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STATEMENT WESTLAND PLC

I am most grateful to you Mr Speaker for allowing me to make this statement as I would like to clarify what I said earlier today and to apologize to the House if what I said then gave a misleading impression.

This afternoon in making my statement to the House I was asked whether the Government had received a letter from British Aerospace concerning the meeting which took place between Sir Raymond Lygo and myself on 8 January. I replied that I had not done so. In answer to further questions whether any member of the Government had received a letter from Sir Raymond Lygo, I replied that I was not aware of any letter from Sir Raymond Lygo to any one else either. There has since been an announcement by 10 Downing Street that ~~the Prime Minister received a letter~~ ^{was received then which by Prime Minister saw just before coming on to House. It was} around noon today not from Sir Raymond Lygo, but from Sir Austin Pearce the Chairman of British Aerospace ^{and I understand} which was marked private and strictly confidential. Although I was ^{myself} made aware of the existence of this letter minutes before I left for the House I had not been informed of its contents nor did I know whether Sir Austin Pearce was prepared for its existence to be made public. In view of the fact that, as I have said, the letter was marked private and strictly confidential it was essential that I took great care in what I ^{said} ~~to~~ protect ^{strictly confidentially attached to it} the ~~confidence placed in the Prime Minister~~ by Sir Austin Pearce, while, answering questions accurately.

I understand that since I made my statement Sir Austin has agreed with the Prime Minister's office that the existence of his letter can be disclosed (although not its content). I had no intention of misleading the House in this matter and

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(MR. BRITTAN speaking)

The disclosure of the note is not a matter for me, but I shall consider the r h and l G's request.

What happens at tomorrow's meeting ^{may be} ~~is~~ inconclusive. It would be unwise, faced with the meeting of shareholders tomorrow, for the Hse or ^{the many} me to speculate on ~~XXXXXXXXXX~~ alternative possibilities that could arise. It would be wrong to attempt to do so today.

MR. MICHAEL HESELTINE (Henley): ^{W. Ag} ~~Can~~ I ask my r h and l F whether the Govt have received any letters from British Aerospace giving its views of the meeting?

MR. BRITTAN: I have not received any such letter.

MR. PADDY ASHDOWN (Yeovil): I wish to return from the wider issues to the matters of the affair which particularly affect my constituency. Does the Secy of State accept that the vast majority of ^{both} the work force at Westland and ~~a~~ the smaller shareholders back the decision of the Westland board? Will he confirm that the Anglo-Italian helicopter project, which is vital to Westland's future, is founded on an agreement between the two Govts, not on an agreement between the firms, and that Westland's position as the British Govt's chosen instrument cannot be affected? Does the Secy of State agree that future helicopter projects, which also rest on agreements between Govts, will depend on whom the British Govt choose

MR. BRITTAN: I am not aware of any such discussions.

MR. ANTHONY BEAUMONT-DARK (Birmingham, Selly Oak): In answering my r h F the M for Henley (Mr. Heseltine), my r h and I F the Secy of State said ^{that he had} ~~we~~ have received no ^{such} letter. In view of the importance of the conversation that is purported to have taken place, has any other member of the Govt received any representations or letter from Sir Raymond Ligo or British Aerospace?

MR BRITTAN: I can ^{only} speak ~~for~~ for myself.

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~~MR.~~ MR. TAM DALYELL (Linlithgow): In answer to the
 Member for Henley (Mr. Heseltine), the former Secy of State for
 Defence, the Secy of State referred to the crucial British
 Aerospace letters and emphasised to the Hse, "I did not."
 He was then asked by the Member for Birmingham, Selly Oak
 (Mr. Beaumont-Dark) ~~whether~~^{if} he knew whether other members of the
 Cabinet did, to which he replied, "I can only speak for myself."
 Would it not be more candid for the Secy of State for Trade
 and Industry frankly to tell us that if he did not read them,
 the Prime Minr did?

MR. BRITTAN: I have given an account of the meeting, and
 I have nothing further to add.

MR. PATRICK CORMACK (Staffordshire, South): Why should the
 Hse of Commons have more confidence in my r h and l F's judgment
 of the defence implications of this matter than in the judgment
 of our r h F the M for Henley (Mr. Heseltine), bearing in mind
 that throughout his distinguished tenure of office he ~~had~~
~~the~~ enjoyed the ^{Prime Minr's} wholehearted confidence?

MR. BRITTAN: I am not inviting the Hse to do what my h F
 suggests ~~that~~ I am inviting it to do.

~~MR. FLANNERY~~

MR. MARTIN FLANNERY (Sheffield, Hillsborough): In view of
 the profound interest ~~shown~~^{shown} in this ~~debate~~^{issue matter} throughout the
 nation and Europe, and the almost unprecedented attendance
 here on a Monday afternoon - [Interruption.] ~~By~~ ^{Member} ~~the~~ Tory ~~Ben~~

may laugh, but they have something to hide. Why is the Secy of State treating this serious subject so cavalierly, by not giving proper answers to the qns that he is being asked? Has he something to conceal? Has he read the advertisement in The Times this morning about the mess that British science is in? Does he realise that we are all fearful that our technology is about to disappear to the United States and that our armaments and defence ~~industry is~~ ^{industries are} being sold ^{for a mess of potage} to a group of shareholders ~~for a mess of pta potage to people~~ who have ~~not~~ no interest in British working people?

MR. BRITTAN: That is a view ^{which} ~~that~~ the h G is entitled to hold. ~~For~~ If he is ~~interested~~ worried about the interests of British working people, he will no doubt also have noted the clear view of the British working people working for Westland in Yeovil.

MR. IVOR STANBROOK (Orpington): Is my r h and I ~~F~~ aware that the motives of my r h F the M for Henley (Mr. Heseltine) have wide support in the country and in the Hse? If the Govt are sincere about their commitment to Europe, why did they not prefer ^{European} ~~European~~ participation from the beginning?

MR. BRITTAN: The answer is that it was not forthcoming.

MR. DENNIS SKINNER (Bolsover): The Secy of State for Trade and Industry has been asked two questions about the meeting with the chairman of British Aerospace. The r h M for

Henley (Mr. Heseltine) asked whether the Govt had received a letter from ^{the chairman, and} ~~him~~. The Secy of State was subsequently asked the same ^{again} ~~qnf~~. He dodged answering it on both occasions by meekly saying that he could only speak for himself. Does he not understand that the conviction politician has dodged the column today and that he has been put in her place to answer question? Now that he has been put there, it is his job, not ^{just} to answer for himself, but to answer for the Govt. That is why he is at the Dispatch Box. He should come clean.

(MR. BRITTAN: If it helps the h G, I am not aware of any letter from Sir Raymond Lygo to anyone else either.

(MR. GEOFFREY DICKENS (Littleborough and Saddleworth): Will my r h and l F explain why the former Secy of State for Defence places his store firmly behind the British-European option which I support, ^{when} ~~but~~ ^{he} ~~at the same time~~ had the solution for saving Westland in his own hands while he was ^{Secy of} ~~Minr~~ of State for Defence ~~Procurement~~? Why did he never place orders for more helicopters with Westland?

(MR. BRITTAN: The Minry of ~~the~~ Defence took the view, which I wish to make clear, I am not in any way criticising, that it was unable to confirm a requirement for support helicopters, for which Westland had been hoping. The Minry also declined a request from the company to place additional orders for W30 helicopters to help with its short-term problems

because there was no military requirement for such helicopters. I wish to make it clear that those are the facts, and that I am not ~~eriti~~ criticising the ~~former~~ former Secy of State for Defence for coming to those conclusions.

MR. D.N. CAMPBELL-SAVOURS (Workington): If the contents of the letter from Sir Raymond Lygo are at variance with the statement by the Secy of State, ^{in order} to secure the fullest possible disclosure will the ~~Secy~~ Secy of State attend, and allow his officials to attend a hearing of the Select Cttee on Defence so that they may be questioned by members of the Cttee?

MR. BRITTAN: I assure the h G that all Select Cttees of the Hse will be treated with the normal respect to which they are entitled.

MR. ROBERT ADLEY (Christchurch): Is my r h and l F aware that three years before he ^{— my r h and l F —} came to the Hse I accompanied the r h M for Chesterfield (Mr. Benn) to New York and Washington, at the suggestion and request of the then Minr ^{for Aerospace} ~~of Aviation~~ and the Conservative Govt, to defend the concerted attacks ~~by the American aerospace industry~~ on the Concorde ~~project~~ ^{by the American aerospace industry, which} ~~was~~ determined to kill ~~it~~ ^{its} ~~project~~. In my r h and l F's opinion, is the American aerospace industry any less detemrined to neuter or take over the British aerospace industry? Does he believe that the Government ^{are interested} ~~have any interest~~ in protecting this country's national aerospace interest? Does he accept

order -

ms [MR. SPEAKER: Order. The r h G asked ^{me whether} ~~I~~ I would

check the record, and I shall ~~do so~~ ^{do so}

ROBIN

[MR.] MAXWELL-HYSLOP (Tiverton): ~~The same~~ A similar

point was raised in the debate on ^{the} Second Reading of the

Development Maplin Bill, when my r h F the M for Henley ^{(Mr Heseltine) was} purported

to quote from a document which he declined to lay on the

Table of the Hse, although he was pressed to do so.

Perhaps the Father of the Hse would consider that precedent,

and the ruling that was made on it.

ms [MR. SPEAKER: Order. We ^{must} ~~shall~~ not be distracted by
Maplin ^{in days}

[MR. ROBERT C. BROWN (Newcastle upon Tyne, North):

Further to the question ^{asked} ~~raised~~ by the r h M for Henley

(Mr. Heseltine), is the Secy of State aware of any letter

received by Her Majesty's Govt from British Aerospace? Is the

Secy of State ^{states} ~~be~~ aware that when he ~~says~~ from the Dispatch Box that he

^{is} ~~can~~ only speak for himself ~~and~~ he is seriously misleading

~~Any~~Minr the Hse? Any Minr of any rank who speaks from the Dispatch Box speaks for the Govt.

MR. BRITTAN: I have already answered that point in ~~my~~ reply to the h M for Bolsover (Mr. Skinner).

MR. DOUG HOYLE (Warrington, North): Will the Secy of State explain in more detail how the Govt took the decision of non-intervention, in view of the defence implications of a Westland takeover? ^{Can} ~~Could~~ he say whether it was considered that ~~Sikorsky~~ Sikorsky might not be satisfied with a partial shareholding and ^{that it} ~~could~~ ^{might try to} make a ~~total~~ takeover ^{the entire} of the company in the future?

(n) From the explanation in the statement about the interview with the chairman of British Aerospace, when the Minr ^{said} ~~stated~~ that British Aerospace was aware of the American ^{could} implications, ~~does~~ it appear that he was bullying the chairman of British Aerospace? ^{Has} ~~Did~~ he consider ^{ed} ~~at any~~ ~~time~~ following the example of the r h M for Henley

(Mr. Heseltine) and resigning from the Cabinet in view



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DRAFT STATEMENT

With permission, Mr Speaker, I should like to make a statement.

2 Throughout last year, Westland plc was facing financial difficulties. The company's position reflected among other things a worldwide slump in demand for civil helicopters. Against this background Sir John Cuckney, who became Chairman in June 1985, sought a partnership with a substantial industrial group which could offer both finance and commercial strength. United Technologies expressed an interest in taking a substantial minority shareholding.

3 Subsequently, Fiat joined United Technologies in a joint proposal to take a minority shareholding in Westland. The Government, however, encouraged Westland to explore fully in addition the possibility of an alternative European-based proposal. This led to the development of proposals from a consortium comprising Aerospatiale, Agusta and MBB, who were later joined by British Aerospace.

4 I announced in my statement to the House on 16 December that the Board of Westland had decided to recommend to shareholders the proposals put forward by United Technologies and Fiat. I explained that the Government is not bound by the recommendation of the National Armaments Directors of the UK, France, Germany and Italy that certain helicopter requirements should in future be met solely from helicopters

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designed and built in Europe. That remains the position. I also explained the action the Government had taken to ensure that Westland had an alternative European-based offer to consider, but emphasized that it was for Westland to decide the best route to follow to secure its future and that of its employees. At no stage did the Government collectively determine on a preference for a particular solution.

5 At its meeting on 19 December, the Cabinet confirmed the policy I had previously announced with colleagues' agreement, and decided that no Minister was entitled to lobby in favour of one proposal rather than another. That decision was unanimously approved by the members of the Cabinet.

6 On 1 January my Rt Hon Friend the Prime Minister set out clearly in a letter to Sir John Cuckney that as long as Westland continues to carry on business in the UK, the Government will support the company in pursuing British interests in Europe. My Rt Hon Friend also made clear the Government would resist to the best of its ability attempts by others to discriminate against Westland.

7 The alternative solutions put to Westland have been presented in some quarters as offering a choice between collaboration with Europe and collaboration with the United States. I do not consider that to be a fair presentation. The Government welcome collaboration with both Europe and the United States. Both the proposals put to the Board have European involvement. The Government will continue to support Westland in pursuing British interests in Europe whatever solution is implemented.



8 A number of misleading assertions have been made in recent days about my own and the Government's position on this matter. I will be happy to answer questions on these specific points.

9 The position now is that the Board of Westland has unanimously recommended revised proposals from United Technologies and Fiat to shareholders. Revised proposals from the European consortium, now joined by GEC, have also been circulated to shareholders. The Government hopes the matter can be resolved quickly in the interests of the company and its employees.