

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WESTLAND PLC

Previous reference:
CC(85) 37th

Conclusions,
Minute 1

2. THE PRIME MINISTER invited the Cabinet to consider further developments since their last discussion of the current situation created by the financial difficulties of Westland plc.

The Government had decided long ago not to put public money into Westland, apart from writing off launch aid on the W30-300 helicopter but to leave the company to find its own solution to its problems through the market.

When the Cabinet discussed the matter on 19 December 1985, there were two proposals on the table for a financial reconstruction of Westland (not a takeover) involving either United Technologies and Fiat or a European consortium taking a minority shareholding in Westland. At that meeting the Cabinet had agreed that it remained the policy of the Government that it was for the company to decide what was the best course to follow in the interests of Westland and its employees, and it was the policy, no Minister was entitled to lobby in favour of one proposal rather another and that information

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

DEFENCE said that there was a certain anxiety that the shareholders of Westland were being given only one choice. The European consortium proposed to have documents available which could be put before the meeting of shareholders at once, if the recommendations by the board of directors on the United Technologies-Fiat proposal did not receive a 75 per cent majority. There need therefore be no question of the company going into receivership provided that solicitors representing Westland did not deny solicitors representing the European consortium access to the appropriate information. If there was not a 75 per cent majority in favour of either proposal, or if 10 per cent of those present sought a delay, then decisions might be delayed until a further Extraordinary General

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

the Cabinet Office replies on matters which fell within his Ministerial responsibility. He was prepared to clear collectively any new statements which he might be called upon to make, but he must be able to confirm without the delay implicit in the requirement to consult any statement already made. He would be

~~CONFIDENTIAL~~

THE SECRETARY OF STATE FOR DEFENCE withdrew from the meeting at that point.

The Cabinet

1. discussion.
2. Reaffirmed that it was the policy of the Government that it was for the company to decide what was the best course to follow in the interests of Westland and its employees, and that the time had now come for the company and its bankers to be left to deal with representatives of the two consortia and to make their decisions without any further intervention, directly or indirectly, by Ministers or by other people acting on their behalf.
3. Agreed that all statements or replies by members of the Government on matters relating to Westland between now and the meeting of shareholders on 14 January should be cleared interdepartmentally through the Cabinet Office, and that consideration should be given to the preparation of an agreed fact sheet on the lines indicated in the Prime
4. Invited the Secretary of the Cabinet to make the arrangements necessary to give effect to that decision.
5. Took note, with extreme regret, of the decision by the Secretary of State for Defence to leave the Cabinet.

The Cabinet proceeded to consider Foreign Affairs, Community Affairs and Northern Ireland Affairs (see Minutes 3, 4, and 5). The meeting was then adjourned for half an hour. When the meeting resumed after the adjournment, the Prime Minister said that Mr Heseltine had informed the press as he left 10 Downing Street that he had resigned from the Government. Guidance was being given to the press on the following lines.

it is for the company to decide what course to follow in the best interest of Westland and its employees. Cabinet discussed how this decision should apply in practice to ensure that collective responsibility was upheld. It was agreed that during this period when sensitive commercial negotiations were in process, all statements by Government Ministers should be cleared interdepartmentally through the Cabinet Office to ensure that all answers given by the Government were consistent with the policy

~~CONFIDENTIAL~~

decided by Cabinet.

Mr Heseltine found himself unable to accept this procedure and lecept tl

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~