

CONFIDENTIAL

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Prime Minister  
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PRIME MINISTER

LEAR FAN

I provided on 12 April a progress report; since then the Lear Fan Limited Board meeting scheduled for 24 April has now taken place.

2. Our nominee Directors have reported that the Board concluded that the project is at a crossroads and have agreed to meet again on 15 May to consider future viability. Before that meeting the Morgan Stanley report on the project will be complete.

3. The Industrial Development Board's (IDB) view is that it is likely that the Directors will conclude on 15 May that the project is no longer viable. Arrangements have been made by IDB with Slaughter and May (legal advisers) and Cork Gully (likely receiver/liquidator) to ensure that orderly action can be taken on foot of a wind up decision by the Board.

4. Everything possible is being done to ensure that constructive relationships with the Saudi investors are maintained. To minimise any risk of misunderstanding the IDB are seeking to arrange to meet with Prince Sultan personally in advance of the next Board meeting.

5. I will continue to keep you and colleagues informed of developments. I am copying this minute to Cabinet colleagues and to Sir Robert Armstrong.

NBward

for D H  
7 May 1985

(Approved by the Secretary of State  
and signed in his absence in Belfast)

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