

Part A.

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Begins: 18/6/82

Ends: 13/8/82.



PO -CH /GH/0066



PART A

Chancellor's (Howe) Papers:

CUSTOMS AND EXCISE
MANPOWER DRUGS

9900 /GH/0066

PO -CH

PART A

Disposal Directions: 25 Year

D Anderson

25/7/95



Board Room
H M Customs and Excise
King's Beam House
Mark Lane London EC3R 7HE

From: SIR DOUGLAS LOVELOCK
Date: 18 JUNE 1982

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Financial Secretary
Economic Secretary
Minister of State (C)
Minister of State (R)

1. You may like to have a brief note on our recent seizure of 33 kilograms of heroin at LAP and arrest of two Dutch nationals since this is an incident with some unusual features. Not only is this the largest single seizure of heroin we have ever made but the consignment was in transit from Pakistan to Rotterdam whereas heroin from Pakistan is usually intended for this country. However, Holland has become a centre from which heroin is distributed to all countries in western Europe and it is likely that some part of this consignment would have found its way back here at a later stage. Needless to say, we work closely with the Dutch, as with all our other international colleagues, on these matters.
2. The arrested men had not travelled from Karachi with the drugs but having just arrived from Amsterdam were intending to take the Rotterdam flight on which the two suitcases of heroin would have gone. The heroin was packed in the cases with no attempt at concealment and this strongly suggests that some corrupt arrangement existed to circumvent the controls at Rotterdam. The cases had been stowed with the passengers' hold baggage for the Karachi-London flight by some irregular means as there was no accompanying passenger on that part of the journey.
3. The other interesting thing about this seizure is that it was not based on any Investigation Division information. Ordinary preventive

Internal circulation:

Mr Hawken
Mr Godfrey
Mr Pitt
Mr Cutting
C/LAP
CPS

Mr Jefferson Smith

staff at LAP were suspicious (the famous Customs "nose", I suppose!) of two identical Samsonite cases of an expensive kind, and opened them. They then watched at the immigration controls and spotted two Dutchmen apparently travelling from Amsterdam via London to Rotterdam but with a recent Karachi stamp on their passports, and arrested them.

4. Although the amount of heroin we have seized so far this year already equals last year's total it would seem we have failed to create any shortage since the street price has fallen and remains relatively low. Nevertheless the value of this consignment exceeds some £4½ million. 33 kg of heroin would make about ½ million "fixes".



DOUGLAS LOVELOCK



EXCHEQUER

28 JUN 1982

ACTION	PS/ Customs & Excise
COPIES TO	CTT M29/6 BSR Exr M.J.(r) M.J.(a)

✓ I think we need an early bilateral with Sir DG - perhaps with EST - in time (or perhaps soon) for the "EST" complaints. PGJ ✓
 QUEEN ANNE'S GATE LONDON SW1H 9AT 28.6

- Sir D LAM
- Sir G. Myles
- Mr LA. C. ...
- Mr ...
- Mr ...
- Mr ...
- Mr ...
- Mr ...
- Mr ...
- Mr ...

24 June 1982

After discussion with EST

If we need bilateral with Sir D. ... PGJ 29.6

Dear Jeffrey

I was glad to hear of the successful Customs work in achieving recently their biggest haul (33 kg) of illicit heroin. But there is another and worrying side to this coin. I understand that the amount of heroin seized to date this year already equals that discovered over the whole of last year. Whatever we can do about the exceptionally difficult problem presented by drug abusers (and treatment measures are being urgently reviewed by the Advisory Council on the Misuse of Drugs whose report I expect to receive shortly) the public rightly expects us to do all we can to stop the illicit supply at the points of entry to the United Kingdom. I should be grateful, therefore, whether you would look again at the adequacy of the manpower resources that are devoted by H.M. Customs and Excise to enforcing the prohibition on drug smuggling.

I recently indicated my full support for a Customs proposal to apply the compounding procedure to people who arrive at London Airport with small quantities of cannabis. I regarded the need to free staff from the burden of attending court in minor cases, so that they could concentrate on more serious matters, as outweighing the political risk that the change will be seen by some of our critics as indicating a softening in our attitudes to cannabis. We have also been encouraging the police for at least two years now to concentrate more on the serious trafficking offences.

But is this enough? I intend absolutely no criticism of Customs staff who have had many notable successes - and with a level of integrity which is outstanding considering the huge financial sums involved in this trade. But the signs are that we are not even containing the flow, particularly of heroin, across our borders. Consignments seem to be getting bigger and, despite the seizure of increasing quantities, black market prices have, if anything, dropped; and there is ready availability on the streets. Some professional criminal gangs have already been discovered to be involved in the drugs trade. The dangers of allowing this trend to continue hardly need to be emphasised.

I appreciate, of course, the constraints of our policies on manpower and public expenditure; but would be grateful if you would consider whether we have got our priorities and resource allocation right as regards the prohibition on drug smuggling. Even a small

/reinforcement

reinforcement of the manpower active in this area, if it were possible, would be likely to have much more public impact than anything we can do on the treatment side (where there are, of course, also severe resource constraints) to cope with the problem.

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Board Room
H M Customs and Excise
King's Beam House
Mark Lane London EC3R 7HE

From: DOUGLAS LOVELOCK

15 July 1982

1. ECONOMIC SECRETARY
2. CHANCELLOR OF THE EXCHEQUER

cc CST
FST
MST(C)
MST(R)
Sir D Wass
Sir A Rawlinson
Mr le Cheminant
Mr Wilding
Mr Middleton
Mr D L Moore
Mr Pestell
Mr Kemp
Mr Griffiths
Mr Ridley

CUSTOMS AND EXCISE MANPOWER: DRUGS

1. Mr Whitelaw's letter of 24 June expressed concern previously expressed to us on many occasions by his officials at signs that the flow of smuggled drugs is not being contained, and asked you to re-examine the adequacy of the manpower resources Customs and Excise devote to combatting the smugglers.

2. We share Mr Whitelaw's anxiety since our own information indicates that the threat is serious. There has been a massive and a new availability of heroin from Pakistan and in one to two years time this is likely to be matched by a similar supply from India. So far this year we have seized as much heroin as in the whole of 1981 and the trend is upwards. International intelligence

Internal distribution: Mr Hawken
Mr Godfrey
Mr Pitt
Mr Jefferson Smith
Mr Cutting

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indicates that trafficking in cocaine is rising sharply; and large scale smuggling of cannabis continues. Losses experienced by the drug smugglers are making them turn to more complex routings and it is now much more difficult for us to judge where the greatest risks lie and to concentrate our resources accordingly. Indeed at times our very successes create additional temporary difficulties and may mask the gravity of the threat.

3. You are well aware of the importance the Department attaches to our anti-drug smuggling work. Despite the manpower reductions we have made and those we plan, we have increased the complement of our Investigation Division's anti-drug smuggling sections by 75 during the last two years. By the end of this year we will have in operation a computer based record system to provide faster handling of intelligence about suspects. This will be a valuable adjunct to the work of the specialist investigators, but for reasons of security and cost will not assist those concerned with routine controls in the field.

4. We are doing all we can within present resources to maintain the effectiveness of our general preventive effort at the ports and airports (for example, the Collector London Airports has recently increased the mobility and flexibility of his preventive force). The part this general preventive effort plays is vital as is well illustrated by the recent seizure of heroin at Heathrow about which I minuted you on 18 June. Greater local discretion in freight examination should also become possible through use of the computerised Departmental Entry Processing System. These movements towards greater flexibility are important, but the savings generated have at present to be seen as a necessary part of our contribution to reduced Civil Service manpower rather than as a resource on which to draw in order to mount increased controls. Indeed our levels of controls in the form of prescribed scales of examination for freight have been reduced to the minimum we think acceptable. For example

we are doing full turnouts of less than 2% of containers, and must be very near the point where drivers will think it worth taking a chance.

5. There are of course factors which militate against tight control and restrict the availability of resources to reinforce our present efforts. There is continuous pressure to speed up the movement of passengers and goods and to reduce the incidence of controls so as to eliminate delays. In particular there is a formidable lobby which argues for the reduction of controls over EEC goods to the minimum which, given the availability of drugs in other EEC countries (notably Holland), makes this otherwise desirable development of free movement within the Community irreconcilable with the Home Secretary's concern. Moreover the opposition of other Departments to the Rayner Scrutiny of Customs facilities, on which we await ministerial decisions, prevents rationalisation of existing approvals and patterns of attendance, whilst there is the continuing pressure, which you have had to resist, to provide staff for trade and commercial reasons where they cannot always be adequately employed. And there are other pressures on our resources; for example, we were required to reinforce the team of specialist investigators working on import licensing fraud; and I have previously brought to your attention our concern about the signs of large and growing VAT fraud.

X | 6. Despite all that has been done, and our past record of successes is not to be under-rated, I think we will need to put more effort still into drugs detection and deterrence. There may have to be more specialist investigators, though it is too early to come to a firm decision on this until the new staff now authorised have become fully effective and we can assess whether their impact is sufficient. More detections of ever more complex cases may tie up investigators and legal staff in

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longer trials. At the ports, we should be doing more by way of special intensive checks on both freight and passengers. These will be staff intensive, and our ability to carry them out will be progressively eroded as the normal static controls are further cut to actual manpower targets. So far as we can do these extensive checks, they will inevitably give rise to some complaints.

7. We should need the support of Treasury Ministers in two ways. First, our manpower targets need to be at levels which allow us scope for some redeployment of staff into specialist investigation and avoid further cuts in scales of examination at the ports. We are still in discussion with the Treasury at official level, but the outcome may be that if you are to safeguard this work it will be necessary to look elsewhere for achievement of your manpower target. Second, we would need support against complaints of increased costs to importers and delays to passengers. This is not a request for backing in every case, right or wrong; but it is a request for general support in carrying out policies which would impose additional burdens on the trading community and the travelling public. However, our experience has been that the fight against the social evil of hard drug addiction is one which commands support from almost every quarter.

... 8. Attached is a draft response to the Home Secretary.



DOUGLAS LOVELOCK

(approved by Sir Douglas
and signed in his absence)

22/7
pl/tyr

DRAFT LETTER TO THE HOME SECRETARY

Thank you for your letter of 24 June, asking me to look again at the adequacy of the Customs manpower resources being devoted to enforcing the prohibition on the importation of illicit drugs.

I share your concern about the growing threat of drug trafficking and I think the Customs staff involved in fighting it, both the specialist investigators and the general preventive force, are to be congratulated on their success in containing it. But I think they will need to put more effort into detection and deterrence.

As well as increasing their specialist investigation effort,

and are seeking to improve
Customs have introduced systems to monitor the effectiveness of different controls - which is an improvement

Customs have in fact increased the complement of their Investigation Division's anti-drug smuggling sections by 75 during the last two years. It is too soon to judge whether more will be needed. Customs will be seeking to apply more intensive checks on both freight and passengers on a selective basis from within their existing resources. This will inevitably give rise to some complaints of increased costs from importers and of delays from passengers, ^{but recent experience -} ~~I consider these measures are necessary additions to the Customs preventive controls.~~ I am sure I can count on your general support.

for example the success last week at London Airport - has shown that random controls remain a necessary part of the total effort

I am afraid there can be no question of relieving Customs of the need to reduce their manpower resources in line with our policy of reducing the size of the Civil Service. But it is a fact that Customs have not reduced their numbers by as high a proportion as the generality of my other Departments. One of the factors has been my recognition of their law and order role. I shall continue to keep a close watch on the effectiveness of the Customs efforts against drug smuggling and shall ensure that they deploy adequate resources from their total resources for this purpose.

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C
This partly answers your recent query (of last weekend) though I have also asked for some figures to show the grossly scale of the problem. I'm given X page 6 of Sir DL's minute is right. But I partly share the EBT's scepticism being FROM: C D HARRISON intensification checks - it DATE: 20 JULY 1982 might be better to put more resources into investigation. The 20% amount of containers seems low.

PRINCIPAL PRIVATE SECRETARY

- cc PS/Chief Secretary
- PS/Financial Secretary
- PS/Minister of State (C) Customs
- PS/Minister of State (R) developing better systems for monitoring the relative effectiveness of adjusting controls in different ways. This is important.
- Sir D Wass
- Sir A Rawlinson
- Mr Le Cheminant
- Mr Wilding
- Mr Middleton
- Mr D L Moore
- Mr Pestell
- Mr Kemp
- Mr Griffiths
- Mr Ridley
- PS/C&E

Handwritten notes:
P 21.7
That is to added to the draft

CUSTOMS AND EXCISE MANPOWER: DRUGS

I attach a submission from Sir Douglas Lovelock, with a draft reply to the Home Secretary's letter to the Chancellor of 24 June on the adequacy of Customs manpower resources devoted to the prohibition of drugs smuggling.

2. The Economic Secretary is content with the first three paragraphs of the draft reply. But he is of the view, which is shared by Manpower Division, that the second and third sentences of the final paragraph ought to be deleted. The second sentence suggests that Customs' 1984 manpower targets have been put into cold storage; and the third gives a distorted impression of the reasons why Customs are not on target. Moreover, it would be dangerous in a letter to the Home Office to suggest that Customs are being given special treatment in respect of their law and order role.

3. On the submission itself, the Economic Secretary doubts whether increasing the frequency of drugs checks at the ports, as suggested in paragraph 6, will contribute much in practice to the reduction of smuggling. While increasing such checks may reassure some people (although it will infuriate others),

drug smuggling is becoming increasingly sophisticated and so he is not optimistic about the chances of increased random checking producing good results (notwithstanding the recent Heathrow haul).

4. In short, while the Economic Secretary acknowledges the seriousness of drug smuggling and the increasing risks, he very much doubts whether it would be policed and prevented any better by a major relaxation of manpower objectives for ports and airports.

CDH

C D HARRISON

Await advice

17



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

The Rt Hon Sir Geoffrey Howe QC
Treasury Chambers
Parliament Street
London
SW1P 3AG

EXCHEQUER	
cc	26 JUL 1982
ACTION	EST
MP	
COPIES	
TO	

26 July 1982

CUSTOMS EXPORT PROCEDURES

I have recently received a letter, as I know you have also, from the Food and Drink Industries Council and also from individual companies concerned, complaining about the new export procedures which are to be imposed from 1 October this year.

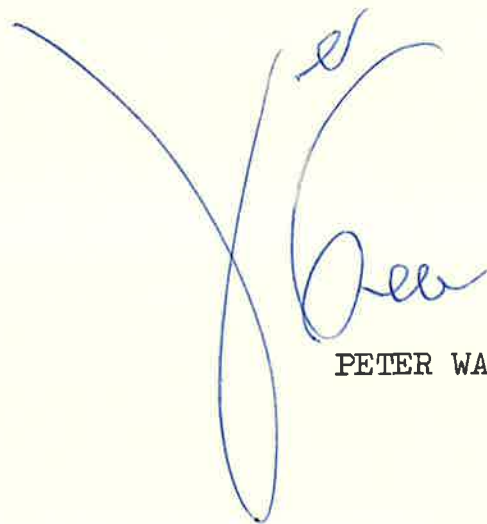
I appreciate that your officials have already made a helpful concession in allowing the companies concerned to operate the current interim arrangements (the "green line" concession) after the new procedures were applied to all other traders from 1 October 1981. The critical issue, however, is the very real and substantial difficulties and additional costs that the new procedures will impose, in particular on companies which have an important export trade based on "factory gate" sales in products eligible for export refunds or MCAs. Although there are only some 36 companies in this position, they are the major exporters of processed foods based on CAP commodities, including the high value added goods such as biscuits, confectionery and dairy products.

As you know, I have devoted a great deal of effort to persuading our food industry to increase their exports and with your help I recently launched Food From Britain, which will contribute Government funds to efforts to secure a more coordinated and more professional attack on overseas markets for food as well as to improving marketing of British goods at home. It would seem perversely inconsistent if at the same time we imposed on these same exporters an additional bureaucratic burden which must reduce their competitiveness abroad.

/I appreciate

I appreciate that there are formidable technical problems which your officials have already studied at some length. I find it difficult to believe, however, that we could not by further efforts and a willingness to compromise find some way round these problems. I hope therefore that you will agree to ask your officials to seek some means of meeting the essential needs of these export companies either by rendering permanent the present interim arrangements, which I understand operate very satisfactorily, or in some other way. Needless to say my own officials, although not expert in customs procedures, will be very willing to help in any way they can.

Meanwhile I hope that the interim arrangements can at least be extended to the end of the year. Since the EC Directive which constituted the origin of the relevant Customs regulations does not have to be implemented until 1 January 1983, I imagine that this should create no serious problem.

A handwritten signature in blue ink, consisting of a large, stylized 'P' and 'W' that are intertwined. The signature is written in a cursive, fluid style.

PETER WALKER



Board Room
H M Customs and Excise
King's Beam House
Mark Lane London EC3R 7HE

From: L D HAWKEN

26 July 1982

CHANCELLOR OF THE EXCHEQUER

Lavin
n
cc EST

Your Private Secretary's minute of 20 July to Sir Douglas Lovelock refers.

2. Your congratulations on the recent large heroin seizure at London Airport have been passed on to the staff concerned and were much appreciated. This was a further example of detection by our control staff acting without any prior intelligence information.
3. The question of drug abuse as opposed to drug smuggling is, of course, primarily a matter for the Home Office. The DHSS (or in Scotland the SHHD) have responsibility for treatment and rehabilitation. However, our own intelligence indicates that this is a grave and growing problem in many areas outside the metropolis.
4. Some indication of trends in the scale of drug abuse is given by the number of "street level" and "user" seizures made by the police. Home Office statistics indicate that seizures of all controlled drugs rose from 14,919 in 1980 to 16,679 in 1981. Of these the total number of heroin seizures made in 1980 was 639 and 745 in 1981.
5. Perhaps an even more reliable indication of the growth in heroin abuse is given by the number of heroin addicts notified

to the Home Office for the first time in any given year. The figure for the first four months of 1980 was 345. For the same period in 1981 it was 421 and 631 for 1982. However, many heroin addicts are not notified to the Home Office and the more responsible unofficial estimates suggest that notified addicts represent only one fifth of the total addict population.

6. Availability of illicit drugs is a major factor in the scale of drug abuse. The seizure of illicit drugs in bulk before they reach the distribution network is therefore of prime importance. For this reason the seizures made by Customs representing as they do over 95% by weight of all drugs seized in the United Kingdom, are crucial.



L D HAWKEN

Internal @istribution: CPS
Mr Godfrey
Mr Pitt
Mr Jefferson Smith
Mr Cutting
Collector LAP



From the
Minister for Trade

Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01 215 5144
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EXCHEQUER	
DATE	13 AUG 1982
ACTION	EST
COPIES TO	

13 August 1982

Stan Gifford

CUSTOMS EXPORT PROCEDURES

I have seen a copy of Peter Walker's letter to you of 26 July about the worries of food exporters about the new export procedures which are to be imposed from 1 October this year. The FDIC have also written to Arthur Cockfield drawing attention to the damage to exports which they consider the new procedures will involve.

The considerations behind the intended changes are clearly very complex, but I am equally sure that the food exporters see real difficulties in the proposals as they stand, and we ought to do all we can to ensure that exports are not adversely affected. I would therefore support Peter Walker's plea that a further attempt is made to see whether some compromise which would meet the needs of these exporters cannot be found. As a minimum, it would seem desirable that the existing interim arrangements are extended to the end of the year.

I am copying this letter to Peter Walker.

Yours sincerely
Peter Rees

PETER REES

