

PO-CH/NL/0278

PART A

Part A.

# RESTRICTED

(Circulate under cover and notify REGISTRY of movement)

Begins: 20/7/88.  
Ends: 23/3/89.

PO -CH /NL/0278



PART A

Chancellor's (Lawson) Papers:

CUSTOMS AND EXCISE DRUG  
SEARCHING PROCEDURES

PO -CH /NL/0278

PART A

Disposal Directions: 25 years



11/10/95



Mr. Peter Lilley,  
Economic Secretary  
HM Treasury  
Parliament Street  
London SW1P 3AG

97-113, rue Belliard  
1040 Brussels  
Tel. (02) 234 21 11  
Tlx. 63835 edgbu b  
Fax. 231 11 83

20 July, 1988

Dear Mr. Lilley,

On 14 July, a 79-year old woman left her 81-year old disabled husband alone for a few days, for the first time in perhaps 20 years, in order to have seen her son and family in their new house.

The journey there, the stay, and the journey back went well, until she arrived on the outskirts of her home town. There, everybody on the public transport in which she was travelling was diverted into a room by uniformed men with dogs, and made to sit down in rows with their bags in front of them. The dogs were then sent sniffing down the rows. Then the passengers were made to stand up, so that the dogs could sniff behind them. Eventually, the passengers were released.

This did not happen in what we would call a "police state". It happened at Edinburgh airport on 19 July. The woman was my mother and she had travelled back from Brussels, changing planes at Schipol airport.

You, and Ministers from other Departments, have recently undergone what might have seemed some rather disrespectful questioning from MEPs about frontier controls generally and "customs" checks in particular. I am aware of the sort of cases, normally at the Channel ports, which the MEPs will have had in mind in putting these questions, but never have I heard from them an example quite like that above. (On the other hand, Westminster MPs seem to accept with equanimity, at least in public, that HM Customs officers should be able to behave towards their constituents in the way that they do).

.../...

HM Customs seem to have become quite out of control, generating self-publicity on TV news and in "The Duty Men", as they feed on both the Government's clinging to "drugs" as an excuse to maintain disproportionate frontier checks, and the Opposition's scare-mongering in conjunction with their friends in the trades unions.

Does the Government really believe that the way to deal with drug abuse is to detain a 79-year old woman travelling on public transport and to subject her and everybody else to the humiliation of dogs sniffing about their persons?

At the personal level the result of this behaviour is :

- 1) humiliation for my mother, and the memory of the holiday completely dominated by this episode;
- 2) apprehension about their return to Britain by my two nieces (one of whom is a schoolmate of Malcolm Rifkind's son, I may add), who are due to return to Edinburgh later with my sister.
- 3) resuscitation of prejudices about "fortress Britain".

At the political level, the "competition" between Government and Opposition in the matter of drugs and the corrupt ("wicked") behaviour of HM Customs officers creates the impression that after nine years of Conservative rule Britain has become a unique target for drug traffickers (and terrorists and criminals), and that therefore it is perfectly natural for respectable and law-abiding citizens to be picked upon either individually or collectively by HM Customs officials, and humiliated by them with impunity.

I do not intend to use this letter to expand upon my own views about HM Customs officers at Dover - their asking for identification without justification and their subsequent line of questioning ("How long do you intend to stay in your own country?") - nor on the demands of HM Customs for "facilities" to search channel tunnel travellers. No, I would wish your reply to deal with this incident at Edinburgh Airport on 19 July. I await with interest to see whether you offer any remedy for the behaviour of the customs officers, or whether you will put your signature to the usual justifications put up by HM Customs for their corrupt ("wicked") practices.

Because I believe that British customs controls on individuals, actual and prospective, will become an issue in the

European elections next year, and because I believe that they are symptomatic of something that is going wrong in government, I am copying this letter to the special advisers of the Ministers who have recently come to our British Section meetings, together with Malcolm Rifkind's.

I am also copying this letter to Mr. Peter Brooke who accompanied you to our meeting, as well as Sir Michael Shaw (PAC), and Neil Hamilton and John Watts of the Treasury and Civil Service Select Committee who recently discussed frontier controls with the Economic Committee of the European Parliament. Finally, I am sending a copy to David Mellor who would be my MP were the Government to have recognized that the longer one lives abroad the more likely one is able to help British interests- but after the above incident one wonders whether one wants to.

Yours sincerely,

*Alan Reid*

Alan Reid  
Deputy Secretary General

cc : Mr. Christopher Prout QC MEP

## RESTRICTED AND PERSONAL

ECONOMIC SECRETARY

FROM: A G TYRIE

DATE: 27 JULY 1988

cc Chancellor  
 Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Mr Cropper  
 Mr Call

LETTER FROM MR REID

*Reid has been down  
 and in the  
 and probably 2000*

I have just seen this.

We will need to get a straight bat reply from Customs on the incident at Edinburgh Airport. A few points occur to me:

- I have no doubt that his letter reflects the suppressed grudges of many Conservative MEPs. Its extraordinary tone demonstrates the gulf that now exists between Conservatives at home and in Europe - the Prime Minister made a big mistake by discouraging dual mandate.

- Alan Reid is a senior member of the EDG Secretariat. His is a party political appointment and in my view (I don't want to be stuffy about this) the circulation of this letter, to the PAC and the TCSC amongst others, is quite improper. Either he is complaining in a personal capacity, in which case this letter should not be written on EDG notepaper, or he is writing officially, in which case he should write to you personally and with a good deal more discretion. If a highly emotionally charged letter such as this were to leak during the European Elections it could do some damage. I think the Chairman of the Party should have a stiff word with Christopher Prout about the writing of it.

As it happens, I have the impression that our Customs service does go over the top. Last year I went through five borders

in one day by car, including Switzerland's, with less than a minute's delay, but spent the best part of an hour at Felixstowe in a queue to go through Customs. If the vast majority of successful detective work for serious customs offences is obtained from intelligence and surveillance within borders, as was suggested recently at Prayers, then we do need to look at whether we should retain such high profile, and possibly ineffectual, vigilance at the ports and airports.

AGT.

A G TYRIE

*Take up  
with Chuan - or  
J. J. J. J. J.*

FROM: MARK CALL  
DATE: 28 JULY 1988

**ECONOMIC SECRETARY**

cc Chancellor  
Chief Secretary  
Financial Secretary  
Paymaster General  
Mr Cropper  
Mr Tyrie

**LETTER FROM MR REID**

Whatever the wisdom of Mr Reid writing in the way he did, I am increasingly persuaded that we need to reassess the high profile random (or near random) search Customs' procedures at our ports and airports.

2. Firstly, significant cost savings might be achievable with very little reduction in effectiveness. Do we know what is the proportion of contraventions which come to light through intelligence-based operations as opposed to random checks? If so, how does this compare with the cost of each of these types of operation?

3. Secondly, the Customs' process can be an unnecessary and unpleasant delay. Everyone has their anecdote. Mine is someone who recently took part in an art exhibition in London, bringing a contemporary painting from Germany by car. No problems on the Continent, but  $1\frac{1}{2}$  days of queing, bureaucracy and brusqueness at Dover. He won't do it again. The loss is hardly great, but are we sure we are not hampering trade?

4. Thirdly, while people accept the need for efforts to control drugs, they can't abide being treated like criminals. Either the Customs' men need lessons in being nice to customers, or we need to make their role less intrusive.

5. Customs will no doubt respond to suggestions of a lower-profile role by saying that the deterrent value would be lost. Is there any evidence for this? International comparisons

may give an indication. My hypothesis would be that it might deter some petty, one-off offenders but has little impact on the systematic, organised offender.

Mc

MARK CALL

FROM: MS K. ELLIMAN  
29 JUL 1988.



LETTER FROM MR REID

The Paymaster General has seen Mr Callis minute of 28 July to the Economic Secretary. He has commented the turn around time was before my time, but though we managed the presentation over the reduction in C & E strength between 1979 & ? 1985 against the charge of reduced defences against drugs, we did feel we had to respond to the political pressure for more resources & we derived credit from it. The unions' campaign, conducted in local media in the hinterland of ports, was effective, & would be effective again.

A practical problem is that static controls are, in staffing, a function of Buggins' turn. There's a wide variation in static officers' effectiveness. A key objective was to identify what made individual officers effective, & make sure they

ELLIMAN  
29/7

were appointed.

3. C&F are significantly ahead of the Police in their willingness to construct management operational targets on drugs detection.

4. You will have a morale problem if you scale this down.

5. The organised criminal is very sensitive to the scale of defence. There is good data on their switching their operations contingent to it.

Kim Alliman  
Private Secretary

FROM: MRS. K. ELLIMAN  
29 JULY 1988



Put with pps-

LETTER FROM MR REID

The Paymaster General has seen Mr Tyrie's minute of 27 July to the Economic Secretary. He has commented he will talk to Prout.

2. On the specific case, I can only be anecdotal. When I went up to see Birmingham Airport, we had a similar dogs' inspection of a flight. The dogs detected two lots of drugs. The task was done with taste & no one could have complained except to the principle. In presentational terms it seemed an extremely cost effective way of indicating that Her Majesty's Government took the issue seriously. I would expect everyone who experienced it to comment on it to friends.

Kim Elliman  
Private Secretary

ELLIMAN  
29/7

EST - In today's Daily Mail (covered in Customs press cuttings, below).

S 11/10

*PH*



R Weston CB  
Director Outfield

Board Room  
HM Customs and Excise  
New King's Beam House  
22 Upper Ground  
London SE1 9PJ  
Telephone: 01-620 1313

*Ch. I think 'X', over, is news.*

*14/10 yn*

FROM: R WESTON

DATE: 11 October 1988

*+ note from me*

*NOT @*

ECONOMIC SECRETARY	
REC'D	11 OCT 1988
For Information	
COPIES TO	<i>CPS</i>
	<i>Sir Middleton</i>
	<i>Mrs Lomas</i>
	<i>Mr Scholus</i>
	<i>Miss Noble</i>
	<i>Mr Kroll</i>

PS/EST

**OPERATION C-CHASE**

The EST will wish to be aware of this operation which has been running for some months under the control of US Customs.

In brief, undercover US Customs agents based at Tampa, Florida penetrated teams of Colombian cocaine traffickers and provided them with a conduit to launder their proceeds. Some \$50M has been moved, mostly through branches of the Bank of Credit and Commerce International Ltd (BCCI) in Florida, Panama, Luxembourg, Nassau and London. An important aspect of the US Customs case is that the BCCI officials were well aware of the source of the funds.

The investigation was brought to a conclusion in the US on 9 October when the Colombian traffickers and the banking officials were invited to a "wedding" in Miami of two of the undercover agents and arrested.

In London, officers from the Investigation Division executed search warrants on 10 October at the homes of a Mr BAAKZA - corporate manager of BCCI - and Mr AKBAR - former employee of BCCI and now

Internal Circulation

CPS

Mrs Strachan

Mr Lawrence

director of CAPCOM FINANCIAL Services Ltd. The business premises of BCCI and CAPCOM were also searched. Mr BAAKZA and Mr AKBAR were arrested and charged in relation to laundering the proceeds of drug trafficking.

X |

Another aspect of the investigation is that evidence has been discovered by US Customs to show that General NOREIGA of Panama has moved some \$40M from BCCI, in Miami to BCCI in London. We are now waiting for an affidavit from US Customs so that a Section 27 Order under the Drugs Trafficking Offences Act, relating to this development can be applied for.

This investigation has already attracted considerable media interest and US Customs are to hold a press conference in Tampa, Florida today which one of our Assistant Chief Investigation Officers will attend.

X |

In view of the general interest surrounding this case I am copying this note to The Hon Douglas Hogg MP and Tim Eggar Esq MP.

2

R WESTON

Is this with  
an unusual  
structure? do we  
know to whom normally  
Mr Vanim reports?  
Mr Vanim reports to  
Mr Cox? Ah...?

Yes, it is of considerable irregularity.  
Mr Vanim has already given Mr Hogg a  
chasing-drum, + has made sure that  
his people know the paper procedures.  
Good. ~ H  
17/10

MR A REID  
EUROPEAN DEMOCRATIC  
GROUP

WESTHEAD  
→  
PS/CHX  
18/10

*Pse attach pp3.*



*BF 18/20/10*

FROM: G R WESTHEAD  
DATE: 18 October 1988

*psp*

PS/CHANCELLOR

*2*

*+ Am*  
*Prayers tomorrow*  
*OK-*

cc: PS/Chief Secretary  
PS/Financial Secretary  
PS/Paymaster General  
Mr Cropper  
Mr Tyrie  
Mr Call

**FURTHER LETTER FROM MR REID, EUROPEAN DEMOCRATIC GROUP**

As you may have seen Mr Alan Reid, of the European Democratic Group, has sent the Economic Secretary a further needlessly bad - tempered letter about the dog search carried out by Customs of baggage on his mother's flight into Edinburgh Airport in July. ... Mr Stevenson's minute of 13 October (copies attached for ease of reference) offered a draft reply.

1. The Economic Secretary has himself redrafted the reply and ... would like to discuss this at Prayers on Friday. I attach a copy of his redraft as well as the earlier correspondence.

*Guy Westhead*

GUY WESTHEAD  
ASSISTANT PRIVATE SECRETARY

Alan Reid Esq  
Deputy General Secretary  
European Democratic Group  
European Parliament  
97-113 rue Belliard  
1040 BRUSSELS  
BELGIUM

October 1988

Thank you for your further letter of 19 September arising from the search of passengers' baggage, including your mother's, by drugs detector dogs at Edinburgh Airport.

You ask me specifically to respond to your question about the powers under which Customs officials searched your mother's baggage. Section 78(2) of the Customs and Excise Management Act provides that persons entering the UK shall produce their baggage for examination by a Customs officer if required. The section permits random baggage checks - the officer is not required, before searching baggage to have "reasonable grounds to suspect" its owner may be committing an offence.

You may be thinking of Section 164 of the same Act which specifies the conditions under which a Customs officer may carry out a personal search. Any personal search requires the officer to have

reasonable grounds for suspicion that the person is carrying drugs etc on their body or the clothing they are wearing. Neither your mother nor anyone else on her flight was required to undergo any form of personal search.

May I also clarify another misapprehension. The offence of importing controlled drugs without a licence was established by the Customs and Excise Management Act 1979 - and the task of preventing such importation was entrusted to the Customs. It is not, as you suggest, primarily a police function. The division of labour between the two gives the police prime responsibility for tackling the offences of peddling and possession of drugs inland. There is of course very close cooperation between police and customs.

I enclose more detailed figures showing the proportion of seizures of drugs coming from EC countries.

I am glad you have dropped the intemperate and unsubstantiated charges against Customs officials you made in your previous letter.

**PETER LILLEY**



cc Mr Gilhooly  
Mr Michie

Board Room  
H M Customs and Excise  
New King's Beam House  
22 Upper Ground  
London SE1 9PJ  
Telephone: 01-620 1313

PS/ECONOMIC SECRETARY

cc PS/Chancellor  
PS/Chief Secretary  
PS/Paymaster General  
PS/Financial Secretary  
Mr Cropper  
Mr Tyrie  
Mr Call

13 October 1988

**FURTHER LETTER FROM MR REID, EUROPEAN DEMOCRATIC GROUP**

Your minute of 28 September asked for a reply to Mr Reid's further letter of 19 September.

2. Mr Reid's intemperate reply is clearly influenced by his views on frontier controls after 1992, which incline more to Lord Cockfield's scenario than to the Government's. This, together with his opposition to the concept of occasional "blanket" checks on high risk traffic, has provoked this rather wild and regrettable outburst.

3. We do not think it would be productive to seek to answer all the points in the letter, some of which are obviously only rhetorical. The attached draft, which has been approved by the Chairman, therefore concentrates on explaining:

- a) that control of drugs at frontiers is and will remain a Customs task; it is not a police task as Mr Reid seems to think;

---

Internal distribution: Mrs Strachan  
Mr Jefferson Smith  
Mr Nash  
Mr Craggs  
Mr Brown  
Collector Edinburgh

b) that frontier controls in the EC do not exist only for tax reasons (an error given currency by the Commission's internal market White Paper); and

c) the law governing our use of dogs to examine baggage.

3. We have also expressed in the draft our concern (which we hope you will share) about Mr Reid's intemperate and unsubstantiated accusations about our general conduct.

*Paul Stevenson*

P R STEVENSON  
Private Secretary

The Economic Secretary's current letter and that of 11 August will need to be copied to:

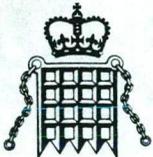
Sir Michael Shaw MP

Neil Hamilton MP

John Watts MP

David Mellor MP

and all the 45 members of the Conservative section of European Parliament (page 217 of current Vachers)!



HM CUSTOMS AND EXCISE  
 CUSTOMS DIRECTORATE  
 DORSET HOUSE, STAMFORD STREET  
 LONDON SE1 9PS

*PhP*

01-928 0533 2138  
 GTN 2523

*Ch. It could be argued that this is as much a case for tighter policing within member states as for maintaining border controls.*  
*(Handwritten signature)*  
*10/11*

**FROM: MARTIN BROWN**  
**CD DIVISION E**  
**DATE: 9 NOVEMBER 1988**

**ECONOMIC SECRETARY**

**DRUGS SEIZURES AT INTRA-EC BORDERS**

Overall statistics of drugs seizures at the internal frontier make their point rather baldly. To paint in the background I thought you might like to browse through the attached copy (25 October) of the fortnightly publication CCC Enforcement Bulletin (extracted details for copy recipients). This is not a special 'EC' edition, but a routine example of its kind.

It catalogues current examples of intra-EC drugs trafficking, involving many member states, all the main drugs, private and commercial importations, "cold", "profile" and intelligence work, and transport methods from helicopters to night sleeper trains.

This is the backdrop to our belief that after 1992 we need internal frontier controls, and that they should be more than cursory.

**MARTIN BROWN**  
**CD DIVISION E**

- 
- |  |  |   |
|--|--|---|
| <p>cc. Chancellor<br/>         Chief Secretary<br/>         Financial Secretary<br/>         Paymaster General<br/>         Sir P Middleton<br/>         Mr Scholar<br/>         Mr Monck<br/>         Mr Lankester<br/>         Mr R I G Allen<br/>         Mr Culpin<br/>         Mr Moore</p> | <p>Mrs Case<br/>         Mr Gilhooly<br/>         Mr Guy<br/>         Mr Michie<br/>         Mr Donnelly<br/>         Mr Tyrie<br/>         Mr Call<br/>         Mrs Chaplin<br/>         Mr Parker (Cab Off)<br/>         Mr Norgrove (UKREP)</p> | <p><b>Internal</b><br/>         CPS<br/>         Mrs Strachan<br/>         Mr Jefferson Smith<br/>         Mr Nash<br/>         Mr Wilmott<br/>         Mr Allen<br/>         All CD Assistant Secretaries<br/>         Mr Lawrence<br/>         Mr Mr Knox</p> |
|--|--|---|

## CCC ENFORCEMENT BULLETIN

Issue of 25 Oct 88 No. 16 [NB DETAILS NOT TO BE PUBLICISED, PLEASE]

- 8 kg cocaine to Portugal by Venezuelans arriving by air from Amsterdam (couriers).
- 932 kg of resin crossing land border from Spain to France (commercial trailer): intended for Netherlands?
- 152 kg resin on land border from Spain to France (in boat being carried on trailer unit): destined for Netherlands
- 3.7 kg cocaine to Italy by elderly "nuns" on a night train from Germany. (Detected only because false passport used: passports are collected by car attendant - passengers not normally disturbed.)
- 100 kg resin in freight container from Rotterdam to Harwich.
- 3.6 kg cocaine to Italy by Colombian arriving by air from Bogota transiting Frankfurt.
- 5 kg resin found in mishandled baggage in Denmark in a suitcase that had been circulating between Gatwick and Copenhagen for 3 months.
- 2.1 kg heroin found in Denmark in a Luxembourg-registered car.
- 14 kg cocaine from Colombia in air baggage routed through Paris and Geneva to Athens (four identical instances).
- 244 kg resin from Netherlands by helicopter to UK.
- 4 kg heroin from Cyprus to UK concealed in a minibus that had transited several EC countries.
- 5.5 kg heroin to Spain from France by train: found at border railway station on Iranian national.

- 14 kg cocaine found on Franco/German border in suitcase of Colombian: destined for Italy.
- 3 kg cocaine from Spain to France in car bumper - found at border tollbooth.
- 413 kg resin in Germany in commercial vehicle travelling from Morocco to Netherlands via Spain, France and Germany.
- 190 kg resin, 2 litres oil to Ireland in Land Rover arriving by ferry from France.
- 10 kg amphetamines to UK in spare wheel of car arriving by ferry from Belgium.



DEPUTY CHIEF INVESTIGATION OFFICER  
HM CUSTOMS AND EXCISE  
HARMSWORTH HOUSE BOUVERIE STREET  
LONDON EC4Y 8BS

Telex 24333

Telephone 01-353 1525 (GTN 2517)

FROM: K TELLER

DATE: 23 MARCH 1989

cc PS Chancellor

PS/ECONOMIC SECRETARY

*WPH m:*

ROY GARNER - COCAINE SMUGGLER

1. The Economic Secretary to the Treasury may have seen the articles in many of this mornings papers concerning the background to the conviction of the above and others who were responsible for the importation of 392 kilogrammes of cocaine worth over £100M.
2. We regard this as a very successful result. Garner is a major criminal and his present conviction, following on an earlier sentence of three years imprisonment for a £1.9M VAT Gold Fraud, is the culmination of a number of years work by our Officers.
3. We deplore the unhelpful speculation in the media regarding the Police and ourselves and have refused to be drawn into any comment.

K Teller

---

Internal Circulation:

CPS

Mrs Strachan

Mr Nash

Mr Craggs