

Westland deal backed by Cabinet

By Julian Haviland
Political Editor

The decision by Westland helicopters, announced on Friday, to save the company by allowing the American Sikorsky corporation and the Italian company, Fiat, a minority shareholding, has the Government's full endorsement and support.

Reports that Mr Michael Heseltine, Secretary of State for Defence, has Cabinet support for his efforts to block the Sikorsky arrangement are wrong.

In spite of the disapproval of European helicopter interests, who have offered work to Westland in the hope of keeping the Americans out of Europe, ministers fully share the belief of the Westland board that the Sikorsky-Fiat solution is the only practical one. This is likely to be made clear by Mr Leon Brittan, Secretary of State for Trade and Industry, when he is expected to report in the Commons today. Ministers believe, as the board appears to believe, that the European offer, which has Mr Heseltine's strong support, is a hollow one.

If, as their advisers have said, the group of European interests, including British Aerospace, appeals to Westland shareholders over the heads of Sir John Cuckney, the Westland chairman, and his board, they will not be able to claim without challenge that the company will be better placed to secure defence orders within Europe if it co-operates with the Europeans instead of with the Americans.

Mr Heseltine's plans for a European rescue, and his tactics in pursuing it, were reviewed last Monday by a Cabinet committee with the Prime

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Minister in the chair. He found little support.

The Westland board had complained to ministers that it had waited for months for a firm offer from the European companies, which include Aerospatiale of France, Agusta of Italy and Messerschmitt-Bolkow-Blohm of West Germany.

Westland's position is critical and without a firm rescue offer agreed by Thursday the company would have to go into receivership.

In the view of ministers and the Westland board the Sikorsky offer is firm and unconditional while the European counter-offer is uncertain, because some of the participating companies would require their governments' approval.

Mr Heseltine first instructed the senior official in his department concerned with collaboration in defence projects to meet his French, West German and Italian counter-

parts, some two weeks ago. The officials recommended that the four governments should undertake to buy only helicopters designed and built in Europe.

The recommendation shook Westland, then in crucial talks with Sikorsky and Fiat, because it would have blocked its hopes of selling into Europe the Sikorsky-designed helicopters, notably the highly successful Black Hawk, which Westland hopes to make under licence.

Cabinet ministers at Monday's meeting decided that unless the European group could produce within four days a positive proposal then the Government would not be bound by the agreement made by the four officials.

Mr Heseltine's threat to the Westland board was, on his colleagues' insistence, cancelled.

Yesterday Sir John denounced Mr Heseltin's condemnation of the Sikorsky-Fiat package as "astonishing and distasteful".

● The details of the Sikorsky - Fiat arrangement with Westland together with a preliminary statement of the company's annual financial results, will be set out in a circular to shareholders on Thursday, (Our Defence Correspondent writes).

An important component of the European solution was based on agreements between the British, West German, French and Italian governments that they would harmonize their requirements for a battlefield helicopter, and meet their need for military helicopters from European sources.

At least part of those understandings are thought to have been conditional upon Westland adopting the European solution, and Sir John is thought to have written to the Prime Minister asking that the Government should not feel bound by them now the Westland board was recommending the Sikorsky-Fiat solution.

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