

Heseltine pressures Thatcher on Westland

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THE defence secretary, Michael Heseltine, has called on the prime minister to reopen the cabinet debate on the future of the Westland helicopter company. In a memorandum to cabinet colleagues he is urging the government to indicate a preference for the European rescue package.

His attempt to get direct government involvement in the future of Westland will be seen by many MPs as a direct challenge to the prime minister's authority. Mrs Thatcher has publicly insisted that the company must decide whether to opt for the American-Italian package put forward by Sikorsky-Fiat or go for the deal offered by a European consortium, including some of Britain's key defence industries.

Heseltine is understood to have circulated to cabinet colleagues on Christmas Eve his request for the Westland issue to be discussed when the cabinet next meets on January 9 - just five days before an extraordinary general meeting of the Westland shareholders.

Meanwhile, this weekend, there are counter-claims that the Ministry of Defence originally encouraged Sikorsky to become involved in the rescue. In recent weeks, Heseltine has been championing the European offer, and provoked a bitter internal cabinet battle with Leon Brittan, the trade and industry secretary, over his

insistence that Westland should seek a European solution.

But supporters of the Sikorsky-Fiat rescue plan said that Peter Levene, the head of the defence ministry's procurement executive, had discussed the issue in July in Washington with Sikorsky executives and had welcomed American interest. Levene said yesterday that he had merely expressed interest in the Sikorsky offer and had remained "reasonably neutral".

However, according to a Conservative MP, Heseltine had at first welcomed Sikorsky's involvement. Bill Walker, MP for Tayside North, was present at a meeting on September 23 between Heseltine and Bill Paul, the head of Sikorsky, when the minister said he was "happy provided no money had to come out of the defence budget". It was only a month later that Heseltine started to lobby for a European alternative.

Heseltine's attempts to reopen the issue will also infuriate several of his cabinet colleagues. They believe that he has broken both the spirit and the letter of an agreement at the last cabinet meeting that neither side should campaign publicly for either rescue package.

The defence secretary, however, is insisting that the cabinet expresses a view on whether Europe maintains a high-technology capability in helicopter design and manufacture free from American domination. While accepting that the government cannot instruct Westland, he believes it can indicate a preference that would influence shareholders.

He also wants cabinet consideration of reports that Libya holds a 2% stake in Fiat. Leon Brittan has described that as a "red herring" but Heseltine is arguing that it should be a deal of the Westland board with access to confidential decisions, it does have strategic implications.

There is another white lie at the play. Heseltine has expressed his support for a question the Sikorsky-Fiat deal, particularly work-sharing provisions between Westland and the American firm. It was being emphasised within government that while that Sikorski had every intention of maintaining Westland as a design and engineering capability in Europe and keeping it "perceptibly British".

The Westland directors are still sceptical of the European bid, but small shareholders contacted by *The Sunday Times* are showing a greater sympathy for the European offer. Dunbar Unit Trust, which holds 2%, said the European offer was "slightly better for shareholders in the shorter term".

