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WESTLAND

The overt arguments in the Heseltine minute of 23 December are:

- (i) there is now a European bid on the table which offers more to the banks, the company and the shareholders than the Sikorsky bid (para. 2)
- (ii) this is partly because MOD would then be able to buy six more Sea King helicopters (3c)
- (iii) there will be political criticism both at home and in Europe if the Government were to express no preference between a British/European bid and a US bid (3a on page 4)
- (iv) the Fiat connection raises security problems.

Points (i) and (ii) are for the company, banks and shareholders to consider. We knew about the possibility of a European bid and took that into account: without it there would have been no choice for the company to consider, and the Government's public position could have made no sense.

Point (iii) is weak.

- (a) Fiat would have 14.9% of Westland, and Libya holds 14% of Fiat. There is no question of Libya "effectively controlling a significant British defence company".
- (b) Fiat already supplies many important components for British defence equipment, including gearboxes for Westlands.
- (c) The Americans are even more sensitive about both security and Libya than we are. They seem to be content for Fiat to be involved with Sikorsky.

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The key is therefore the argument of political criticism in point (iii). Mr. Heseltine's covert argument is relevant here, as described in his manuscript minute: Mr. Brittan earlier emphasised the importance of a European minority shareholding; why has he changed his mind?

There is some slight validity in this: Mr. Brittan does seem to be standing further back than he was. But Mr. Heseltine has changed his position even more than Mr. Brittan. The real question is whether the possible decisions could be said to be likely to cause "grave embarrassment to the Government and to the national interest".

As argued above, the national interest is not at stake - as Mr. Heseltine himself argued in April. And to change its position would cause grave embarrassment to the Government.

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