

COMMERCIAL IN CONFIDENCE

Draft letter from CHIEF SECRETARY
to
PRIME MINISTER

WESTLAND

I have seen Michael Heseltine's minute to you of 23 December and Leon Brittan's of 27 December.

2. I entirely agree with Leon that we should give no indications of a preference for the European solution.

3. I am puzzled by Michael's assertion that the provisional agreements he reached with his European colleagues will come into effect if Westland decide to accept the European offer. I do not believe we have agreed to this. Leon Brittan's statement in the House on 16 December made clear that the Government is not bound by the NAD recommendation. That continues to be the case. As you know, I have major reservations about the procurement strategy envisaged by Michael's draft agreement. In particular, I cannot agree that if the European offer is eventually accepted by Westland shareholders we as a Government should cut ourselves off from possible procurement of American helicopters for the foreseeable future in favour of a single, wholly

COMMERCIAL IN CONFIDENCE

protected, European source of supply.

3. I am copying this minute to Cabinet colleagues and to Sir Robert Armstrong.

[JM]

COMMERCIAL IN CONFIDENCE

From: D SEAMMEN
Date: 30 December 1985

CHIEF SECRETARY

cc Chancellor
Sir P Middleton
Mr F E R Butler
Mr Burgner
Mr Kitcatt
Mr Scholar
Mr Turnbull

WESTLAND

Mr Heseltine has proposed to the Prime Minister that we should indicate 'informally' that we favour the European solution. Mr Brittan disagrees. We advise you should also disagree.

2. There is one further aspect which requires clarification. Mr Heseltine says that his agreements with European colleagues (effectively the NAD document, which rules out purchases of American helicopters) are provisional and will come into effect in the event that Westland plc decides to accept the offer of the European consortium. I do not believe this to be the case. The NAD document was disavowed by Mr Brittan's statement in the House. There has been no Ministerial agreement to reinstate it if Westland go European. Nothing Mr Brittan or the Prime Minister said implied any such commitment, nor was it included in the Prime Minister's summing up at Cabinet on 19 December.

3. We should continue to resist any such commitment. It is neither logical nor desirable that the decision of a private sector company should automatically dictate Government policy (any more than the other way round).

4. Mr Heseltine may say that he can only offer the Seakings if European collaboration goes ahead thus providing him with 'savings'. You have of course already told him that the Defence Budget must finance the Seakings, (irrespective of any such

COMMERCIAL IN CONFIDENCE

savings); and of course European collaboration could, as Mr Brittan pointed out in the House, go ahead with Westland under the Sikorsky option. What we must avoid is the commitment to buy nothing but European helicopters.

5. I attach a draft minute to the Prime Minister.



D SEAMMEN

COMMERCIAL IN CONFIDENCE

PERSONAL



With the Compliments
of the
Chief Secretary to the Treasury's
Private Secretary

Treasury Chambers,
Parliament Street,
SW1P 3AG