



DEPARTMENT OF TRADE AND INDUSTRY
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Secretary of State for Trade and Industry

PS/

17 January 1986

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Prime Minister
MS → *CDP 17/1*

Dear Charles,

WESTLAND : EXCHANGE OF LETTERS WITH SIR RAYMOND LYGO

.. I attach copies of the exchange between Sir Raymond Lygo and my Secretary of State. These will be released to the press at 2.30pm today.

2 Copies of my letter and its enclosures go the Private Offices of all Cabinet colleagues and to Michael Stark in Sir Robert Armstrong's office.

Yours sincerely,

J F Mogg

J F MOGG
Private Secretary

JF6AAF



Secretary of State for Trade and Industry

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17 January 1986

Admiral Sir Raymond Lygo KCB
Managing Director and Chief Executive
British Aerospace plc
100 Pall Mall
LONDON SW1

Dear Sir Raymond,

Thank you for your letter of today's date.

I am most grateful to you for writing. I believe the misunderstanding between us has now been cleared up. Certainly I do not question - and have never sought to question - your integrity, either personally or as Chief Executive of British Aerospace.

*Yours sincerely
Leon Brittan*

LEON BRITTAN

British Aerospace

PUBLIC LIMITED COMPANY

100 PALL MALL LONDON SW1Y 5HR

TELEPHONE 01-930 1020

From the Chief Executive

SIR RAYMOND LYGO, KCB

Rt. Hon. Leon Brittan, PC, QC, MP,
Secretary of State for Trade & Industry,
Room 803,
Department of Trade & Industry,
1-19 Victoria Street,
London,
SW1.

17th January, 1986

Dear Secretary of State,

As we have stated publicly, British Aerospace regrets the controversy which has developed over what was said at the meeting held in your office on 8th January, 1986 and, of course, I totally share that view. We have not sought this situation, nor at any time has the Company or I sought to question your integrity. I understand that likewise you are not questioning my own integrity either personally or as the Chief Executive of British Aerospace.

In the House of Commons yesterday, in answer to questions, the Prime Minister did not demur from the view that there must have been a misunderstanding of the remarks you made to me at the meeting. I understand that you have since expressed your assent to that general proposition. I welcome this. If, indeed, you said only that it was in the national interest that the present uncertainty over Westland's future be ended as soon as possible and not, as I previously understood you to say, that the continuing campaign on behalf of the European Consortium was against the national interest, I would accept that. I also accept that you at no time said that "British Aerospace should withdraw from the European Consortium", nor have I ever suggested that you used those words. However, in the course of our discussion of the possible risks to British Aerospace of the leading role we had recently adopted in support of the European Consortium - risks which we mutually recognised - we discussed the possibility of the Company reverting to the lower profile it had previously adopted in order to lessen those risks. I believe it may have been during this part of our conversation that an unfortunate misunderstanding arose and it may well be that you intended to infer that, in view of British Aerospace's wider interests, I personally should withdraw in the sense of lowering my profile as spokesman for the Consortium.

Continued/...

From: Sir Raymond Lygo, KCB

Continuation Sheet

- 2 -

I notice there are certain other discrepancies in our respective records of the meeting, but these appear relatively minor.

I very much hope the matter can be left on this basis.

I have shown this letter to my Chairman, Sir Austin Pearce, who fully approves its content.

Your sincerely,
Ray Lygo



10 DOWNING STREET

Nigel

Told Press office.

Bernard is very concerned.

He has told the lobby that
he will not see them until
he knows what to say.

But he says he must see
them as soon as possible and
in any case before 12.30 if
we are to influence
lunchtime news and
provincial newspapers.

I suggest urgent
word immediately after

Cabinet.

Bernard is very
excited about this, but
I think is now calm enough
that nothing will be done
until after Cabinet.

David.



MEETING WITH SIR RAYMOND LYGO

He says did not
~~It is quite untrue that I made any suggestion to Sir Raymond Lygo that British Aerospace should withdraw from the European consortium or that their participation in it was contrary to the national interest. On the contrary, ^{he} I emphasised that the Government's position was that it was for Westland to decide what course to follow. ~~What I did say, and continue to believe,~~ is that the nature and tone of some of the campaigning on behalf of the European consortium could fuel protectionist sentiment in the United States and could damage the commercial interests of British Aerospace and its European partners especially in the United States. ^{This is, I think, a point which with which} Sir Raymond himself said that British Aerospace's United States subsidiary had expressed great concern about their US business being harmed. I also said that it was not in the national interest that the present uncertainty involving Westland should drag on. If others gained a different impression of what was said or intended at the meeting I very much regret it.~~

He also said

would

DW1AJC