

CONFIDENTIAL

PRIME MINISTER

MEETING OF MINISTERS: WESTLAND

We have a further meeting of the restricted group of Ministers to consider the report back by the Defence Secretary and the Trade and Industry Secretary on their talk with Sir John Cuckney about the Government's future requirement for support helicopters.

The upshot of that talk was unsatisfactory in a number of ways:

- Westland claimed that failure to meet their full demands would lead to disbandment of their helicopter design team. No evidence was given for this. It seems inherently unlikely given the prospect of large orders for the EH101 in various forms and for a Light Attack Helicopter.
- virtually regardless of what the Government do, Westland are clearly going to run down and close their Weston-Super-Mare factory. This is probably necessary and sensible. But there is no reason why they should blame the Government for it: it reflects a rationalisation which should occur anyway. They ought to be ready to handle the timing of an announcement helpfully.
- the Company gave absolutely no indication of what additional work Sikorsky is likely to put its way. This is very unsatisfactory given all the euphoric statements made last year. Westland are pressing for a statement of the Government's intentions: we should press for a statement of theirs (and Sikorsky's).

The Defence Secretary comes forward with two options, neither of which would save the Weston-Super-Mare plant, but which would affect the number of redundancies at Yeovil. They are:

CONFIDENTIAL

CONFIDENTIAL

- 2 -

- (i) bring forward the in-service date of the 30 Utility EH101 to 1992. This would cost an extra £131 million on the defence budget over four years (1988-92). The Defence Secretary is prepared to fund this. It is not clear how many redundancies it would save. *"provided that it was agreed that the full financial impact would be borne in mind i.e. £87." (para 10 of Mr. [unclear] minutes)*
- (ii) in addition to (i) above, place an order for 16 Lynx Mark 2. This would reduce the number of redundancies at Yeovil to about 400. It would cost an additional £78 million over five years (1987-92). There is an identifiable defence need for the Lynx. But the Defence Secretary cannot fund it from the defence budget.

Points which you will want the meeting to consider are:

- is there anything to be said for putting further pressure on Westland to say what assumptions they are making about future work from Sikorsky and Fiat?
- is it agreed that nothing can be done to save the Weston-Super-Mare plant? Should there be discussions with the company about the timing and presentation of an announcement?
- does the meeting confirm agreement reached last time to bring forward the ISD for the utility version of the EH101 to 1992?
- is there any support for providing additional funds to the defence budget to allow the purchase of 16 Lynx (for which there is a defence requirement but no money)?
- is there scope for ordering more Lynx (which would provide earlier work for Westland) now and fewer EH101 later?

CDP
CDP

17 March, 1987.

JD3AWW

CONFIDENTIAL