



10 DOWNING STREET

THE PRIME MINISTER

4 April 1985

Dear Gerry.

Thank you for your letter of 8 March about Westland Helicopters PLC and the replacement for the RAF's Puma and Wessex helicopters.

You referred to the letter which your constituent, Mr. E. Abram, wrote to me on 27 February. I enclose a letter which you may wish to forward to him and which explains the general position on the timing of decisions on the Puma/Wessex replacement; you will be aware of this from Adam Butler's answer to David Heathcoat-Amory's Question in the House on 26 March and the exchanges which followed.

You also suggested that the delay in reaching a decision was in some way due to mistrust between the Army and the RAF, or to a failure by the RAF to give adequate financial priority to the Wessex/Puma replacement. This is quite wrong. Two factors prevent the Ministry of Defence from taking an early decision. The first is the Army's need to review its own requirement for helicopter support. The second, equally important, is the need to ensure that funds are available within the defence budget. Since priorities for equipment expenditure are determined for the defence programme as a whole - there are no longer single-service budgets - there is no question of any failure by the Royal Air Force to give adequate priority to AST 404.

I note what you say about the relative numbers of helicopters available to the British and American Armies.

SAC

Comparisons are difficult between forces with different concepts of operations. I can assure you, however, that the Ministry of Defence fully recognises the importance of helicopters in all forms of military operations, and intends that helicopter procurement should continue to form a significant part of the defence equipment programme.

Yours ever

Raymond

Jerry Wiggin, Esq., TD, MP:



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PS/S of S/PS/10

28th March 1985

Jan Tim

*To: Jan
OK*

CP to note

*Out
pursing*

// You asked for a draft reply from the Prime Minister to Mr Wiggin's letter of 8th March to the Prime Minister. I understand that your office had separately sent the letter from Mr E Abram to the DTI for direct reply. In the circumstances, however, I have assumed that the Prime Minister would wish the reply to both letters to be sent to Mr Wiggin, and I accordingly attach a draft letter to Mr Wiggin which he could send on to Mr Abram, together with a draft covering letter which deals with the points raised by Mr Wiggin himself.

Difficulties have recently emerged over the definition of the requirement for the helicopter to replace the Wessex and the Puma. The existing Air Staff Target 404 is for a helicopter to carry some 13 men; a variant of Westland's W30 is one of the options to meet such a requirement, along with the Sikorsky Black Hawk, the Aerospatiale Super Puma and the prospective European collaborative NH 90 programme. However, as a result of recent military exercises the Army now wishes to review its requirement for helicopter support, and it is possible that a much larger helicopter than those currently under consideration will be required.

This news is unwelcome not only to Westlands but also to the DTI who have put some £41M of launch aid into the W30 programme. Westlands need new production orders to fill the gap after their current orders are complete until the Anglo-Italian EH 101 programme starts to build up at the end of the decade. The RAF requirement cannot however be approved before the Army study is complete. Thereafter we shall need to look again at our priorities in the light of the costs and other claims on the Defence budget. It may be the early part of next year before decisions are taken.

Timothy Flesher Esq



In these circumstances it would be inappropriate to hold out to Mr Wiggin the prospect of an early decision. The draft reply now attached takes account of the oral reply on the same theme which Mr Butler made during Defence Questions on Tuesday (Col 207) to Mr Heathcoat-Amory.

I am copying this to Ruth Thompson (Department of Trade and Industry).

Yours,
D J Woodhead

(D J WOODHEAD)

DRAFT COVERING LETTER FROM THE PRIME MINISTER TO MR JERRY WIGGIN MP

Thank you for your letter of 8th March about Westland Helicopters plc and the replacement for the RAF's Puma and Wessex helicopters.

You referred to the letter which your constituent, Mr E Abram, wrote to me on 27th February. I enclose a letter which you may wish to forward to him and which explains the general position on the timing of decisions on the Puma/Wessex replacement; you will be aware of this from Adam Butler's answer to David Heathcoat-Amory's question in the House on 26th March and the exchanges which followed.

You also suggested that the delay in reaching a decision was in some way due to mistrust between the Army and the RAF, or to a failure by the RAF to give adequate financial priority to the Wessex/Puma replacement. This is quite wrong. Two factors prevent the MOD from taking an early decision. The first is the Army's need to review its own requirement for helicopter support. The second, equally important, is the need to ensure that funds are available within the Defence budget. Since priorities for equipment expenditure are determined for the Defence programme as a whole - there are no longer single-Service budgets - there is no question of any failure by the RAF to give adequate priority to AST 404.

I note what you say about the relative numbers of helicopters available to the British and US Armies. Comparisons are difficult between forces with different concepts of operations. I can assure you, however, that the Ministry of Defence fully recognises the

importance of helicopters in all forms of military operations,
and intends that helicopter procurement should continue to form a
significant part of the defence equipment programme.

DRAFT LETTER FROM THE PRIME MINISTER TO

MR JERRY WIGGIN MP

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You wrote to me on 8th March commenting on the letter which your constituent, Mr E Abram, had sent to me on 27th February about Westland Helicopters and the possible replacement for the RAF's Puma and Wessex helicopters (Air Staff Target 404).

As you said, Mr Abram's letter is written from the heart. I suspect that there are many - and not only in Yeovil and Weston-super-Mare - who would share his view that the Ministry of Defence should select the Westland W30 helicopter to meet AST 404. However, in this case as in any other involving a major equipment purchase, when the Ministry comes to make its decision it must examine all the options available, in the interests both of the Armed Forces themselves and of the British taxpayer, to ensure that the helicopter which is selected meets the operational requirement and represents the best value for money.

It is our policy to buy British equipment for our Armed Forces, provided it is sensible, economic and consistent with our international obligations to do so. We buy equipment from overseas only when advantages of cost, performance and timescale outweigh the longer term benefits of buying a British alternative.

/ In ...

In recent years, national contracts placed with British industry plus our share of international collaborative programmes have together amounted to almost 95% of our total defence equipment expenditure. But, while the lion's share of our procurement goes to British industry, it would not be right to refuse to consider buying any equipment at all from overseas. As you know, we lay great stress on the importance of effective competition as a means of obtaining value for money. In the particular case of helicopters, all Westland's competitors are of course overseas companies, and we must therefore consider helicopters of foreign manufacture if there is to be any element of competition at all in our procurement of helicopters.

Mr Abram also asks that an early decision should be made on AST 404. Although I fully realise the importance of an early order to Westlands, I am afraid it will not be possible to make a decision in the immediate future. As Adam Butler told the House on 26th March, the Army is at present reviewing its requirements for helicopter support, and AST 404 must remain in abeyance until that review is complete, and the project as then specified is considered for a place in Defence plans. That point is unlikely to be reached for some months yet.

Under normal circumstances, as you know, I should have arranged for a reply to be sent direct to Mr Abram. In view, however, of your interest in the correspondence you may prefer

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to pass this letter on to him yourself. Mr Abram may be assured that in making our choice in this and other cases we shall give Westland's full and proper consideration.