

CONFIDENTIAL

file JP



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.



MR 13

Sub Comd for
Thank you

10 DOWNING STREET

Sir Percy Cundell. U. C. H.

The attached is the letter
from Mr. Henning which arose in
connection with the Prime Minister
yesterday.

I have brought his remarks
about Guam and Macao to
the attention of the F.C.O.

A.F.C. $\frac{12}{1}$.

Hll



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.



I have spoken
accordingly to
Mr. Henning.

10 DOWNING STREET

A.S.C. 9
/ 1.

Prime Minister.

Would you like me to ring
Mr. Henning, ~~hand~~ him his
letter, encourage him to keep in
touch - and say that the
atmosphere of the talks is now
better but that the negotiations
will continue to be very difficult?

Yes - I doubt whether we
A.S.C. 4
could mount the media
exercise he desires.

The most interesting point
is U.S. attitudes -