CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

9 January 1984

HONG KONG

It may be of interest to you to know that the Prime Minister has recently been told by a private source that the United States Government plans to take advantage of the decline in confidence in Hong Kong. The source states that the Americans are planning to turn Guam into a fully fledged tax haven with all the benefits which are available in the Dutch Antilles. They are said to be intending to approve very liberal methods of operation in Guam which will benefit accounting firms, banks, lawyers and others who wish to transfer money with ease, speed and without trace. Finally, the source states that moves are also afoot to establish Macao as a financial centre with incentives to banking organisations and manufacturers to move their operations there.

A. J. COLES

P.F. Ricketts, Esq., Foreign and Commonwealth Office.



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The attached in the letter from he. Henning which arres in convention will the Brine Nimite Julatey.

I have hought his remarks about Guarn and Racas to the attention of the F. [C. D.

A. J. C. 12

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10 DOWNING STREET

From the Private Secretary

3 January 1984

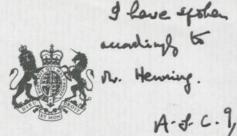
Mr. Roger Henning

You may recall that I wrote to you on 11 July about the above and asked that you should arrange for H.M. Consul General in Sydney to accept any request which Mr. Henning might put to him for help in passing on communications to me.

I now enclose a copy of a letter which I have received from Donald Pragnell in Sydney, together with a copy of a letter from Mr. Henning to Martin Berthoud. You will see that, although no harm has been done, it appears that Pragnell is not aware of the procedure which we established earlier. Since I do not know precisely what action you were able to take on my letter of 11 July, it might be easier for you to take this matter up again — and I should be grateful if, in reply to Pragnell's last sentence, you could say that I should like any further letters to be forwarded to me unopened.

A. J. COLES

Brian Fall, Esq., Foreign and Commonwealth Office.



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10 DOWNING STREET

Prine Minister.

Would you like me to ring Mr. Henning, Dane him be him letter, emonage him to heap in touch - and say that the stronglore of the talles is now bette but that the negotialian vill continue to be very dillicult? I don't whether he A. J. C. 4 could mount the media enual be admis. The most interesting point is U.S. allitudes?