Minutes

(5)

Mr. Reed

How rich is Singapore?

I have discussed with the Bank of England several times during the last few days the twin questions of how big Singapore's reserves are and how she managed to diversify them without the Bank or the Treasury finding out.

2. A number of subsidiary points have emerged but the principal questions still remain substantially unanswered.

Singapore's Sterling reserves

3. The Bank of England estimate that at the end of October 1967, Singapore's Sterling reserves amounted to £103 m. of which about £20 m. were thought probably to belong to statutory bodies thereby leaving approximately £83 m. which belonged to the Singapore Government. This compared with the figure of $626 m. (£85 m. at the new rate of exchange) quoted by the Singapore Government on 23 November. The Singapore Government statement says that this figure excludes the reserves of statutory bodies. Thus the Bank of England's figures pretty well agree with the Singapore Government's figures on the subject of Singapore Government Sterling reserves.

4. I have examined with Mr. Holland the tabulated monthly statements of Singapore's reserves produced by the Office Statistics Section and regret that these give us no significant lead.

5. The Crown Agents would presumably have some information on this subject. They will, however, be unwilling to disclose details of a client's account and I understand that for reasons of professional delicacy, the Bank of England has not attempted to enquire of them. However, I suggest it might be worthwhile our trying to probe Crown Agents a little. Perhaps our chances of success would be highest if the probe were at a fairly high level. I have so far refrained from launching one myself.

I have done this. Reed

Singapore's Non-sterling reserves

6. The Bank of England estimates Singapore's non-sterling reserves to have been about £10 m. at the end of October, i.e. about £75 m. less than the amount declared by Singapore. As at noon today, the Bank was still completely at a loss to know whence the mysterious £75 m. had appeared.

/7.

NOTHING TO BE WRITTEN IN THIS MARGIN

Ed (1627)

Minutes

7. Mr. Hope has suggested the possibility that Singapore's recent Development loans totalling S $225 m. might account for some of the S $626 m. of her non-sterling reserves. The Bank of England are aware of Mr. Hope's letter and acknowledge that this is a possibility.

Our offer of aid to Singapore

8. As I understand it, the process of reaching a decision on the question of how much aid we should offer to Singapore, is now interrupted and will not be resumed until a meeting can be held of the Minister of Defence, the Commonwealth Secretary, the Minister for Overseas Development and a Treasury Minister, on the return of Mr. Prentice from India which may be shortly before Christmas. In this case, it could well be that by then we shall have received an answer from Singapore to the message from the Chancellor to Dr. Goh.

P Scanlon

(P. Scanlon)
6 December, 1967

NOTHING TO BE WRITTEN IN THIS MARGIN