMSTRONG
CABINET OFFICE**

WESTLAND

I attach to this minute copies of two letters to the Prime Minister from Mr. Paddy Ashdown MP about Westland. Since both letters quite clearly straddle departmental boundaries, it would be helpful if the Cabinet Office would be good enough to prepare a draft reply, consulting other departments on factual points as necessary. It would be helpful to have this by 9 January.

I am copying this minute and enclosures to John Mogg (Department of Trade and Industry), Richard Mottram (Ministry of Defence) and Paul Pegler (Chief Secretary's Office).

(Charles Powell)

Ack / 6 January 1986



HOUSE OF COMMONS
LONDON SW1A 0AA

Rt. Hon M. Thatcher MP
10 Downing Street
London SW1

6 January 1986.

Dear Prime Minister,

I wrote to you last Friday morning asking you to put a stop to the continued public squabbling between members of your Cabinet, because of the damage this is doing to Westland and its future prospects.

On Friday evening Mr Heseltine published a further letter, whose tone and content are so contrary to those of your letter that they will be seen by many as a direct challenge to your authority.

My chief concern, however, is for Westland, who are once again put in a position where they have to make a very difficult decision in the face of conflicting information from key members of your Government.

I would be grateful if you would, therefore, give specific clarification on the following points :-

1. **EUROPEAN COLLABORATION IN GENERAL.** Your letter of 2 January says "As long as Westland continues to carry on business in the UK, the Government will...continue to regard it as a British and therefore European company, and will support it in pursuing British interests in Europe". Mr Heseltine's letter the following day appears to accept the view "that a Westland link with Sikorsky/Fiat would be incompatible with participation by that Company in...collaborative... projects". Which of these two statements represents the Government's view?

2. **EH101 ANGLO/ITALIAN HELICOPTER PROJECT.** Your letter of 2 January says "...the Government would wish to see Westland play a full part in existing and future European collaborative projects". Mr Heseltine's letter, 24 hours later, says "if the Westland deal with Sikorsky went through, Augusta would have to seek other partners". Surely this cannot be meant as a reference to the EH101, since this is a fully established project based on a Memorandum of Understanding, not between Westland and Augusta, but between the British and Italian Governments? It is not up to Augusta to choose who represents Britain, it is up to your Government. Will you please confirm that, irrespective of the decision taken on 14 January about Westland's new partners, Westland will remain the chosen instrument of the British Government on the EH101 project?

3. **NATO COLLABORATION.** Would you please confirm that there is no

Prime Minister
You may like to see these two letters from Paddy Ashdown MP both of which arrived today. I have asked Cabinet Office to prepare a draft reply, since the issues cross departmental boundaries.
COP 6/1

way that a British Company could be excluded from a NATO project by going into partnership with firms from other NATO countries ?

I mentioned in my previous letter the damage being done to Westland by the continuing public row between members of your Cabinet over this affair. Let me be more specific about this.

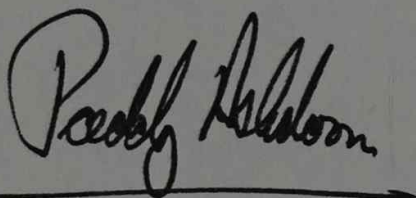
Firstly, the standing of Westland abroad (and indeed the Government on which it so often relies for support in foreign sales efforts) is in danger of being considerably damaged by this row. It would be remarkable if foreign prospective customers were not wondering to what extent Westland can expect to have Government support in the future.

Secondly, the Company's senior management must be spending so much of their time fending off Cabinet Ministers that they are in danger of neglecting the day to day running of the Company's own affairs. Given the very delicate financial position of Westland, this is very serious.

And lastly, this row has now reached such proportions that there is a serious danger of it affecting Westland's prospective partners. I would remind you that such formal undertakings as do exist to cover the present financial situation are of purely limited duration. Unless the future can be assured by an early date, the Company could find itself back in the extremely exposed position it was several months ago - but without any options to choose from. If the present situation is allowed to become unstitched, there is no saying what might happen. We have to remember that British Aerospace, GEC, Aerospatiale and, indeed, Mr Heseltine himself are all reputed to have expressed the view at one time or another that the best thing for the Company in the long term, would be to go into receivership.

The Government are playing a very dangerous game indeed by allowing this public row to continue. I ask you once more to put a stop to it immediately.

Yours Sincerely

A handwritten signature in cursive script, reading "Paddy Ashdown". The signature is written in dark ink and is positioned above a horizontal line that extends to the right.

Paddy Ashdown MP.

Original with CAP



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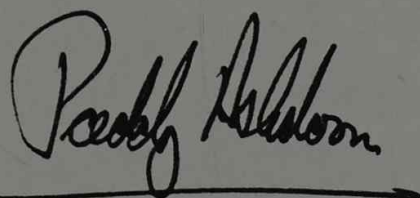
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Paddy Ashdown MP.



HOUSE OF COMMONS
LONDON SW1A 0AA

The Rt. Hon. Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

3rd January 1985

R4/1

Dear Prime Minister

WESTLAND

I am sure you are well aware of the widespread amazement felt about the public row between two of your Cabinet colleagues over the future of Westland.

The question of Cabinet solidarity (or rather the lack of it) is not of course my concern. But the impact that this has on the future of Westland is.

I am grateful to you for your letter of yesterday, guaranteeing the Government's continued support for Westland, whatever decision the company makes. In the light of this, surely you must see that the public disagreement between the Secretary of State for Defence and for Trade and Industry must cease forthwith. The future of Westland and the standing of its prospective partners (whoever they may be) has already been affected by the ridiculous campaign of denigration and vituperation carried out against the "deal" favoured by the other. It cannot be good either for the standing of your government, or more importantly for the future of one of Britain's key defence industries, to have this issue treated as the private plaything of individual Cabinet ministers.

What Westland's needs now more than anything else is a little peace and quiet to make a very difficult decision on the basis of what is best for the company and the service it provides to Britain's defence. I ask you to use your influence over your Cabinet colleagues now to ensure that this is what Westland gets. The time has arrived when the two Ministers concerned should be put back in the Cabinet and the lid firmly shut and it is up to you to see that this happens.

I am confident that the company will, like any other commercial organisation, take full account of the views of their primary customer, the Ministry of Defence, without Ministers winding their arms half way up their backs with threats. I am also confident that they will fully consider the importance of European co-operation, whilst recognising that this cannot be undertaken at the cost of a long term weakening of the company's base or of further loss of jobs because of European excess capacity. What I am less confident about is whether, given the political reputations which have been allowed to become embroiled in this decision, Westland will not ultimately suffer from whichever "side" has, in the end, had their nose put out of joint. I note that

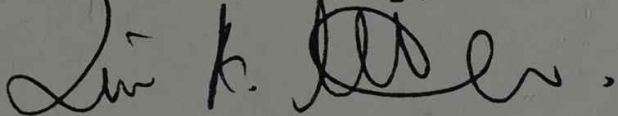
you have given undertakings that this will not happen and am grateful for this - provided they can be delivered and are not allowed to be once again ignored by individual Cabinet ministers who have their own axes to grind.

Incidentally, I am delighted to note that you have rejected the Labour Party's suggestion of nationalisation for Westland. The arguments against this are just as strong as they were when Labour specifically excluded Westland from the nationalisation of British Aerospace.

Apart from anything else, given the experience of the last month, Westland needs more Government interference in its affairs like it needs a hole in the head.

I hope that you can now ensure that Westland stops being treated as a political football and starts getting the backing from your Government (all of it) which it is entitled to.

Yours sincerely,



PP Paddy Ashdown MP