

CONFIDENTIAL

From: THE PRIVATE SECRETARY

Prime Minister (2)

To note

NORTHERN IRELAND OFFICE

GREAT GEORGE STREET, *MCS 21/5*

LONDON SW1P 3AJ



Michael Scholar Esq  
10 Downing Street  
LONDON SW1

21 May 1982

*Dear Michael*

DE LOREAN

Since I circulated a brief report about the Receivership of De Lorean on 27 April, the Receivers have continued their efforts to find a way forward for the Company.

The interest being expressed in a rescue bid at the end of April was on the part of Mr Peter Kalikow, a substantial American businessman: the Receivers were encouraged by the interest shown by Mr Kalikow and had been considering the possibility of suspending production temporarily at the Belfast factory in order to facilitate a resumption later after Mr Kalikow's projected takeover of the American company. If Mr Kalikow had been successful in his intention of re-vitalising the American company, this could have had important advantages for the Belfast company. On entering negotiations with Mr Kalikow, the Receivers found however that they were unable to meet his conditions. These would have involved keeping the Belfast company going at the Receivers' expense without any assurance that a rescue bid would eventually be mounted. The Receivers put counter-proposals to Mr Kalikow and have now reported to my Secretary of State that Mr Kalikow has withdrawn his interest. Although Mr De Lorean has, predictably, come up with yet another suggestion of his own, neither the Receivers nor Mr Prior attach any weight to Mr De Lorean's proposal. One or two other enquiries are still being made about the future of the Belfast company but there is no longer any confidence that these will come to anything.

In these circumstances the Receivers have recommended, and Mr Prior has accepted, that production at the factory should cease, that the factory should close, and that almost all the employees should be declared redundant. Some employees will be retained in order to provide an orderly run-down, and to permit arrangements to be made for spare parts to be available for the cars already manufactured.

Although there is virtually no realistic possibility of a rescue bid now being mounted, both the Receivers and Mr Prior think it would be unwise to forestall any genuine attempt that might emerge.

/...

CONFIDENTIAL

CONFIDENTIAL



With this in mind the Receivers propose, in the statement they will be making on Monday, to make it plain that they will consider reopening the Plant if, during the period necessary to prepare for the realisation of the assets, firm proposals are made to them that justify doing so.

A winding up petition is due to be heard in court in Belfast on Monday 24 May and the Receivers' statement will be available in court. Union leaders at the Belfast factory will also be told ... of the Receivers' decision on Monday morning. I attach a copy of the current draft of the statement that the Receivers will be giving to them, to the court, and to the Press.

I am sending copies of this letter to Private Secretaries to other members of Cabinet and to David Wright (Cabinet Office).

*Yours sincerely*  
*Julie Stephens*

M W HOPKINS

CONFIDENTIAL

DE LOREAN

Draft of an announcement to be made by the  
Joint Receivers on Monday 24 May 1982

Following Mr Kalikow's withdrawal of the offer made to finance the reconstruction of De Lorean Motor Company and the sales organisation in the United States, and to provide finance for the production of further cars by the manufacturing company in Belfast, and in view of the large stocks of cars in the United States and Belfast and the prospects for selling these stocks, the Joint Receivers do not consider that the production of further cars is justified at present, even if they could finance such production.

There is therefore no alternative but to suspend production in Belfast and to make almost all the employees redundant. The Joint Receivers will consider reopening the plant if during the period necessary to prepare for realisation of the assets, <sup>any</sup> ~~further~~ proposals made to them by Mr De Lorean or any other proposals provide a sound basis for doing so.

In any event the Joint Receivers will ensure that arrangements are made for spare parts to be available for all the cars sold to date or in the future.

20 MAY 1962



6-100