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PRIME MINISTER

WESTLAND PLC

I have seen Michael Heseltine's minute of 23 December. I know that you will wish to examine whether there are any new factors that might lead you to decide that colleagues should collectively consider whether change to the present and declared Government policy is necessary.

Michael expresses concern that decisions might be taken by Westland, perhaps over the holiday period, which would cause grave embarrassment to the national interest and to the Government. I cannot identify what urgent developments he has in mind given that the company's shareholders will take no decision before the Extraordinary General Meeting which the Board has proposed for 14 January 1986.

Michael's minute notes that two new developments have occurred since we last discussed this issue. These are, first, the publicity associated with Libyan involvement in the Sikorsky/Fiat proposals; and secondly, the emergence of more details about the formal offer from the European Consortium.

It was certainly right to consider any possible security implications of a Libyan involvement in Fiat and in Westland. I know, however, that the JIC have already given their immediate assessment which does not seem to me to provide grounds for us to rule out the Sikorsky/Fiat proposal.

As for the second development noted by Michael, fuller information on the European proposals - including GEC's

related commitment to them - is now available and I know that the Westland Board is in the process of seeking further urgent clarification from Lloyd's Merchant Bank in order properly to advise their shareholders. In this connection I should add that I am by no means convinced that the comparison of the two proposals set out in the annex to Michael's minute represents the complete picture nor one which the company itself could accept.

I am firmly of the view that neither of the two developments identified above nor the pace of decision-taking by Westland warrant any change in the Government's policy towards the company. That policy was agreed in E(A) on 9 December and announced in my statement to the House on 16 December. The Cabinet meeting of 19 December did not lead to any change in that policy and it has been clearly expressed in your own answers to Parliamentary Questions on 17 and 19 December.

I cannot therefore agree with Michael that we should indicate, however "informally" or conditionally, that we prefer the European solution. Such an indication would be calculated to exert a direct influence on shareholders at a most sensitive time and would be regarded as an unwarranted intervention on the part of a Government which had hitherto unequivocally and publicly at the highest level set its face against any such intervention.

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

John Major

pp. L.B.

(Dictated by the Secretary of State
for Trade and Industry and signed
in his absence)

Department of Trade and Industry
27 December 1985



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Department of Trade and Industry
27 December 1985



Copied as requested
27.12.85.

Please copy this minute (SS.DTI to PM of 27.12)
to the Duty Officer at

D.T.I. & to

the SOS (DTI) at Admiralty
House.

J. T. [Signature] 27/12/85

1. Muzasced to Chequers 27.12.85. AQ
2. Copies sent as per minute 27.12.85. AQ