

CONFIDENTIAL



MINISTRY OF DEFENCE
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MO 26/16/1E

28th October 1986

Dear Nigel,

WESTLANDS DEBATE

/ I attach the current draft of Mr Younger's opening speech for the debate tomorrow.

Copies go to the Private Secretaries to the Lord Privy Seal and the Secretary of State for Trade and Industry, and to Trevor Woolley.

Yours sincerely,

John Howe

(J F HOWE)
Private Secretary

Nigel Wicks Esq
No 10 Downing Street

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SPEECH BY THE SECRETARY OF STATE FOR DEFENCE

WESTLAND DEBATE

THE TRIGGER FOR OUR DEBATE TODAY IS OF COURSE THE GOVERNMENT'S REPLY, PUBLISHED IN ONE COMMAND PAPER, TO THE THIRD AND FOURTH REPORTS FROM THE DEFENCE COMMITTEE.

I PROPOSE IN THESE OPENING REMARKS TO CONCENTRATE ON THE THIRD REPORT AND THAT PART OF THE GOVERNMENT'S REPLY WHICH DEALT WITH THE MATTERS DISCUSSED IN THE THIRD REPORT.

THE THIRD REPORT TAKES AS ITS SUBJECT A MATTER WITH WHICH WE SHOULD ALL BE DEEPLY CONCERNED: THE DEFENCE IMPLICATIONS OF THE FUTURE OF WESTLAND.

THE HOUSE IS INDEBTED TO THE COMMITTEE FOR A CLEAR AND COGENT EXPOSITION OF THE DEFENCE ISSUES, BASED ON WIDE AND DEEP RESEARCH.

AS CMND 9916 MAKES CLEAR, THE GOVERNMENT AGREE WITH MUCH OF THE COMMITTEE'S ANALYSIS.

INEVITABLY THERE ARE POINTS ON WHICH WE CANNOT GO THE WHOLE WAY WITH THE COMMITTEE, BUT THIS DOES NOT PREVENT US FROM RECOGNISING THE REPORT AS A MAJOR CONTRIBUTION TO THINKING ON THE SUBJECT, AND ONE WHICH IS PROVING VALUABLE IN HELPING US TO FORM OUR OWN VIEWS.

THE COMMITTEE RIGHTLY POINT OUT THAT THE HELICOPTER HAS AN ESTABLISHED PLACE IN BOTH MARITIME AND LAND/AIR WARFARE, AND THAT ITS EXISTING RANGE OF CAPABILITIES IS GRADUALLY BEING EXTENDED.

BOTH THE EXISTING ROLES AND THEIR EXTENSION WERE VIVIDLY DEMONSTRATED DURING THE FALKLANDS CONFLICT AND ITS AFTERMATH, WHEN HELICOPTERS WERE NOT ONLY EMPLOYED FOR ANTI-SUBMARINE WARFARE, AMPHIBIOUS ASSAULT, RECONNAISSANCE AND SURVEILLANCE, RAPID MOVEMENT OF TROOPS ABOUT THE BATTLEFIELD, RE-SUPPLY AND EVACUATION OF CASUALTIES, BUT ALSO ADAPTED AT SHORT NOTICE TO REMEDY OUR LACK OF AIRBORNE EARLY WARNING.

AT THE SAME TIME THE HELICOPTER HAS ITS VULNERABILITIES - TO AIR DEFENCE SYSTEMS, DIRECT FIRE, ATTACK BY OTHER HELICOPTERS AND SO FORTH.

AS THE COMMITTEE HAVE OBSERVED, THE HELICOPTER IS NOT YET ABLE TO REPLACE AN ENTIRE CAPABILITY IN THE LAND/AIR BATTLE.

FOR EXAMPLE, ATTACK HELICOPTERS MUST COMPLEMENT GROUND-BASED LONG RANGE DIRECT FIRE WEAPONS RATHER THAN REPLACING THEM.

THE PROBLEM FOR DEFENCE PLANNERS, AND FOR MINISTERS, IS THEREFORE TO DEFINE THEIR PLACE WITHIN A PROGRAMME OF BALANCED CAPABILITIES, AND ALSO, EQUALLY IMPORTANT, WITHIN THE CONSTRAINTS OF AVAILABILITY OF FUNDS.

AGAINST THIS BACKGROUND, I BELIEVE THE COMMITTEE'S COMMENT THAT QUANTITY HAS BEEN SACRIFICED FOR QUALITY IS A LITTLE SEVERE.

IN ROUND TERMS SOME 850 HELICOPTERS ARE HELD BY THE THREE SERVICES TODAY, A COMPARATIVELY SMALL REDUCTION FROM THE CORRESPONDING TOTAL OF 940 IN THE MID-70S. ALLOWING FOR THE FACT THAT SUCCESSIVE GENERATIONS OF EQUIPMENT ALMOST INVARIABLY COST MORE IN REAL TERMS, WHILE AT THE SAME TIME GIVING GREATER CAPABILITY, I BELIEVE WE CAN CLAIM TO HAVE GIVEN THE HELICOPTER A GOOD PRIORITY IN THE DEFENCE PROGRAMME.

FURTHERMORE, IMPROVED TYPES OF HELICOPTER FEATURE PROMINENTLY IN OUR FUTURE PROGRAMME.

THE NEW ANTI-SUBMARINE HELICOPTER, THE ANGLO/ITALIAN EH101, IS A HIGH PRIORITY PROJECT TO WHICH WE ARE FIRMLY COMMITTED.

ITS HIGHER PAYLOAD WILL ENABLE IT TO OPERATE EFFECTIVELY AT THE VERY LONG RANGES NECESSARY TO DEAL WITH HOSTILE SUBMARINES EQUIPPED WITH STAND-OFF WEAPONS AND SOPHISTICATED DEFENCES. IT WILL THUS EXPLOIT TO THE FULL THE IMPROVED SENSORS AND WEAPONS THAT WILL BE IN SERVICE IN THE NEXT DECADE, AND THEREBY ENHANCE THE PROTECTION GIVEN TO ALLIED SHIPPING.

WESTLAND AND THEIR PARTNERS AGUSTA PLAN TO DEVELOP THREE VERSIONS OF THE HELICOPTER - NAVAL, PASSENGER AND UTILITY - SO AS TO ENABLE THE DEVELOPMENT COSTS TO BE SPREAD OVER LARGER SALES, THEREBY INCREASING VALUE FOR MONEY.

OUR SECOND REQUIREMENT IS FOR A NEW LIGHT ATTACK HELICOPTER IN THE ANTI-TANK ROLE TO REPLACE LYNX FITTED WITH TOW.

ENTRY INTO SERVICE IS PLANNED FOR THE LATE 1990S AND THE PROGRAMME IS THUS AT A SOMEWHAT EARLIER STAGE THAN EH101.

NEVERTHELESS GOOD PROGRESS IS BEING MADE.

TOGETHER WITH OUR PARTNERS ITALY, THE NETHERLANDS AND SPAIN, WE HAVE RECENTLY SIGNED TWO MEMORANDA OF UNDERSTANDING: ONE LAYING DOWN THE FRAMEWORK FOR COLLABORATION ON THE AGUSTA A129 LIGHT ATTACK HELICOPTER, AND THE OTHER COVERING A JOINT FEASIBILITY AND COST DEFINITION STUDY, WHICH IS EXPECTED TO START SHORTLY AND TAKE TWO YEARS TO COMPLETE.

I HOPE AND EXPECT THAT THIS PROJECT TOO WILL COME TO FRUITION IN DUE COURSE.

THE MOST DIFFICULT ISSUE FACING MY DEPARTMENT CONCERNS SUPPORT HELICOPTERS.

THE RAF OPERATES THE WESSEX AND THE PUMA IN THIS ROLE, AS WELL AS THE CHINOOK.

WITHIN THE NEXT 10 YEARS BOTH WESSEX AND PUMA WILL BE APPROACHING THE END OF THEIR COST-EFFECTIVE LIVES AS THEY BECOME PROGRESSIVELY MORE EXPENSIVE TO OPERATE.

THERE IS NO ABSOLUTE CUT-OFF DATE - GIVEN THE NECESSARY OVERHAUL AND UPDATING MOST HELICOPTERS CAN BE KEPT GOING FOR A LONG TIME - AND THE TIMING OF ANY SUCCESSOR SYSTEM IS THEREFORE, TO SOME EXTENT, A MATTER OF DISCRETION.

THERE IS ALSO A MAJOR PRIOR QUESTION; WHAT RANGE OF TASKS DO WE WANT TO USE SUPPORT HELICOPTERS FOR.

ONLY WHEN WE HAVE ANSWERED THIS CAN WE GO ON TO DECIDE WHAT KINDS OF HELICOPTERS WE NEED AND HOW MANY OF THEM.

THE COMMITTEE HAVE COMMENTED THAT THE DELAY IN FORMULATING THE SUPPORT REQUIREMENT HAS EXACERBATED THE PROBLEMS FACED BY WESTLAND AS THE ONLY BRITISH HELICOPTER MANUFACTURER.

I AM AWARE THAT THERE HAS BEEN SOME CRITICISM OF OUR DECISION EARLY LAST YEAR TO LEAVE DECISIONS ON AIR STAFF TARGET 404 IN ABEYANCE, AND I WOULD LIKE TO PUT THIS MATTER INTO PERSPECTIVE. A STAFF TARGET IS NO MORE THAN A BROAD STATEMENT OF THE FUNCTIONS AND DESIRED PERFORMANCE OF A NEW PIECE OF EQUIPMENT, MADE BEFORE THE FEASIBILITY OR METHOD OF MEETING SUCH A NEED HAVE BEEN ASSESSED.

IT IS IN NO SENSE A FULLY DEFINED REQUIREMENT.

THIS PARTICULAR STAFF TARGET DATES BACK TO 1978.

IT CAME INTO PARTICULAR PROMINENCE IN 1980 WHEN MY DEPARTMENT, VERY SENSIBLY, CONSIDERED WHETHER A COMMON HELICOPTER COULD BE FOUND TO CARRY OUT BOTH THE ANTI-SUBMARINE AND THE SUPPORT TASKS.

THE CONCLUSION THEN WAS THAT THIS WAS UNDESIRABLE, AND EH101 WENT AHEAD AS A SEPARATE PROGRAMME.

MEANWHILE IT REMAINED FULLY OPEN TO THE MINISTRY OF DEFENCE TO RE-ASSESS THE MILITARY REQUIREMENT IF NEW EVIDENCE CAME ALONG TO WARRANT IT.

THIS IS PRECISELY WHAT HAPPENED.

THE EXPERIENCE OF EXERCISE LIONHEART IN THE AUTUMN OF 1984, AND THE NEW THINKING IT STIMULATED ABOUT THE ARMY'S HELICOPTER NEEDS, ARE WELL DESCRIBED IN THE COMMITTEE'S REPORT.

IT WAS THEREFORE NECESSARY FOR THE DEFENCE STAFF TO GO BACK TO THE DRAWING BOARD AND TO UNDERTAKE A FUNDAMENTAL STUDY TO REVIEW THE MILITARY REQUIREMENT FOR SUPPORT HELICOPTERS.

THIS STUDY IS LOOKING A LONG WAY AHEAD, IN FACT TO THE YEAR 2010.

IT IS CONSIDERING WHAT CHANGES IN SUPPORT HELICOPTER ROLES AND CAPABILITIES CAN BE EXPECTED UP TO THAT DATE, HOW SUPPORT HELICOPTER ASSETS CAN BE USED MOST EFFECTIVELY TO FULFIL THESE ROLES AND, IN THE LIGHT OF THIS, WHAT THE BEST FORCE MIX WOULD BE.

ON THE BASIS OF THIS A FORCE MIX IS TO BE RECOMMENDED.

AS THE COMMITTEE HAVE RECOGNISED, THESE ISSUES ARE BOUND UP WITH THE QUESTION OF THE ARMY'S AIR MOBILITY NEEDS.

WE HAVE NOTED CAREFULLY THE COMMITTEE'S PRELIMINARY VIEW THAT THERE IS A VERY GOOD CASE FOR FULFILLING A FULLY AIR MOBILE BRIGADE, AND THIS IS BEING BORNE IN MIND IN OUR STUDIES.

THE COMMITTEE HAVE STRESSED THE IMPORTANCE OF RESOLVING THESE MATTERS QUICKLY.

I ACCEPT THIS.

WE SHALL CONTINUE TO WORK AS RAPIDLY AS POSSIBLE ON THE MILITARY ISSUES AND ON THEIR CONSEQUENCES FOR PROCUREMENT AND FOR THE DEFENCE PROGRAMME.

A KEY ASPECT OF THIS IS AFFORDABILITY.

WE CANNOT STATE MILITARY REQUIREMENTS IN A FINANCIAL VACUUM, AND RESOURCES ARE TIGHT.

I CANNOT AT THIS STAGE FORECAST WHAT OUR DECISIONS WILL BE OR WHAT THEIR CONSEQUENCES MAY BE FOR WESTLAND.

BUT I RECOGNISE THE NEED TO RESOLVE THIS AS QUICKLY AS POSSIBLE, AND I CAN TELL THE HOUSE THAT THE DECISION ON THE FUTURE NEEDS OF THE SERVICES IN THIS AREA WILL BE TAKEN IN THE NEW YEAR.

MEANWHILE, I VERY MUCH WELCOME THE COMMITTEE'S COMMENDATION OF OUR DECISION TO CARRY OUT A FUNDAMENTAL REAPPRAISAL OF OUR REQUIREMENTS BEFORE COMMITTING OURSELVES TO PROCUREMENT.

I THINK THE HOUSE WILL RECOGNISE THAT WE WOULD HAVE BEEN FAILING IN OUR DUTY IF WE HAD FUDGED THE DIFFICULT AND COMPLEX JUDGEMENTS ABOUT MILITARY NEEDS IN ORDER TO RUSH TO PROCUREMENT OF HARDWARE.

THIS WOULD HAVE BEEN FAIR NEITHER TO THE SERVICES NOR TO THE TAXPAYER.

THE COMMITTEE HAVE ALSO RAISED THE QUESTION OF SERVICE RESPONSIBILITIES FOR HELICOPTERS, AND HAVE SAID THAT THEY BELIEVE THERE IS A STRONG CASE FOR GIVING THE ARMY, AS USER OF SUPPORT HELICOPTERS, FULL RESPONSIBILITY FOR THEM.

I THINK THEY HAVE RAISED AN INTERESTING QUESTION.

MOST NATO NATIONS ASSIGN RESPONSIBILITY FOR OPERATING ALL BATTLEFIELD HELICOPTERS TO THEIR ARMY.

CANADA AND NORWAY HOWEVER DO SO TO THEIR AIR FORCE.

WE HAVE A SPLIT SYSTEM, WITH THE ARMY OPERATING SMALLER AND LIGHTER HELICOPTERS AND THE RAF THE BIGGER AND HEAVIER ONES.

IT WOULD BE WRONG TO UNDER-ESTIMATE THE UPHEAVAL THAT WOULD BE CAUSED BY GOING DOWN THE ROAD THE COMMITTEE HAVE SUGGESTED. MAJOR CHANGES WOULD BE NECESSARY IN THE TRAINING, MANNING AND SUPPORT ORGANISATIONS AND PLANS OF THE TWO SERVICES CONCERNED, AND IT REMAINS TO BE SEEN WHETHER THE DEMANDS OF THE MODERN AND MORE MOBILE BATTLEFIELD REQUIRE A FUNDAMENTAL CHANGE IN EXISTING ARRANGEMENTS.

MOREOVER, WHILE IT WOULD BE WRONG TO BECOME COMPLACENT, I SHOULD POINT OUT THAT THE FALKLANDS CAMPAIGN DEMONSTRATED THE ABILITY OF ALL THREE SERVICES TO WORK EFFECTIVELY IN INTEGRATED OPERATIONS.

AND UNDER THE REVISED ORGANISATION OF THE MINISTRY OF DEFENCE - ESTABLISHED BY MY RT HON FRIEND, THE PREVIOUS SECRETARY OF STATE - ALL OPERATIONAL REQUIREMENTS ARE CONSIDERED CENTRALLY, WHICH HAS REMOVED THE RISK OF CAPABILITIES WHICH CROSS SERVICE BOUNDARIES NOT BEING GIVEN THEIR RIGHTFUL PRIORITY.

BEFORE EMBARKING ON ANY CHANGE IN OWNERSHIP OF HELICOPTERS, THEREFORE, I WOULD NEED TO BE FULLY SATISFIED THAT ANY BENEFITS WOULD JUSTIFY THE CONSIDERABLE UPHEAVAL AND COULD NOT BE SECURED BY SIMPLER MEANS - FOR EXAMPLE BY SOME CHANGE IN COMMAND AND CONTROL ARRANGEMENTS. NEVERTHELESS THE GOVERNMENT IS CONSIDERING THE MATTER AND IS BEARING THE COMMITTEE'S VIEWS VERY MUCH IN MIND

NATURALLY, MUCH OF THE DEFENCE COMMITTEE'S 3RD REPORT IS CONCERNED WITH CURRENT HELICOPTER PROJECTS AND FUTURE HELICOPTER REQUIREMENTS.

BUT THE COMMITTEE ALSO ADDRESSED THE DEFENCE INDUSTRIAL BASE AND WESTLAND'S PLACE IN IT.

THE MINISTRY OF DEFENCE IS THE LARGEST SINGLE CUSTOMER OF BRITISH INDUSTRY.

DEFENCE PROCUREMENT ACCOUNTS FOR ABOUT HALF THE OUTPUT OF THE AEROSPACE INDUSTRY.

IN THIS AND OTHER SECTORS THE MINISTRY SUSTAINS THROUGH THE WORK OF THE R&D ESTABLISHMENTS AND EXTRA MURAL R&D CONTRACTS MUCH OF THE INDUSTRY'S R&D BASE.

IN TERMS OF EMPLOYEES, WESTLAND IS A RELATIVELY SMALL COMPANY COMPARED WITH THE GIANTS OF THE DEFENCE INDUSTRY SUCH AS GEC AND BAe.

BUT IT IS THE ONLY DOMESTIC SOURCE OF HELICOPTERS AND AS A RESULT IT IS ONE OF THE RELATIVELY FEW COMPANIES TO WHICH THE MOD PAYS MORE THAN £100M PER ANNUM.

INDEED MOD PAYMENTS CURRENTLY RUN AT BETWEEN £150 AND £200M PER ANNUM THUS, THERE ALWAYS HAS BEEN AND CONTINUES TO BE A CLOSE RELATIONSHIP BETWEEN THE MOD AND WESTLAND.

BUT WESTLAND IS MORE THAN A HELICOPTER COMPANY.

UPWARDS OF 40% OF ITS TURNOVER ARISES FROM THE AEROSPACE AND TECHNOLOGIES DIVISIONS WHICH ARE SUCCESSFUL AND COMPETITIVE.

THE SMALLER OF THE TWO, THE AEROSPACE DIVISION, IS NOW THE LARGEST EMPLOYER IN COWES ON THE ISLE OF WIGHT, AND ITS AEROSTRUCTURES AND HOVERCRAFT BUSINESS IS EXPANDING.

THE TECHNOLOGIES DIVISION IS RATHER LARGER AND COMPARABLE IN TURNOVER TO EACH OF THE TWO HELICOPTER DIVISIONS; AND IT IS VERY SUCCESSFUL IN SUCH AREAS AS ENVIRONMENTAL CONTROL AND LIFE SUPPORT SYSTEMS, FILTRATION AND HEAT TRANSFER.

IT IS A SIGNIFICANT SUB-CONTRACTOR TO THE TORNADO PROGRAMME PROVIDING VALVES, TANKS, AND UNDERCARRIAGE COMPONENTS PLUS MANY OTHER ITEMS.

IT IS VERY SUCCESSFUL TOO IN THE CIVIL AND EXPORT FIELD AND IT IS A SUPPLIER TO AIRBUS AND THE US B1 BOMBER AND F18 FIGHTER. THE TECHNOLOGIES DIVISION REPRESENTS THE IDEAL DEFENCE SUPPLIER: SUCCESSFUL, INNOVATIVE AND PROFITABLE BUT NOT WHOLLY DEPENDENT ON THE MOD FOR ORDERS HAVING ACHIEVED WIDE CIVIL AND FOREIGN MILITARY SALES.

THESE TWO DIVISIONS AND THE HELICOPTER CUSTOMER SUPPORT DIVISION HELP TO MAKE WESTLAND WHAT IT IS NOW, A SOUND COMPANY, AND I KNOW THAT THE MANAGEMENT ARE OPTIMISTIC THAT IT IS BETTER PLACED THAN IT HAS BEEN FOR SOMETIME.

BUT IT IS, OF COURSE, THE HELICOPTER DIVISION AT YEOVIL FOR WHICH IT IS BETTER KNOWN.

THIS DIVISION TOO HAS BEEN SUCCESSFUL IN SUPPLYING THE MOD FOR MANY YEARS WITH MOST OF ITS HELICOPTER REQUIREMENTS AND, SUPPORTING THE MOD HELICOPTER FLEET.

THE CORE OF WESTLAND'S FUTURE HELICOPTER BUSINESS RESTS ON THE ANGLO-ITALIAN EH101 HELICOPTER WHICH WILL BE WIDELY DEPLOYED IN THE ROYAL NAVY IN THE 1990S.

WESTLAND ARE ALSO AS I HAVE SAID INVOLVED IN PRELIMINARY WORK ON THE 4 NATION LIGHT ATTACK HELICOPTER FOR THE LATE 1990S BASED UPON THE DEVELOPMENT OF THE ITALIAN A129 HELICOPTER.

I AM GLAD TO SAY THAT WESTLAND'S COLLABORATION WITH ITS EUROPEAN PARTNERS HAS NOT BEEN AFFECTED BY THE INVOLVEMENT WITH SIKORSKY AND FIAT.

IN ADDITION THE COMPANY IS TAKING PART IN SOME MAJOR TECHNOLOGICAL DEVELOPMENTS.

HERE IT HAS A WORLD LEAD AS SHOWN BY ITS RECENT SUCCESS IN RECOVERING FROM THE SOVIET UNION THE WORLD HELICOPTER SPEED RECORD AND BREAKING THE 200 KNOT BARRIER.

IT HAS ALSO SOLD IN THE CIVIL MARKET AND HAD EXPORT SUCCESSES. WE WISH WESTLAND WELL IN ITS CLOSER ASSOCIATION WITH SIKORSKY AND FIAT AND HOPE IT ACHIEVES EARLY EXPORT ORDERS FOR ITS FULL PRODUCT RANGE OF SEA KING, LYNX, BLACKHAWK AND EH101.

THE GOVERNMENT WILL, OF COURSE, GIVE THE COMPANY EVERY ASSISTANCE FOR ITS EXPORTS JUST AS IT DOES FOR OTHER AEROSPACE MANUFACTURERS.

THE COMMITTEE DREW ATTENTION TO THE NATIONAL SECURITY ISSUES THAT CAN ARISE THROUGH FOREIGN INVOLVEMENT IN UK DEFENCE SUPPLIERS.

THIS IS NOT A NEW ISSUE; WE WELCOME FOREIGN INVESTMENT IN THIS COUNTRY'S INDUSTRIES; WHETHER THEY BE DEFENCE OR CIVIL SUPPLIERS AND THIS HAS BEEN THE CASE FOR MANY YEARS.

WHERE NATIONAL INTERESTS ARE AT STAKE AND THERE IS THE POSSIBILITY OF CONTROLLING INTERESTS ARISING, THEN THERE ARE POWERS AVAILABLE UNDER EXISTING LEGISLATION.

OF MORE IMMEDIATE CONCERN HOWEVER, IS THE PROTECTION OF CLASSIFIED INFORMATION AND TECHNOLOGY.

I CAN ASSURE THE HOUSE THAT THERE ARE WELL ESTABLISHED PROCEDURES AND PRACTICES TO PROTECT SUCH INFORMATION AND TECHNOLOGY IN OUR DEFENCE INDUSTRIES JUST AS THERE ARE IN DEFENCE ESTABLISHMENTS.

I CANNOT, OF COURSE, GO INTO DETAIL, BUT WE TAKE MANY FACTORS INTO ACCOUNT.

IN THE CASE OF WESTLAND, AS WE WOULD WITH ANY OTHER FIRM WHERE THERE HAS BEEN A SIGNIFICANT CHANGE IN FOREIGN INVOLVEMENT, THE PROTECTION OF CLASSIFIED MATTERS HAS BEEN POSITIVELY CONFIRMED.

THE DEFENCE COMMITTEE RIGHTLY DREW ATTENTION TO THE DEFENCE INDUSTRIAL BASE AND WESTLAND'S POSITION IN IT.

THE GOVERNMENT'S POSITION WAS WELL EXPRESSED BY MY RT HON FRIEND THE PRIME MINISTER ON 15 JANUARY WHEN SHE SAID THAT THE GOVERNMENT'S CONCERN WAS TO SEE A FINANCIAL RECONSTRUCTION OF WESTLAND AS SOON AS POSSIBLE WHICH MAINTAINED A BRITISH HELICOPTER, DESIGN, DEVELOPMENT AND MANUFACTURING CAPABILITY, SUPPORTED UK PARTICIPATION IN COLLABORATION WITH NATO ALLIES AND SAFEGUARDED THE INTERESTS OF THE COMPANY, ITS EMPLOYEES AND SHAREHOLDERS.

WE ARE PLEASED THAT A FINANCIAL RECONSTRUCTION CAME ABOUT WHICH HAS PUT THE COMPANY ON A SOUNDER FINANCIAL FOOTING AND THAT A BRITISH HELICOPTER CAPABILITY HAS BEEN MAINTAINED WHICH CAN SUPPORT THE MOD FLEET, MEET CURRENT ORDERS FOR LYNX AND SEA KING HELICOPTERS AND PARTICIPATE IN THE COLLABORATIVE PROJECTS I HAVE MENTIONED.

THE GOVERNMENT AND WESTLAND HAVE A LONG AND SUCCESSFUL HISTORY OF WORKING TOGETHER.

I KNOW AND ACCEPT THAT WESTLAND NEED A CLEARER INDICATION OF THE GOVERNMENT'S INTENTIONS AGAINST WHICH THE COMPANY CAN PLAN ITS FUTURE, AND AS I HAVE SAID DECISIONS ON THE FUTURE NEEDS OF THE SERVICES IN THE AREA OF SUPPORT HELICOPTERS WILL BE TAKEN IN THE NEW YEAR.

THE 3RD REPORT FROM THE DEFENCE COMMITTEE HAS PROVED VALUABLE IN TAKING FORWARD OUR VIEWS ON THESE AND OTHER MATTERS, AND WE ARE GRATEFUL TO THE COMMITTEE FOR THE WORK THEY HAVE DONE.

I NOW TURN TO THE FOURTH REPORT.

THE SUBJECT MATTER OF THE FOURTH REPORT - THE GOVERNMENT'S DECISION-MAKING -RELATES TO EVENTS, SOME OF WHICH ARE NOW OVER A YEAR OLD.

[MANY OF THESE EVENTS ARE, IT MUST BE HOPED, UNIQUE AND NOT LIKELY TO BE REPEATED.] *out*

IN ADDITION, I HAVE TO POINT OUT THAT THERE IS LITTLE MORE THAT CAN BE SAID ON THIS, BY ME OR ANYONE ELSE.

MY RT HON FRIEND THE LEADER OF THE HOUSE WILL OF COURSE ADDRESS HIMSELF TO THE QUESTIONS OF SELECT COMMITTEES AND MINISTERIAL ACCOUNTABILITY, WHICH FORM PART OF THE GOVERNMENT'S REPLY. BUT AS TO THE BULK OF THE FOURTH REPORT, AS THE GOVERNMENT REPLY ITSELF NOTES IN PARAGRAPH 28:

"FULL ACCOUNTS OF THE MATTERS WITH WHICH THE FOURTH REPORT IS CONCERNED HAVE ALREADY BEEN GIVEN BY MINISTERS IN STATEMENTS IN PARLIAMENT, SPEECHES IN DEBATES AND ANSWERS TO PARLIAMENTARY QUESTIONS, AND BY THE HEAD OF THE HOME CIVIL SERVICE IN HIS EVIDENCE TO THE COMMITTEE. THE GOVERNMENT STANDS BY THOSE ACCOUNTS, SEES NO REASON TO QUALIFY OR ADD TO THEM, AND NO POINT IN REPEATING YET AGAIN THE SEQUENCE OF EVENTS AND DECISIONS COVERED BY THE REPORT".

I HAVE NO WISH OR INTENTION MYSELF TO ADD TO THE ACCOUNTS THAT HAVE ALREADY BEEN GIVEN.

I WOULD VENTURE TO SUGGEST THAT HON. MEMBERS FOLLOW MY LEAD AND THAT OUR DEBATE TODAY CONCENTRATE ON THE DEFENCE IMPLICATIONS OF THE FUTURE OF WESTLAND.

DRAFT OUTLINE OF A SPEECH

During the last year this House has discussed matters concerning the Westland Company on [give dates] [] occasions; Ministers including myself, have answered many Parliamentary Questions; the Select Committee on Defence has conducted extensive examination, during which it met the former Secretaries of State for Defence and Trade and Industry and took evidence from the Head of the

Civil Service for ? hours; the House has before it the Select Committee's two reports to which the Government has given a full reply in Cmnd 9916; and the Select Committee on Trade and Industry are still engaged in their own examination of certain aspects of the matter, and the Government will of course reply to their report in the normal way. So Mr Speaker this House had had opportunity for the fullest discussion and debate of all matters concerning the affairs of this helicopter company.

Mr Speaker during all this Parliamentary activity,
the Westland plc, its board, management, employees,
have had the difficult task of winning orders,
building a good product, reconstructing their
business and finances in a harshly competitive
world. I rather doubt whether they have welcomed
the spotlight of publicity focussed upon them while
they are engaged in the difficult task of
safeguarding their own livelihoods and their

company's future. It is a tribute to the company and its workforce that they have come through these difficult times, despite the pressures put upon them, and that they are now seeking to build a more prosperous future for themselves.

This debate will, I believe, focus on three matters.

It will be about policies for the manufacture and procurement of helicopters, about international collaboration with Europe and with the United

States. Above all, it should be about how we can provide our armed forces with the best possible equipment which they need for the task of defending this country and our liberty.

The debate will no doubt focus too on the constitutional issues concerning the role of Select Committees of this House and their relations with civil servants and Ministers. These matters have been debated constantly. It will no doubt too be

concerned with the circumstances of the disclosure of parts of the Solicitor General's letter.

I shall deal with these three things in turn.

First, helicopters. The central issue of helicopter manufacture and procurement, central because of its importance for the defence of our country.

Finally I turn to the matters referred to in the Fourth Report of the Defence Committee. This House debated the matters discussed in the Defence Committee's Report on [say when]. I gave the most detailed account to the House of the events that occurred. Strenuous efforts were made to check all the answers and facts given with officials concerned and with the Departments concerned. The Head of the Civil Service gave his evidence to the Select Committee. As we said in Cmnd 9916 the Government

stands by these accounts and we see no reason to qualify or add to them. There is just no point in repeating yet again the sequence of events and decisions covered by the Committee's Report. The plain fact is that the Members of the Opposition were determined to exploit the difficulties of the company for nothing more than their own narrow political advantage. The rt hon Gentleman has been given the facts and he does not like them. But that is the rt hon Gentleman's way.