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Secretary of State for Trade and Industry

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PS/

13 January 1985

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R C Mottram Esq
Private Secretary to the
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
LONDON
SW1

Dear Richard,

WESTLAND : STATEMENT

... I attach a copy of the statement my Secretary of State proposes to make this afternoon in the House. I should be grateful for any urgent comments you have.

Copies of this letter and its attachment go to Charles Powell (No 10), Rachel Lomax (Chancellor's Office), Richard Broadbent (Chief Secretary's Office), Murdo Maclean (Chief Whip's Office), Len Appleyard (Foreign Secretary's Office), Michael Saunders (Solicitor General's Office), Alison Smith (Mr Biffen's Office) and to Michael Stark (Sir Robert Armstrong's Office).

Yours sincerely,

John Mogg

J F MOGG
Private Secretary

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DRAFT STATEMENT

With permission, Mr Speaker, I should like to make a statement.

2 Throughout last year, Westland plc was facing financial difficulties. The company's position reflected among other things a worldwide slump in demand for civil helicopters. Against this background Sir John Cuckney, who became Chairman in June 1985, sought a partnership with a substantial industrial group which could offer both finance and commercial strength. United Technologies expressed an interest in taking a substantial minority shareholding.

3 Subsequently, Fiat joined United Technologies in a joint proposal to take a minority shareholding in Westland. The Government, however, encouraged Westland to explore fully in addition the possibility of an alternative European-based proposal. This led to the development of proposals from a consortium comprising Aerospatiale, Agusta and MBB, who were later joined by British Aerospace.

4 I announced in my statement to the House on 16 December that the Board of Westland had decided to recommend to shareholders the proposals put forward by United Technologies and Fiat. I explained that the Government is not bound by the recommendation of the National Armaments Directors of the UK, France, Germany and Italy that certain helicopter requirements should in future be met solely from helicopters



designed and built in Europe. That remains the position. I also explained the action the Government had taken to ensure that Westland had an alternative European-based offer to consider, but emphasized that it was for Westland to decide the best route to follow to secure its future and that of its employees. At no stage did the Government collectively determine on a preference for a particular solution.

5 At its meeting on 19 December, the Cabinet confirmed the policy I had previously announced ~~with colleagues' agreement~~, and decided that no Minister was entitled to lobby in favour of one proposal rather than another. That decision was unanimously approved by the members of the Cabinet.

6 On 1 January my Rt Hon Friend the Prime Minister set out clearly in a letter to Sir John Cuckney that as long as Westland continues to carry on business in the UK, the Government will support the company in pursuing British interests in Europe. My Rt Hon Friend also made clear the Government would resist to the best of its ability attempts by others to discriminate against Westland.

7 The alternative solutions put to Westland have been presented in some quarters as offering a choice between collaboration with Europe and collaboration with the United States. I do not consider that to be a fair presentation. The Government welcome collaboration with both Europe and the United States. Both the proposals put to the Board have European involvement. The Government will continue to support Westland in pursuing British interests in Europe whatever solution is implemented.



8 A number of ~~misleading~~ assertions have been made in recent days about my own and the Government's position on this matter. I will be happy to answer questions on these specific points.

9 The position now is that the Board of Westland has unanimously recommended revised proposals from United Technologies and Fiat to shareholders. Revised proposals from the European consortium, now joined by GEC, have also been circulated to shareholders. The Government hopes the matter can be resolved quickly in the interests of the company and its employees.

16 Dec. 19

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Ray Lygo

Letter (1)

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10 W.

Boeing

de Havilland

European alternative?

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Defense interests

View - which will be better

Chairman of British Aerospace