

FINAL - A.S. sent

File
Copy



10 DOWNING STREET

THE PRIME MINISTER

15 January 1986

Dear Sir Austin,

Thank you for your letter of 13 January about the meeting at the Department of Trade and Industry on 8 January.

You will have read Leon Brittan's statement in the House on Monday in which he gave his recollection, which was shared by the Ministers and officials present, of that meeting. You were kind enough to send me a copy of Sir Raymond's account of the proceedings (which I understand that you are not prepared to have published) and I am sending you with this letter a copy of the record of the meeting taken by the Department of Trade and Industry, which will be published.

Let me emphasise that we are pleased that the Westland Board has enjoyed a choice of offer. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever of the two proposals currently under consideration the company chooses to accept, the Government would continue to

support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

Thank you for agreeing that your letter can be published since it has become a public issue. I am publishing this reply.

Yours sincerely

Langford Shaltes

Sir Austin Pearce, C.B.E.

PERSONAL AND CONFIDENTIAL

N.L.W.



10 DOWNING STREET

15 January 1986

From the Principal Private Secretary

Dear John,

I attach the text of a letter which the Prime Minister proposes to send early this morning to Sir Austin Pearce. This differs from that which was cleared through the Cabinet Office yesterday afternoon. If any recipient is not content with this draft, please let me know by 0930 at the latest.

I am sending copies of this letter to the Private Secretaries to the Secretary of State for Defence, Lord President, Lord Privy Seal, Chief Whip, Attorney General and to Sir Robert Armstrong, Sir Clive Whitmore (Ministry of Defence), John Michell (Department of Trade and Industry) and John Wiggins (Cabinet Office).

*Yours sincerely
Nigel Wicks*

N.L. WICKS

John Mogg, Esq.,
Department of Trade and Industry.

Stark send RTA had no coms

No Tran - no coms

RTA Wiggins - content

Sachse send H's no prob

*Roberts (W) would say with Smith
if next com (7.45)*

PERSONAL AND CONFIDENTIAL



10 DOWNING STREET

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15 January 1986

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Thank you for agreeing that your letter can be published since it has become a public issue. I am publishing this reply.

Sir Austin Pearce, C.B.E.



overtaken

10 DOWNING STREET

THE PRIME MINISTER

15 January 1986

Dear Sir Austin:

Thank you for your letter of 13 January about the meeting at the Department of Trade and Industry on 8 January.

You will have read Leon Brittan's statement in the House on Monday in which he gave his recollection, which was shared by the Ministers and officials present, of that meeting. You were kind enough to send me a copy of Sir Raymond's account of the proceedings (which I understand that you do ~~not want~~ ^{not want to} have published) and I am sending you with this letter a copy of the record of the meeting taken by the Department of Trade and Industry, which will be published.

Let me emphasise that we are pleased that the Westland Board has enjoyed a choice of offer. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever of the two proposals currently under consideration the company chooses to accept, the Government would continue to



file ✓

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I should be grateful if you could arrange for very urgent interdepartmental clearance today, including with the Law Officers, of the attached draft reply to Sir Austin Pearce's letter of yesterday.

N.L. Wicks

14 January 1986



10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

Thank you for your letter of 13 January. I fully accept and am indeed grateful for your assurance that you have no desire to embarrass us and indeed I note that you have not copied your letter to any other party.

May I say at once that I know that Sir Raymond Lygo is one of the last people who could be accused of being anti-American.

As you know from Leon Brittan's statement in the House yesterday, his recollection of the meeting differs from that reported in your letter. I very much regret, and I know that he does too, if others had gained a different impression of what was said or intended at the meeting.

Board Let me emphasise that we are pleased that the Westland ~~company~~ ^{had} has a choice and it was indeed part of our policy that it should have one. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever of the two proposals currently under consideration the company choose to accept, the Government would continue to support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

Sir Austin Pearce, CBE.

PRIVATE AND CONFIDENTIAL



10 DOWNING STREET

Mr Wicks

We discussed, I have agreed this with DTI officials. The last para is for you to decide, & the last sentence to be referred specifically to

From the Principal Private Secretary

14 January 1986 *Mr Brittan*

Red J.L.

A.J. Wiggins

14/1

There being no material in its draft relevant to

I attach a slightly amended draft of a possible reply for the Prime Minister to send to Sir Austin Pearce's letter, and I should be grateful if your clearance could take account of the amendments therein.

Westland's choice,

I see no need to

refer this text to the

Low Officers.

Could I stress that the material in the last paragraph, and particularly in the last sentence is still for final decision. Let me stress that I have not yet been in touch with Sir Austin Pearce about publication of the letter.

*Yours sincerely
N.L. Wicks*

(N.L. Wicks)

A.J. Wiggins, Esq.,
Cabinet Office.

PRIVATE AND CONFIDENTIAL



SECOND DRAFT

10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

Thank you for your letter of 13 January. I fully accept and am indeed grateful for your assurance that you have no desire to embarrass us and indeed I note that you have not copied your letter to any other party.

May I say at once that I know that Sir Raymond Lygo is one of the last people who could be accused of being anti-American.

As you know from Leon Brittan's statement in the House yesterday, his recollection of the meeting and that of others present differs from that reported in your letter. I very much regret, and I know that he does too, if others had gained a different impression of what was said or intended at the meeting.

Let me emphasise that we are pleased that the Westland Board has had a choice and it was indeed part of our policy that it should have one. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever

of the two proposals currently under consideration the company choose to accept, the Government would continue to support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

[Since your letter has become a public issue, you have agreed that it can be published and I am publishing this reply. [Leon Brittan is also publishing his Department's record of the discussion of 8 January.]]

Sir Austin Pearce, C.B.E.



10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

Thank you for your letter of 13 January [about the discussion which your Chief Executive, Sir Raymond Lygo, had with the Secretary of State for Trade and Industry on 8 January.] I fully accept your assurance that you have no desire to embarrass us and indeed I note that you have not copied your letter to any other party.

May I say ~~at this stage~~ ^{at once} that I ~~fully accept too~~ ^{know} that Sir Raymond Lygo is one of the last people who could be accused of being anti-American. ~~[Sir Raymond has had a most distinguished career in the Royal Navy when, as you said in your letter, he had the closest involvement with the United States.]~~

As you will know from the ~~Secretary of State's~~ ^{Lord Patten's} statement to the House yesterday, his recollection of the meeting differs from that which is reported in your letter. As the Secretary of State ~~assured the House,~~ ^{told the} ~~if~~ others had ~~gained a~~ different impression of what was said or intended at the meeting he very much regretted it. So do I. ~~[The Secretary of State assured the House that he did not make any suggestion at the meeting that British Aerospace should withdraw from the European consortium or that their participation in any way was contrary to the national interest.]~~ On the contrary, he emphasised that it was for Westland to decide what course to follow. He went on to say that the nature and tone of some of the campaigning on behalf of the European consortium could fuel protectionist sentiment

in the United States and could damage the commercial interests of British Aerospace and its European partners, especially in the United States. Sir Raymond himself said that British Aerospace's United States subsidiary had expressed great concern about their US business being harmed. The Secretary of State also said that it was not in the national interest that the present uncertainty involving Westland should drag on.

Let me emphasise ~~too~~ ^{that} ~~that though~~ we are pleased that the Westland company has a choice, and it was indeed part of our policy that it should have one, it is not part of that policy to intervene on the merits of the two offers, ~~or to become involved in, to use your words, the purely commercial discussion and decision making processes of the companies making the offers.~~

Since your letter was classified "Private and Strictly Confidential", I am so classifying mine.

Sir Austin Pearce, C.B.E.



SECOND DRAFT

10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

Thank you for your letter of 13 January. I fully accept and am indeed grateful for your assurance that you have no desire to embarrass us and indeed I note that you have not copied your letter to any other party.

May I say at once that I know that Sir Raymond Lygo is one of the last people who could be accused of being anti-American.

As you know from Leon Brittan's statement in the House yesterday, his recollection of the meeting and that of others present differs from that reported in your letter. I very much regret, and I know that he does too, if others had gained a different impression of what was said or intended at the meeting.

Let me emphasise that we are pleased that the Westland Board has had a choice and it was indeed part of our policy that it should have one. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever

of the two proposals currently under consideration the company choose to accept, the Government would continue to support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

[Since your letter has become a public issue, you have agreed that it can be published and I am publishing this reply. [Leon Brittan is also publishing his Department's record of the discussion of 8 January.]]

Sir Austin Pearce, C.B.E.

DRAFT ①



10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

Thank you for your letter of 13 January. I fully accept and am indeed grateful for your assurance that you have no desire to embarrass us and indeed I note that you have not copied your letter to any other party.

May I say at once that I know that Sir Raymond Lygo is one of the last people who could be accused of being anti-American.

As you know from Leon Brittan's statement in the House yesterday, his recollection of the meeting differs from that what is reported in your letter. I very much regret, and I know that the Secretary of State does too, if others had gained a different impression of what was said or intended at the meeting.

Let me emphasise that we are pleased that the Westland Company has a choice and it was indeed part of our policy that it should have one. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever of the two proposals currently under consideration the company choose to accept, the Government would continue to support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

Sir Austin Pearce, CBE.

NOTE FOR THE RECORD

This note records a telephone conversation which the Prime Minister and I had with Sir Austin Pearce, Chairman of British Aerospace at 1805 on 14 January.

Sir Austin agreed that No.10 could publish his letter. He confirmed that Sir Raymond was also in agreement and so was his Board. Publication of the letter, together with the Prime Minister's reply, could take place around mid morning tomorrow (say 11 a.m.). I warned Sir Austin that if his letter leaked overnight - and I wasn't suggesting it would - we would have to be ready to get our reply out quickly.

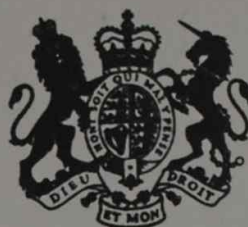
Sir Austin confirmed that he would not want Sir Raymond Lygo's transcript of his conversation with Mr. Brittan published. This was an internal working document for the company. The Prime Minister pointed out that she would have to make it clear, in answer to questions, that it was the company, not the Government, that objected to its publication. The Prime Minister told Sir Austin that she was considering with Mr. Brittan the publication of the Department of Trade and Industry's own note of the meeting with Sir Raymond. Sir Austin said that publication of that note was a matter for the Government's own decision.

N.L.W.

(N.L. Wicks)

14 January 1986

EL3AUP



10 DOWNING STREET

From the Private Secretary

14 January 1986

Further to my letter of 14 January, the Prime Minister has now agreed that one named official in the Departments principally concerned should be allowed to see, in No.10, Sir Austin Pearce's letter. You told me that the Department of Trade and Industry official concerned is John Michell.

Please could the Private Secretary to the Secretary of State for Defence and to Sir Robert Armstrong let me know their Department's official who should see the letter. I am assuming, subject to Michael Stark's correction, that the Cabinet Office official should be Mr. John Wiggins.

I am sending a copy of this letter to the Private Secretaries already mentioned and to the Private Secretaries to the Lord Privy Seal and the Chief Whip. I do not think that their interest is such that their officials need to see the letter.

We will be clearing the draft of the reply to Sir Austin through the Cabinet Office in accordance with the laid down procedures.

(N.L. WICKS)

John Mogg, Esq.,
Department of Trade and Industry.



10 DOWNING STREET

Ministers } SEEN LETTER .
Officials } 14.1.86

NAME	Time
Lord Pres.	c. 10.30
SS/DTI	c. 12.40
S/S MOD	
L.P.S.	
Ch. Whip	c. 11.45
AG.	11.45.
RTA	11.45.
J. Nicholl	12.00
M. Stark	c. 12.15
J. Wiggins	c. 12.15.

On 8 January my rt. honourable Friend, the Secretary of State for Trade and Industry, saw Sir Raymond Lygo.

My hon Friend, the Minister of State, the Member for Chertsey and three officials from his Department were also present.

My rt. honourable Friend, the Industry Secretary, has given his account of that meeting to the House.

A letter from Sir Austin Pearce about that meeting has been published today, together with my reply and the record of the meeting taken by the Department of Trade and Industry.

SUPPLEMENTARY NOTE

As my rt. honourable Friend indicated to the House, the two Ministers and the officials here present agreed that the record by the Department of Trade and Industry is an accurate account of what was said. That record was based on notes taken at the time. As my rt. honourable Friend has said, it is a matter of regret that a different impression was given from what was said or intended.

1 Victoria Street, SW1H 0ET Press Office: 01-215
Out of hours: 01-215 7877

Ref: 40

15 January 1986

GEOFFREY PATTIE - STATEMENT ON WESTLANDS

Geoffrey Pattie MP, Minister of State for Industry and Information Technology, today (15 January) issued the following statement about Sir Raymond Lygo's meeting with the Secretary of State for Trade and Industry on Wednesday 8 January and Sir Austin Pearce's letter to the Prime Minister.

"I agree that the official record represents an accurate account of what happened at the meeting between the Secretary of State for Trade and Industry and Sir Raymond Lygo on Wednesday 8 January.

"I have read the letter of 13 January sent by Sir Austin Pearce to the Prime Minister and must take issue particularly with points 6 and 7 of Sir Raymond Lygo's account of what was said by the Secretary of State at that meeting.

"First, on point 7, at no time in the meeting was it said that British Aerospace should withdraw from the European consortium.

"On point 6, it was not said that BAe's involvement in either consortium was not in the national interest, but that a continuation of the uncertainty over Westland's future was not in the national interest - particularly where sales by BAe and others to the US were concerned.

- ENDS -

GOVERNMENT AMENDMENT

Leave out everything from "noting" to the end and insert "endorses the Government's consistent objective of a financial reconstruction of Westland as soon as possible which maintains a British helicopter design, development and manufacturing capability, supports UK participation in collaboration with NATO allies and safeguards the interests of the company, its employees and its shareholders; recognises the efforts of the Government to ensure that the Westland Board had more than one option to secure that objective; and notes that it will be for the company to determine its future course of action."

Mr Biffen's comments on draft Amendment:

Add on to the end the following:

"and further recognises the competence of departmental Select Committees of the House of Commons to consider the issues raised by these developments."

He is not wedded to the wording but feels it is an important point.

MOD have no comments.

Secretary of State for Trade and Industry's redraft

GOVERNMENT AMENDMENT

Leave out everything from "noting" to the end and insert "endorses the Government's consistent objective of supporting Westland plc in its efforts to achieve a financial reconstruction; of supporting UK participation in collaboration with NATO allies and of safeguarding the interests of the company, its employees and its shareholders; ~~and~~ recognises the efforts of the Government to ensure that the Westland Board had more than one option to secure that objective; and notes that it will be for the company to determine its future course of action."

~~Overall, Mr Brittan would prefer something much shorter.~~

OPPOSITION MOTION ON WESTLAND PLC

GOVERNMENT AMENDMENT

"Endorses the Government's consistent objective of supporting Westland plc in its efforts to achieve a financial reconstruction, of supporting UK participation in collaboration with NATO allies and of safeguarding the interests of the company, its employees and its shareholders; recognises the efforts of the Government to ensure that the Westland Board had more than one option to secure that objective; affirms that it will be for the company to determine its future course of action; and further recognises the competence of departmental Select Committees of the House of Commons to consider the issues raised by these developments."

Mr Wiggins

Mr Powell

I see no objection to
this.

JW
14/1



10 DOWNING STREET

I enclose copy of ~~draft~~ letter
from Prime Minister to
Sir A. Pearce.

(Not enclosed
JW

With the compliments of

Should I show this to
law officers? —

I don't think so.

~~M. C. Powell~~

Duty Clerk,

PP

M. C. POWELL

British Aerospace

PUBLIC LIMITED COMPANY

100 Pall Mall
London SW1Y 5HR

Telephone: 01-930 1020
Telegrams: Britair London
Telex: 24353

From the Chairman,
SIR AUSTIN PEARCE, CBE

The Rt Hon Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
London, S.W.1.

15th January, 1986.

Dear Prime Minister,

Thank you for your letter of 15th January and for sending me a copy of the record made by the Department of Trade and Industry of the meeting held with Sir Raymond Lygo on 8th January last. It is evident that there are two different recollections of what was said at the meeting. It is our hope that we will now be able to concentrate on the important issues concerning the future of Westland plc.

I am publishing this reply to your letter.

Yours sincerely,

Austin Pearce



10 DOWNING STREET

NLW

Don Maclean rang
from British Aerospace.

Sir Austin Pearce is
sending a further letter
to PM (an acknowledgment
basically).

They intend to
publish but will
not do so until I
confirm receipt.

Julie

15.1.86

PL File
Z



10 DOWNING STREET

NLW

Chris Roberts rang
to say Chief Whip
has no comments
on the letter.

JB

15-1-86

About PU NOTE on
Westlands



10 DOWNING STREET

From the Private Secretary

~~Charles~~

Brian Griffiths is not sure about the quality of this. (I am writing without having seen it myself.)

If you don't think much of it, he would be content for you to keep it out, though he wouldn't want you to tell other members of the PU he had said that.

He hasn't seen the final version either! So you see what I have



TO DOWNING STREET

to put up with.

David.



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

PS/ Secretary of State
for Trade and Industry

14 January 1986

Nigel Wicks Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Mr Wicks

MEETING WITH SIR RAYMOND LYGO : 8 JANUARY 1986

... As requested, I attach three cleaner copies of
this meeting note.

dated 10/1/86

Yours sincerely,

Bradley

JF

J F MOGG
Private Secretary

Encls

JF2ASQ

TO:
PS/MR PATTIE

FROM:
J F MOGG
PS/Secretary of State
for Trade & Industry

10 January 1986

MEETING WITH SIR RAYMOND LYGO : 8 JANUARY 1986

On 8 January the Secretary of State took the opportunity of Sir Raymond Lygo's meeting with your Minister to have a few words with Sir Raymond. Your Minister, Mr Macdonald and Mr Michell were present.

2 The Secretary of State began by saying that there had been one aspect of the Westland issue that had been of particular concern to him as the sponsoring Minister. This concerned the impact on potential sales to the US of the A320. The Secretary of State said that whilst the Government's position was that it was a matter for the company to decide what course to follow, he himself had no view on the merits of the two offers. However, the nature of the campaigning and the overtones of anti-American sentiment were, in the Secretary of State's view, particularly damaging and potentially could fuel protectionist sentiment in the US. Had such views been expressed earlier they would undoubtedly have hindered the Secretary of State's efforts in the difficult and complex negotiations with the United States Trade Representative concerning semi-finished steel products.

3 Sir Raymond understood the Secretary of State's concern. British Aerospace's interest was to ensure that Westland remained a potential purchaser of material from his company. In response to Sir Raymond's comment that the NAD recommendation remained on the table the Secretary of State said that the Government's decision was clear. Unless the European offer had been acceptable to the Westland Board by 13 December the Government was not bound by the NAD recommendation. This was now the position and had been made perfectly clear in the Secretary of State's statement to the House.

4 The Secretary of State said that it might have been helpful if British Aerospace had spoken to him initially. However having not done so and, British Aerospace having taken a commercial decision to participate in the European Consortium, the Secretary of State took no view on that position. Nonetheless he hoped the way in which the negotiations were conducted would not damage British Aerospace's wider commercial interest especially in the US. For example any challenge which implied that acceptance of the Sikorsky/Fiat proposal would result in a loss of independent design capability at Westland raised the profile of the discussions and implied an anti-US attitude.

5 Sir Raymond said that he hoped that discussions with Westland that evening would be on a true commercial basis. An attempt would be made by both sides to lower the temperature at this meeting. Indeed Sir Brian Hayes had himself congratulated Sir Raymond on his success in lowering the temperature at previous meetings. At the discussion later that evening British Aerospace would probably make a further improvement in the European offer. In order to resolve a shortage of engineering capability at British Aerospace some 100 engineers work per annum could be made available to Westland. Such an offer from British Aerospace would only be made if Westland had the capability to undertake the high quality work involved.

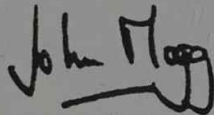
6 Sir Raymond returned to the question of anti-American sentiment. British Aerospace Inc. (their US subsidiary) had expressed great concern about their US business being harmed. The Secretary of State responded by saying that he was ready to act immediately in defending British Aerospace's interest. He repeated, however, that, in his view, it was much more effective if the current round of discussions was not interpreted as being anti-American in sentiment.

7 Sir Raymond commented that MOD was British Aerospace's biggest single customer. He also emphasised that British Aerospace was considerably committed to collaborative ventures with MBB and Aerospatiale. Someone had needed to take the lead in establishing the European Consortium and British Aerospace would have been regarded as letting down their European collaborators if they had not done so. Sir Raymond was fully aware of the dangers and hoped that he was capable of managing this delicate balancing act.

8 The Secretary of State commented that customers could not dictate the extent of the enthusiasm with which any particular case might be put. British Aerospace had relations with this Department also. Sir Raymond took this point.

9 The Secretary of State said that it was not in the national interest that the present uncertainty involving Westland should drag on. Sir Raymond said that he had heard the same message elsewhere but questioned what was the national interest. Shareholders needed to have full information on which to base their decisions.

10 The meeting concluded with Sir Raymond observing that notes had been taken of the discussion.



J F MOGG

From the Chairman,
SIR AUSTIN PEARCE, CBE

Private and Strictly Confidential

The Rt. Hon. Margaret Thatcher, FRS, MP,
The Prime Minister,
10 Downing Street,
London SW1

13th January 1986

Sir Austin Pearce,

You should be aware that while visiting Mr. Pattie to discuss Airbus business on Wednesday the 8th January, preparatory to a meeting in Munich on January 9th, Sir Raymond Lygo, my Chief Executive, had an impromptu meeting with Mr. Leon Brittan in the Department of Trade and Industry at 1700 hrs. The meeting was at the Secretary of State's request, in the presence of Mr. Geoffrey Pattie, Mr. Macdonald and Mr. Michell all of his Department, as well as his Private Secretary.

Sir Raymond returned directly to a special Board Meeting of British Aerospace which was in progress and made a full report of his conversation to the Board. He also wrote down all the salient points that had been made to him. His report stated that the following points were specifically covered by the Secretary of State:

1. expressed a view that as the DTI were our sponsoring Department we should have consulted with his Department before we entered the Consortium
2. to enquire whether we had fully considered the effect our actions might have on our American business and in particular on the A320 and his concern about the effect on Anglo-American business that our actions might be having
3. his concern at the Consortium leadership role we appeared to be adopting
4. that the decision should be left to the shareholders alone
5. that the agreement of the National Armaments Directors had never been endorsed by Government and that he could prove this by showing Sir Raymond the Minutes of the meetings which discussed it
6. that what we were doing was not in the National Interest
7. that we should withdraw.

A full transcript of Sir Raymond's account of the proceedings is available if you would wish to see it. At the end of his Board Statement, Sir Raymond asked that he be accorded the protection of the Board since the matter in which he had been nominated as the spokesman was becoming personalised and he was most unhappy with the situation. You should be aware that in his verbal reply to the Secretary of State, Sir Raymond made the following points:

1. that the Board had considered fully the implications of the effects on our American trade; that we had actually suggested that some of the words originally used in the National Armament Directors' Agreement be amended to avoid implying that the action was protectionist
2. that Sir Raymond had gone out of his way at the Consortium's Press Conference to make a lengthy statement to one of the American correspondents there to the effect that he wished that the debate would not be trivialised to the extent of portraying the European Consortium as being anti-American because it was not in the interests of the United States to have a weak defence industry in Europe; quite the reverse, and to be pro-European did not mean that one had to be anti-American. In fact, the reverse was true
3. that in his own case he was married to an American, had spent many happy years in the United States and served in the United States Navy which he suspects was a greater involvement in the United States than anybody present at that meeting, and the last person that could be accused of being anti-American, in his view, was himself
4. that he found the reference to the National Interest confusing, since we had been told by another great Department of State that what British Aerospace were doing was in the National Interest
5. that our European partners had a natural expectation that British Aerospace, the most experienced, should lead their Consortium in the attempt to persuade the shareholders of Westlands that their proposals were genuine and better
6. that British Aerospace and the Consortium were very content to let the shareholders decide, so long as they were given the facts
7. that the Ministry of Defence was British Aerospace's largest customer and that the partners involved in the Consortium were the same partners in our most important programmes, Airbus, the European Fighter programme, the Trigat programme and Tornado

In view of the serious nature of the complaints that had been made against the attitude of British Aerospace, it was considered important that our British partner GEC should be informed of what had taken place. Also, since one of the conditions precedent set before we joined the Consortium was being questioned, i.e. the agreement of the National Armaments Directors, that the Department of Defence, through the Permanent Under-Secretary should be approached to learn whether, what we had been given to understand was correct. At no time was any discussion about the meeting held with Mr. Michael Heseltine.

You should also be aware that on December 11th, I was approached by Mr. Macdonald of the Department of Trade and Industry who expressed the Department's concern that British Aerospace had not consulted the sponsoring Department, the DTI, before getting involved with the European Consortium. I reminded him of the meetings with Sir Basil Blackwell on May 15th and Sir John Cuckney on July 15th when British Aerospace had stated its interest in ensuring the survival of Westlands and that these conversations had been reported to Mr. Tebbit, Mr. Pattie and Sir Brian Hayes. It was indicated to me that Mr. Brittan was very concerned at the developments and I therefore requested a meeting with him which was held on December 13th at which I stated that British Aerospace as a fully privatised company had considered the Consortium proposal on a commercial basis and since the DTI had not responded in any way to British Aerospace's expressed interest in the Westland survival, that British Aerospace should proceed on the basis of its commercial interests and these took into account the U.S. relationships for both British Aerospace and Airbus Industrie.

This discussion covered some of the facts as mentioned above but not as pointedly as were made to Sir Raymond. We were thus aware of the arguments being made by the DTI, but believed that the shareholders of Westlands should decide. That is still our position.


I have no doubt that Sir Raymond's account of the events so fresh in his memory and recounted to the Board so soon after the event with the assistance of notes made immediately after that meeting was substantially correct, and are borne out by much other information that is coming to light. So far we have refused to make any public comment.

The meeting took place immediately following a discussion Sir Raymond was having with Mr. Pattie on Airbus Industrie's proposals for a new programme. The connection is worrying to say the least. Whatever the words used were meant to convey, the message was perfectly clear. I would therefore ask you to take this letter into account in any further exchanges that might take place, or in any further statements that might be made by the Government, in order to avoid further embarrassment.

Please be assured that we have absolutely no desire to embarrass you, and much regret that you have become involved in what should have been a purely commercial discussion and decision-making process. Nevertheless, I think it is important that you should understand the position of British Aerospace.

This letter is addressed to you and is not being copied to any other party.

Yours sincerely,

A handwritten signature in cursive script, appearing to be 'A. W. ...', followed by a horizontal line underneath.

The Prime Minister: Yes.

Mr. Tony Banks asked the Prime Minister, pursuant to her answer of 13 January, *Official Report*, column 521, what were the reasons for the deployment of military personnel at Heathrow airport; and on what dates the exercises were carried out.

The Prime Minister: These exercises are held at the request of the police and with the approval of my right hon. Friends the Home Secretary and the Secretary of State for Defence. They are held to familiarise the troops concerned with the duties they would carry out in an emergency, and for deterrent purposes. They have been carried out on the following dates:

Heathrow	14 May
1981	1 June
4 March	17 October
5 August	26 November
3 December	19 December
1982	1985
10 February	18 March
25 June	4 April
17 August	30 April
23 November	26 June
	5 July
1983	15 August
4 March	14 October
6 July	
21 July	Gatwick
28 September	1983
29 November	1 December
20 December	
	1986
1984	1 January to 9 January
12 January	

Mr. Tony Banks asked the Prime Minister, pursuant to her answer of 13 January, *Official Report*, column 521, on how many occasions firearms were issued to military personnel on exercises at Heathrow airport.

The Prime Minister: Firearms are a normal part of the equipment of the troops concerned, and have been issued on each occasion when exercises at Heathrow have been carried out.

Appointments

Mr. Tony Banks asked the Prime Minister, pursuant to her reply of 9 December, *Official Report*, columns 421-24, if she will list the names of all those people whom she has appointed to public bodies in each of the past five years.

The Prime Minister: All appointments are announced when made and it would involve disproportionate cost to list in arrears the large number of names appointed or reappointed to these public bodies over the years in question.

Westland plc

Mr. Gordon Brown asked the Prime Minister if she instructed the Secretary of State for Trade and Industry,

prior to his statement at 3.30 pm on Monday 13 January, to refuse to acknowledge the existence of the letter of that date from Sir Austin Pearce to the Prime Minister.

The Prime Minister: I have nothing to add to my, and my right hon. and learned Friend's earlier statements on this matter.

EMPLOYMENT

Job Start Project

Mrs. Renée Short asked the Paymaster General what are the latest figures for the number of people who have qualified for the £20 a week special allowance in the nine areas in which the job start project has been initiated by his Department.

Mr. Alan Clark: In the first two weeks of the pilot scheme—that is, up to 17 January—10 people qualified for the job start allowance.

Enterprise Allowance Scheme

Mr. Ashley asked the Paymaster General if he will tabulate in the *Official Report* the failure rate of businesses in the three months after the completion of the 12-month period under the enterprise allowance scheme; and what is the failure rate of businesses run by disabled people.

Mr. Trippier: A survey of former enterprise allowance scheme participants three months after the allowance had stopped showed that, of those taking advantage of a full year on the scheme, 14 per cent. had ceased to trade at the time of the survey. No comparable figure is available for businesses run by disabled people.

Mr. Ashley asked the Paymaster General how many people were participating in the enterprise allowance scheme at the latest date for which figures are available; and, of these, how many were disabled.

Mr. Trippier: Fifty-two thousand, four hundred and one people were in receipt of the enterprise allowance on 16 January 1986. No statistics are kept of the numbers of disabled people on the scheme.

Departmental Publicity

Mr. Tony Banks asked the Paymaster General how many people have been employed by his Department's press and public relations office in each of the past five years; and what has been the annual budget for that office over the same period.

Mr. Kenneth Clarke: Details of the numbers of information officer group staff employed in Department of Employment group press and public relations offices are given below. These figures do not include administrative and clerical staff who work in support of these offices.

The Prime Minister: I have nothing to add to my reply of 14 November 1984 to the hon. Member for Great Grimsby (Mr. Mitchell).

Mr. Spearing asked the Prime Minister if she will state the terms of the decision taken at the meeting of 9 December 1985 referred to in her speech of 15 January, *Official Report*, column 1094.

The Prime Minister: I have nothing to add to what I said in my speech on 15 January at column 1094.

Ministers (Letters)

Mr. Gordon Brown asked the Prime Minister what is the policy of Her Majesty's Government regarding the circumstances in which the existence of letters to Ministers or to her marked "Private and Strictly Confidential" is denied.

The Prime Minister: I refer the hon. Gentleman to the reply I gave to the hon. Member for Wrexham (Dr. Marek) on 17 January.

Solicitor-General (Letter)

Mr. Gordon Brown asked the Prime Minister if (1) in the course of the inquiry into the leaking of the Solicitor-General's letter of 4 January, any official of the Department of Trade and Industry has been interviewed;

(2) who is conducting the inquiry into the leaking of the Solicitor-General's letter of 4 January; and what resources are being devoted to the inquiry.

The Prime Minister: I refer the hon. Gentleman to the answer I gave to the right hon. Member for Swansea, West, (Mr. Williams) on 16 January at column 629.

Westland plc

Mr. Gordon Brown asked the Prime Minister if she will authorise the publication of the notes prepared by civil servants on 8 January on the meeting between Sir Raymond Lygo and the Secretary of State for Trade and Industry.

The Prime Minister: No.

Mr. Gordon Brown asked the Prime Minister if she will publish the minute of the ministerial meeting on 9 December which discussed the possibility of a further meeting of Ministers in that week.

The Prime Minister: No. the normal rules for the release of Cabinet committee papers will apply.

Mr. Winnick asked the Prime Minister if it was with her authority that an official from her office contacted the British Broadcasting Corporation and asked it not to broadcast an interview to be given by the then Secretary of State for Defence the right hon. Member for Henley (Mr. Heseltine) on 22 December; and if she will make a statement.

Dr. Gilbert asked the Prime Minister if any officials in the Department of Trade and Industry have complained to either the permanent secretary or the head of the Civil Service about the accuracy of the report prepared by Mr. Mogg of the meeting between Sir Raymond Lygo and the Secretary of State for Trade and Industry; and if she will make a statement.

The Prime Minister: No.

Mr. Wigglesworth asked the Prime Minister if Ministers or officials of Her Majesty's Government have had discussions with members of the United States Administration about the position of Westland.

The Prime Minister: I am not aware of any view or advice offered by the United States Government nor of any request from Ministers and officials of Her Majesty's Government to the United States Government in relation to the position of Westland. Information about the Government's approach has been provided in the normal way.

Mr. Gordon Brown asked the Prime Minister (1) if she will now authorise the publication of the document of 4 October prepared by the Secretary of State for Trade and Industry on Westland helicopters;

(2) if she will now authorise the publication of the document of 18 October prepared by the Secretary of State for Trade and Industry on Westland helicopters.

The Prime Minister: No.

Mr. McNamara asked the Prime Minister (1) whether she authorised Mr. Jeffrey Archer to read the Cabinet and departmental papers relating to the Government's policy towards Westland;

(2) what access to Cabinet papers is given to Mr. Jeffrey Archer.

The Prime Minister: Mr. Jeffrey Archer has no access to Cabinet or departmental papers.

Ministers (Interviews)

Mr. Gordon Brown asked the Prime Minister if she will make a statement on the events surrounding approaches by her press officer to the BBC about the appearance of Ministers on the BBC radio programme "The World this Weekend" on 22 December 1985

The Prime Minister: Against the background of a Cabinet decision on 19 December reported to the House that same day at question time, my chief press secretary, with my authority, sought to persuade neither the Secretary of State for Trade and Industry nor the then Secretary of State for Defence to participate in BBC Radio 4's "World this Weekend" programme on Sunday 22 December. In the course of this, he communicated to the BBC the Secretary of State for Trade and Industry's decision to withdraw his consent to its broadcasting an interview with him which had been pre-recorded. In the event, interviews with both Ministers were broadcast.

Mr. Winnick asked the Prime Minister what is the practice of her press office with regard to making requests to the broadcasting authorities to provide advance information concerning the identity of right hon. and hon. Members who are to be interviewed; if this procedure applies to right hon. and hon. Members of all parties; and if she will make a statement.

The Prime Minister: As part of its co-ordinating function, and to amplify the information contained in the *Radio Times* and the *TV Times*, my press office has a regular two-way exchange with producers of a number of radio and television programmes. The objective is to establish the subjects the producers intend to pursue and the members of the Government they wish, or have arranged, to take part.

commencement of the inquiry into Lloyd's; and if he will give an assurance that the inquiry will be completed before the Financial Services Bill completes all its parliamentary stages;

(2) if he will publish in the *Official Report* the names of the members of the inquiry into Lloyd's.

Mr. Howard: While the inquiry will begin work as soon as possible, I have nothing to add to what my right hon. and learned Friend said in the House during the Second Reading debate on the Financial Services Bill on 14 January and in my reply to the hon. Member for Leeds, Central (Mr. Fatchett) on 15 January.

GEC-Plesseys (Takeover)

Mr. Parry asked the Secretary of State for Trade and Industry what representations he has received opposing the takeover bid by the General Electric Company for Plesseys.

Mr. Howard: It is the normal practice to treat as confidential representations on merger matters, and it would therefore not be appropriate to comment on them.

Mr. Parry asked the Secretary of State for Trade and Industry if he will now refer the proposed takeover of Plesseys by the General Electric Company to the Monopolies and Mergers Commission; and if he will make a statement.

Mr. Howard: I will reply to the hon. Member as soon as possible.

Westland plc

Mr. Dalyell asked the Secretary of State for Trade and Industry whether the official record of his meeting with Sir Raymond Lygo of 8 January was submitted to him for approval before it was finalised; and why the minute of the meeting on 8 January was not signed until 10 January.

Mr. Brittan: The record was read to me over the telephone. The meeting concluded at 17.40 on 8 January, the note was dictated on 9 January, and signed, dated and circulated about lunchtime on 10 January, following confirmation by all those present from the Department that it was an accurate record.

Mr. Dalyell asked the Secretary of State for Trade and Industry if he will publish the draft manuscript notes of 8 January, taken by officials, recorded at his meeting with Sir Raymond Lygo.

Mr. Brittan: No.

Mr. Spearing asked the Secretary of State for Trade and Industry what other minutes or records were made by officials in his Department of his meeting with Sir Raymond Lygo on 8 January other than the single published record sent to the private secretary of the Minister of State, dated 10 January.

Mr. Brittan: The record prepared by my private secretary, and published on 15 January, was circulated following confirmation by all those present from the Department that it was an accurate record.

Mr. Gordon Brown asked the Secretary of State for Trade and Industry if at any time in his conversation with Sir Raymond Lygo on 8 January the question of British Aerospace's withdrawal from the European Consortium on Westland helicopters was discussed.

Mr. Brittan: No.

Mr. Gordon Brown asked the Secretary of State for Trade and Industry what action he proposed at his meeting on 8 January to Sir Raymond Lygo, following his statement that the European consortium bid might affect sales of the A 320.

Mr. Brittan: I said I was ready to act immediately in defending British Aerospace's interest.

Mr. Wrigglesworth asked the Secretary of State for Trade and Industry whether he has had any discussions with representatives of the United States Government about whether the involvement of Fiat in the offer to Westland would bring the company within the United States trade embargo with Libya.

Mr. Brittan: No.

Mr. McNamara asked the Secretary of State for Trade and Industry what access Mr. Jeffrey Archer has been given to his Department's papers relating to Westland.

Mr. Brittan: None.

Mr. Gordon Brown asked the Secretary of State for Trade and Industry why he expected to be consulted by British Aerospace prior to its joining the European consortium on Westlands.

Mr. Brittan: I did not expect to be consulted. I said it might have been helpful if British Aerospace had spoken to me.

British Telecom

Mr. Nellist asked the Secretary of State for Trade and Industry what information he has as to the number of British Telecom shareholders now holding (a) between one and 399 shares, (b) between 400 and 700 shares, (c) between 800 and 1,599 shares and (d) between 1,600 and 1 billion shares; and if he will state for each of the categories (a) to (d) (i) what is the number of shares, and (ii) what percentage of the total shares, including the Government's, that represents.

Mr. Geoffrey Pattie: While this is properly a matter for British Telecom, I understand that the latest information available, showing the pattern of shareholdings at 30 November 1985, is as set out in the table. Figures for category (ii) are only available for holdings between 400 and 799 shares.

Size of holdings	Number of holdings	Percentage of total	Number of shares held (millions)	Percentage of total
(i) 1-399	472,025	28.6	93	1.6
(ii) 400-799	793,786	48.1	362	6.0