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**ALL THOSE ATTENDING
F&E AND P&R OECD AWAY DAY
TO BE HELD ON 10 APRIL 2000**

Dear Sir/Madam

OECD AWAY DAY, ATLANTIC HOTEL - 10 APRIL

I enclose an agenda for Monday's meeting, together with a range of background papers.

- (i) a note of 14 March by Colin Powell: current reading of OECD proposals
- (ii) the OECD letter of 10 February, setting out what the OECD is seeking in the two 'levels of commitment' to the 'OECD's tax competition work'
- (iii) a letter of 23 March from [REDACTED] setting out the current status of the OECD's work and noting pressure for delay in publishing the tax haven list from Caribbean countries
- (iv) Malcolm Campbell's note of 13 March on Risks Facing the Tax Base and Finance Industry
- (v) a copy of speech given on 17 March by EU Commissioner Bolkestein
- (vi) a different, and more refreshing, view by the Business and Industry Advisory Committee to the OECD

There are a good many other documents on the file, but those enclosed give, I hope, a good 'feel' as to where matters are. Some, if not all, of them, will have been circulated previously, at least to some of you.

The aim of the meeting is to try to agree our basic position on:

- whether or not we should play ball with the OECD
- what the risks are of not doing so
- what the risks are of doing so
- how we should prepare for living with being on the list

We also need to devote some time to tactics, especially with regard to:

- a united front with Guernsey and the Isle of Man
- seeking to see Ministers (Home Secretary and Chancellor)
- press and public relations generally in the next period.

Yours faithfully



JOHN MILLS
CHIEF EXECUTIVE

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ANNEX I

TIMETABLE OF EVENTS

Forum & CFA meeting	24-27 January 2000
Forum meeting	28-31 March 2000
Forum & CFA meeting	22-25 May 2000
OECD Ministerial meeting	26-27 June 2000
Report to be published	First week July 2000

Tax bullies

IT should be a principle of international tax agreements that they apply simultaneously and equitably across member jurisdictions. They should also distinguish between evasion and legitimate tax avoidance and not seek to lump them together in a taxman's catch-all.

Sadly, the OECD and EU drives against "harmful tax competition" offend both. Enforcement is not being pressed with much rigour on Luxembourg, Switzerland and Ireland. And the US, of course, the biggest OECD member, won't stand for such interference. But small offshore centres such as Grand Cayman, a UK overseas territory, are threatened with OECD "blacklisting" in June unless they comply.

Despite pleas for help, the Foreign Office has done nothing to shield Cayman and other UK dependencies from this fiscal bullying. Not only does this OECD campaign scythe through sovereign discretion in tax matters to blacklist low tax centres, but it also extends the reach of a non-elected European bureaucracy into financial arrangements across the world.

UK dependencies are also set to be included in the Exchange of Information agreement the Treasury is seeking with the EU as a substitute for the notorious Withholding Tax.

It would be a significant blow for the Channel Islands whose interests we are prepared to sacrifice. Yet the reason Germany wanted a Withholding Tax in the first place is that it is signatory to confidentiality agreements!

It is still not too late. The European Financial Forum (0171 839 7565) run by Graham Mather, former MEP, is holding a seminar at 120 Old Broad Street tomorrow, with speakers including Anthony Travers, chairman of the Cayman Stock Exchange, Dick Hammer, who led a business consultative committee revolt against the OECD proposals, and Gabriel Stein from Lombard Street Research. Their cause deserves support.

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