

Part 6

SECRET

Confidential Filing

Drugs

Folder: Drugs brief 1992

See Home Affairs : Drugs.

DRUGS

Part 1: Dec 82

Part 6: May '90

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
9.5.90		15.12.93.					
15.6.90		3.3.94					
22.6.90		11.3.94					
2.7.90		14/3/94					
10.7.90		1992					
31.10.90							
14.12.90							
16.1.90		Series					
11.2.91		CLOSED.					
25.2.91							
22.4.91							
21.5.91							
8.6.91							
16.9.91							
17.9.91							
28.11.91							
17.12.91							
19.5.92							
5.10.92							
11.2.93							
29.4.93							
9.7.93							
4.10.93							
11.10.93							
11.93.							

Material used by
Official Historian
DO NOT DESTROY

PREM 19/3662

CONFIDENTIAL



me SLH
cclb

10 DOWNING STREET

5 October 1992

From the Private Secretary

Dear Colin,

**VISIT TO VENEZUELA, COLOMBIA AND PERU BY THE HOME SECRETARY:
6-14 SEPTEMBER 1992**

This is just to let you know that the Prime Minister has seen, and read with interest, the Home Secretary's minute of 21 September about his recent visit to Latin America.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office), Jeremy Heywood (H M Treasury), Peter Smith (Department of Trade and Industry), Tim Sutton (Lord President's Office), David Rossington (Ministry of Agriculture, Fisheries and Food), Alan Riddell (Department of the Environment), Judith Simpson (Welsh Office), Alan Fraser (Scottish Office), Christina Bienkowska (Department for Education), Colin Phillips (Department of Health), Juliet Wheldon (Law Officers Department) and Melanie Leech (Cabinet Office).

Jan,

J. S. Wall

J. S. WALL

Colin Walters, Esq.,
Home Office

CONFIDENTIAL

[Handwritten mark]



cell
PU

FOREIGN SECRETARY

DRUGS-RELATED OVERSEAS AID: LATIN AMERICA

in the tray?

I have sent you a copy of my minute of 22 September to the Prime Minister recording the main points of my visit to Venezuela, Colombia and Peru earlier this month. I was most grateful for the part played by the three Ambassadors and other FCO staff in making the visit such a useful and profitable one.

2. I touched on the subject of drugs-related aid to Latin America in my minute to John Major. I thought that I would let you know personally how impressed I was with the results of the programmes which the FCO, and to a lesser extent the Home Office, have funded in the region, particularly Colombia. I saw some of these projects for myself. They seem to me to represent very good value for money, using British training and expertise to target particular local needs in a way which the Americans, for all the resources at their disposal, do not always get right. In addition to what they have achieved on the practical level, the programmes have brought us enormous credit with both the Colombian Government and the United States, who regard us as key players in the area.

3. I know that the forthcoming PES round leaves us all with difficult decisions to make about our priorities for expenditure. But I hope that it will be possible for both of us to protect the resources available for funding projects in Colombia in future years. I am convinced that it really is money well spent. As far as the Home Office's own overseas budget is concerned, while some cuts seem inevitable, what I saw in Colombia convinced me that I should take what steps I could to keep it at a level where we can continue to offer significant practical help.

I am copying this minute to John Major and Michael Portillo.

Li

KENNETH CLARKE

1 OCT 1992

016
CONFIDENTIAL



ce RB
Prime Minister (2)

✓
See highlights

PRIME MINISTER

VISIT TO VENEZUELA, COLOMBIA AND PERU 6-14 SEPTEMBER 1992

SUMMARY

Principal purpose to see local drugs situation at first hand and review measures for dealing with drug trafficking. Visit confirmed both relative ineffectiveness (and corruption) of government machines and lack of political will in Venezuela and Peru if not Colombia. Because governments cannot exercise effective, uncontested authority throughout their large territories, unrealistic to expect that drugs production can ever be eliminated. Consequent implications for drugs prevention policy within the UK. Met all three Presidents and took President of Peru to task for his usurpation of the democratic constitution.

PURPOSE OF VISIT

2. I had three main objects:

- to see at first hand the control problems in producer (Peru and Colombia) and transit (Venezuela) countries;
- to explore the scope for further effective bilateral cooperation; and
- to consider the implications for policy within the United Kingdom.

3. My circuit took me from a major country of transit (Venezuela), through the principal processing and marketing country (Colombia) to the country (Peru) which produced 60% of the world's cocaine supply. Amongst other things, I visited the Venezuelan/Colombia border and enforcement units in Colombia and Peru, and saw coca and heroin production areas in the same two countries. All the host countries were generous with their time and attention.

DRUGS

Country situations

4. The facts of geography dominate. The land areas of the three states, as you will recall from your own visit to Colombia, are prodigious. Colombia alone is twice the size of France, Peru one-tenth larger than Colombia, and Venezuela, although one-fifth

/cont

CONFIDENTIAL

smaller than Colombia, is still three and a half times the size of the United Kingdom with under a third of our population. All have experienced great difficulty in developing modern transport infrastructures. Their relatively underpopulated character, their extremes of internal social and ethnic difference, and their often turbulent political history has led to the fact, as President Gaviria of Columbia put it to me, that the state is weak. Corruption is ubiquitous and endemic. Even where it has the will, the state does not have the capacity universally to enforce its policies eg including on the production of, and trafficking in, drugs. None control their borders effectively.

5. It follows that, even where the states have the political will to deal with drug trafficking, they do not have the means. And the will is, of course, lacking in some cases - on the most favourable construction because coping with the drugs problem in all its manifestations is simply beyond the governments' unaided capacity. Crop substitution neatly illustrates their difficulties. Whereas it seems the obvious course if present incomes are to be maintained, in practice any effective crop substitution policy has to engage policy at a macro-economic level. Most coca (and heroin poppy) is cultivated on marginal lands and, perversely, is relatively easy to market. Viable substitute crops would rarely be as productive, certainly not as valuable and, because of the remoteness of the growing areas and the poor state of the transport infrastructure, infinitely more difficult to market. Not surprisingly, local governments do not wish to turn their peasant populations in to the victims of change and (minimising their own consumption problems) are quick to point to the consumer countries as the real culprits.

Bilateral agreements

6. Despite persistent Home Office pressure, progress on these in the context of the 1988 Vienna Convention has not been as fast in Latin America as I would wish. Some countries, for example, have ratified the Convention but not passed the necessary domestic legislation which alone can make bilateral agreements on confiscation and asset seizure effective. In Venezuela, there is resistance to the very idea of confiscation because of a long history of punitive confiscation/proscription following internal political change. In Colombia, to the government's embarrassment, Congress refused to ratify the Convention, though we were told it will be re-presented soon. In Peru, Congress - influenced by cocaine money, the President implied - had declined to pass the necessary legislation, though this omission has now been rectified by Presidential decree. In Colombia it was agreed that we should move to finalise an agreement as soon as we can; and in all cases the model regulations on laundering etc being in Latin America developed through CICAD should help promote change. My visit, therefore, in all countries emphasised the priority the United Kingdom attaches to securing these agreements and opens the way for further ambassadorial pressure. As an inducement, I mentioned that it might be possible to share assets seized as a result of joint operations.

/cont

7. All three countries underlined the need for concerted international action to prevent the diversion of the precursor and other chemicals essential to the illicit manufacture of drugs. I was able to assure them of the determination of the UK and our EC partners to co-operate in this regard. They were glad to learn of the tough new EC Regulations whereby, with effect from 1 January, licences will be required in order to export to Latin America the main chemicals used in the production of cocaine and heroin. I also assured them of our willingness to co-operate further in this area in which the UK has played a significant role internationally.

UK drugs aid

8. At present, there are UK drugs aid programmes in each of the three countries with priority being given to Colombia. In all cases I made token gifts of technical assistance viz "backscatter" searching devices in Venezuela and Colombia, and a computer and photocopier for customs use in Peru. So far, our aid has concentrated on offering training packages to the relevant enforcement agencies and donating equipment of direct practical support to their operations.

9. Colombia has rightly been the main recipient and received about £11 million from Home Office and, mostly, FCO sources in the last 4 years. I saw for myself the effect of British special training of anti-narcotics police companies. On the basis of what I observed they are well equipped, professionally competent and of high morale. These units and their commanders probably constitute the sole non-venal enforcement agency in any of the three countries. The reform of the prosecution service in Colombia which we have supported by means of a computerised case management system and by training in forensic procedures seems also promising. A new prosecutor general, an experienced as well as constitutionally independent figure, was one of the most impressive officials that I met throughout the visits.

10. UK aid is, of course, dwarfed by that from the US. The budgets of the Drug Enforcement Agency (DEA) and other programmes funded by the US Congress amount to many millions of dollars. Plans exist apparently to increase the level of support still further eg by a further \$25 million in Colombia and by resorting to new practices of air traffic interdiction. From what I saw, I do not consider their present money invariably well spent. For example, I visited a US built base in one of the Amazonian departments of Peru which had created - at great expense - what was in effect a small township without enhancing commensurately the enforcement capacity of the Peruvian forces.

11. I conclude that we cannot and should not seek to emulate the Americans in the quantity of aid but continue to concentrate on quality support where we think it may be most effectively given. It is the quality of our aid which buys good will and influence well beyond its nominal cash value. I would not therefore argue

/cont

that we should increase the level of our aid, and I was careful not to lead anyone to expect that it would either be continued or increased though it is my view that we should continue with present plans so far as possible, granted that they are likely to suffer in the present PES climate. Other EC countries do nothing directly in the region, and the US welcome our efforts both on their merits and because our presence prevents the US being entirely dominant in Latin America. In US eyes it helps also to make us credible actors on the global scene and gives us greater influence than we might otherwise have in major donor circles.

Implications for UK policy

12. All producer/transit countries are apt to try to exculpate themselves by maintaining that there would be no drugs problem if the consumer countries - by definition, in their terms, not in Latin America - did not generate demand. There is, of course, some truth in this and it has been one of the influences that have shaped the drugs prevention measures that we have taken and whose extent I explained in all cases very fully. In comparison with many consumer countries, we have a good story to tell here, primarily motivated as we are by the need to limit the damage to our own population.

13. Nonetheless, the visit has reinforced by my own wish - as reflected in the manifesto - to improve coordination of drugs prevention particularly at the local level. This is not because I have been captured by the rhetoric of the producer/transit countries but, rather, because the visit convinced me that, whilst we may hope for some containment of drugs production, it would be unrealistic to expect any substantial reduction. It follows that we must be sure to do all we can to strengthen our own drugs prevention measures. I shall, accordingly, be coming forward to the EDH machinery with proposals in that spirit.

Drugs liaison officers

14. They have had some notable successes and I am sure that we can continue to depend on their efforts which represent remarkably good value for money. In Latin America they are all officers of Customs and Excise mostly operating singly. I was most impressed by their grasp of the local drugs scenes and the efforts they were making to develop contacts with the local enforcement authorities so as to intercept supplies wherever possible.

15. In all cases I pressed upon the host governments the desirability of permitting controlled deliveries ie the supervised onward dispatch of identified cargoes with a view to improving intelligence about the organisation of the traffic abroad rather than simply confining operations to the seizure of particular, isolated items. This has proved to be one of the best means of identifying the organisation of trafficking and of

/cont

producing evidence facilitating the conviction of traffickers in this country. Since Latin American criminal codes incline to the theory of absolute offences and militate against discretionary enforcement, it has often been difficult to secure agreement to controlled deliveries. However, I hope that my visit has raised the profile of this problem locally and explained to governments that it is part of the cooperation that we expect and require of states truly committed to the disruption of this traffic.

PERU AND DEMOCRACY

16. I put it plainly to President Fujimori during the course of an hour long discussion that his regime could not count on continued support from the developed world for so long as any substantial doubt remained about the return of Peru to true democracy. The President, who remained calm and collected throughout our discussion, justified his usurpation of the constitution in the "auto coup" of 5 April but was at pains to persuade me that his plans would lead to the return of full democracy by means, at first of the elections on 22 November and, secondly, by the convening of the new Congress from 2 January.

17. On the basis of a short visit it was impossible to form a secure judgement about his intentions. Briefing the EC ambassadors on my meeting with the President, I discovered that some were sceptical that a return to democracy would take place on the grounds that President Fujimori was a man of autocratic temper whose impatience with the compromises and delays of democracy would overcome any present commitment to its resumption. On the other hand, I got the impression that the Peruvian Government had been surprised by the force of the reaction of the international community and that some of the economic consequences at least were influential. For example, in a very frank discussion after dinner at the Residence, the Finance Minister - a competent and likeable technocrat - confessed that the auto-coup of 5 April had nearly scuppered plans for reconstructing Peru's external debt.

18. There had been some hesitation about whether I should go to Peru because of its present poor standing in the international community. In the event, I have no doubt that it was right to go: on a visit connected with drugs I could hardly miss out the main producer; and my talks with not only the President but also the Prime Minister and other Ministers gave opportunities to press home the reasons why international concern would remain unless the government was seen to return to the democratic fold. I also met representatives of local human rights groups as a way of balancing government claims. In a situation where Sendero Luminoso has killed about 26,000 people since 1980, it is clear that Peru has not been able fully to control its own poor quality security forces. I stressed UK continuing concern on this score when I saw the President.

/cont

TRADE

6

19. This was not a trade promotion visit and the subject therefore featured only indirectly. I was, however, glad to see the efforts that had recently been taken to try to increase Anglo-Venezuelan trade even if trading levels generally in the area remain at a low level. Where possible I sought to promote the interests of particular British firms active, or hoping to be active, in the area. In return, I was subjected to lobbying by the Colombian Foreign Minister in favour of Colombian coffee and banana interests.

20. In the long run, the development of these countries will help limit their dependence on drug trafficking. I hope it will be possible for British industry to get a full share of the available business. BP at least have a large and growing presence in Colombia. On the other hand, the rampant corruption in all three countries and continuing political uncertainty cannot make them very attractive propositions. That said, I am sure that increasing the frequency of political contacts is bound to be beneficial. Contact seems often to have been meagre in the past: for example, it appears that I was the first Cabinet Minister ever to have visited Peru. I was made very welcome wherever I went and saw all three Presidents. All seemed to value contact with another hemisphere and President Gaviria, who clearly relished your visit, was extremely well disposed and frank in our entertaining, intimate dinner at his Palace.

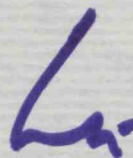
SPORT

21. I took the opportunity of meeting the IOC representative in Peru to press Manchester's claims for 2000. He told me he would be visiting England soon.

CONCLUSION

22. This was a useful visit which achieved its objectives. I am particularly grateful to all the Ambassadors and their staffs for the intelligent programmes that they assembled, and for their close and wise support throughout my visits.

23. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Trade Secretary, the Lord President, the Minister of Agriculture, to the Secretaries of State for the Environment, Wales, Scotland, Education, and Health, and to the Attorney General and Sir Robin Butler.



21 SEP 1992



QUEEN ANNE'S GATE LONDON SW1H 9AT

caps

19 May 1992

- 1. ~~Stephen Toxa~~*
- 2. ~~W. J. ...~~*

*WJ
2/5*

Dear Richard,

- Prop, Pt 22

Thank you for your letter of 23 April about the proposed Bill on Fraud (Jurisdiction), Drug Trafficking, Money Laundering and Insider Dealing.

I quite agree with your comments about the importance of implementing the European Community Directive on money laundering and insider dealing. As you will know, I decided to reinstate the Bill as a Home Office bid, and it is now included among the Bills which FLG have recommended for the 1992/93 legislative programme. However, there is still a good deal of work to be done before a draft Bill can be produced and I have asked the Lord President to consider deferring its introduction until the autumn.

I am copying this to the Prime Minister, the Foreign Secretary the Chancellor of the Exchequer, the Lord President, First Parliamentary Counsel, the Lord President and to Sir Robin Butler.

KENNETH CLARKE

Richard Needham Esq, MP
Minister of State
Department of Trade and Industry
Ashdown House
123 Victoria Street
London SW1

PARLIAMENT: Legislation Pt 23



cc PV



Treasury Chambers, Parliament Street, SW1P 3AG
071-270 3000

12 May 1992

Rt Hon Antony Newton OBE MP
Lord President of the Council
and Leader of the House of Commons
Privy Council Office
68 Whitehall
LONDON
SW1A 2AT

W. J. M.

Dear Tony

with WSC? / will request if required.

FRAUD (JURISDICTION), DRUG TRAFFICKING, MONEY LAUNDERING ETC BILL

I have seen Ken Clarke's letter to you of 5 May. I would like to add my support to what he says.

I do not think that this Bill should be introduced ahead of the summer recess. As Ken says, we will shortly be starting a consultation exercise on the money laundering provisions. A consultation paper will be issued to financial institutions, law enforcement authorities, and other interested groups. It would not be reasonable to ask them to comment in less than two months. We will then need a further period to consider the responses that we receive. This points to the introduction of the Bill after, rather than before, the summer recess.

Ken also refers to the complexity of the legislation on confiscating drug trafficking proceeds. The current legislation, contained in the Drug Trafficking Offences Act 1986 has a number of serious drawbacks which are preventing us from recovering the proceeds of drug trafficking. We need to tackle this urgently if our efforts to combat this menace are not to be frustrated. But we must get the legislation right.

I also share Ken's concerns over the inclusion of the provisions to implement the Second Banking Directive. It is absolutely



imperative that these are in place by 1 January 1993. Otherwise the Bank of England will not have all the powers necessary to supervise banks under the single passport regime. The inclusion of these provisions in a large and potentially controversial bill could threaten the timetable as well as widening the scope of the Bill still further. Like Ken, therefore, I would prefer these provisions to form a separate short Bill.

Should a separate Bill not prove possible, however, I would insist on the retention of the banking elements in the Bill, rather than lose them altogether.

I am copying this letter to the Prime Minister, the Foreign Secretary, the Home Secretary, the President of Board of Trade, the First Parliamentary Council and to Sir Robin Butler.

A handwritten signature in dark ink, consisting of a large, stylized initial 'N' followed by a horizontal line and a smaller, less distinct signature.

NORMAN LAMONT



200

Department of
Trade and Industry

Ashdown House
123 Victoria Street
London SW1E 6RB

Direct line
071-215 4301

DTI Enquires
071-215 5000

Richard Needham
Minister for Trade

The Rt Hon Kenneth Clarke QC MP
Secretary of State for the Home Dept
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9BW

071-215 4301
AM4

h b j m

By April 1992

with a note?

I have seen your Private Secretary's letter of 13 April about the Legislative Programme. I have also seen the Chancellor of the Exchequer's subsequent letter to you of 16 April about the proposal to drop the Fraud (Jurisdiction), Drug Trafficking and Money Laundering Bill.

I am writing in the President of the Board of Trade's absence to endorse the Chancellor's comments and to add the following because of my Department's interest in the Single Market programme. The elements of the Bill on money laundering and insider dealing are essential to discharge our Community obligations. We have made much of our record in implementing Single Market measures. Our record is however now bettered by Denmark and France and our performance is only marginally better than several other member states. We face the real possibility that we will drop toward the bottom of the implementation league table. Any delay in legislating on insider dealing and money laundering can only reduce the negotiating leverage we gain from our present good position. The insider dealing directive is due for implementation by 1 June. It is likely therefore that the Commission will initiate infraction proceedings in the course of the UK Presidency. This would inevitably attract a significant amount of adverse comment both at home and more widely within the Community which it will be easier to counter if we have legislation publicly in prospect.

dti

the department for Enterprise





CONFIDENTIAL

I ask you therefore to reinstate your bid for this Bill. If not, I strongly support Norman Lamont's suggestion that a separate smaller Bill to legislate on money laundering and insider dealing is essential.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Foreign Secretary, the Lord President, and to Sir Robin Butler.

A handwritten signature in black ink, appearing to read 'Richard Needham'.

RICHARD NEEDHAM

dti

the department for Enterprise

PARLIAMENT: Legislative Prog

● Pt 22



CONFIDENTIAL

a: /pps/ drugs. deg

File



bc: PU

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

9 March 1992

Dear Gillian,

A NATIONAL DRUGS AGENCY

The Prime Minister was grateful for the Lord Privy Seal's minute of 5 March setting out the discussion in HS Committee of the Home Secretary's proposals for the establishment of a National Drugs Agency. He shares the view that further consideration of these proposals is needed before an initiative of this kind is launched. He does, however, accept that the co-ordination mechanisms need to be strengthened.

I am copying this letter to the Private Secretaries to members of HS Committee, to David Rossington (Ministry of Agriculture, Fisheries and Food), Juliet Wheldon (Law Officers' Department), Alan Maxwell (Lord Advocate's Department) and to Sonia Phippard (Cabinet Office).

Yours sincerely

Andrew Turnbull

Andrew Turnbull

Miss Gillian Kirton,
Lord Privy Seal's Office.

CONFIDENTIAL

deg

CONFIDENTIAL



CCP
Prime Minister
To note that colleagues
did not find the Baker's proposals
sufficiently well worked out to
endorse them. The Manifesto
 wording is attached

AT 613

PRIME MINISTER

A NATIONAL DRUGS AGENCY

has

HS Committee met this morning to discuss the Home Secretary's proposals for the establishment of a National Drugs Agency, as requested in your private secretary's letter of 24 February to the Home Office.

The Home Secretary proposes the establishment of a Next Steps Agency responsible to coordinate drugs prevention work. The Agency would not be responsible for enforcement work, which would remain the job of Customs and Excise and the police, nor for the health treatment and the rehabilitation of drug misusers. The main function of the proposed Agency would be to coordinate and target drug prevention at national and local level and to monitor the achievement of agreed plans. It would take over a number of existing Home Office responsibilities, for example for the local teams established under the Drugs Prevention Initiative and might also become responsible for some DES and Department of Health funds for Health Education Coordinators, in-service training for teachers, preventive health education, drugs services provided by regional and district health authorities and the DH publicity budget related to drug prevention. The Home Secretary envisages that there would be an Inspectorate to carry out the Agency's monitoring and reporting functions.

In our discussion colleagues generally agreed that the present coordination arrangements, which involve a Ministerial Group (GEN 6) chaired by the Home Secretary with a supporting Official Group (GEN 12) are not sufficiently effective. It was therefore agreed that more effective coordination mechanisms, particularly at the local level, would have to be developed.

Some colleagues supported the Home Secretary's approach in principle, though recognising that more work would be required on the detail. Others, however, expressed some doubts about the proposed new Agency: whether the new body might raise expectations which it could not fulfil, because of the lack of executive powers; whether there is a need for a further coordinating mechanism at the national level, or whether it would be preferable to concentrate on local coordination; whether it might damage the commitment of voluntary workers in this field for responsibility to pass from the Health and Education departments to the Home Office, with its associations with the police and criminal policy; and whether

CONFIDENTIAL



a new agency would effectively become a lobby group for increased public expenditure. The Secretary of State for Health mentioned the possibility of alternative approaches focusing on local coordination which he would like to discuss with the Home Secretary, while the Secretary of State for Wales drew attention to existing coordination mechanisms in Wales from which lessons might be learned.

The clear message from our discussion, therefore, was that, while the need for more effective coordination is accepted, the Home Secretary's proposals would require reconsideration in discussion with colleagues.

I am copying this minute to the members of HS Committee, the Minister of Agriculture, Fisheries and Food, the Attorney General, the Lord Advocate and Sir Robin Butler.

A handwritten signature in blue ink, appearing to be the initials 'R' and 'B' joined together.

WADDINGTON

5 March 1992

THE DANGER OF DRUGS

Illegal drug abuse poses a major threat to the fabric of our society. It can destroy the health and lives of young people in particular. We will tackle this problem with vigour.

We have already taken action on a wide front:

- We have set up co-ordinators in every local education authority to train teachers about the harm drugs can do, and to bring the fight against drug abuse into the classroom.
- We have set up 16 local drug prevention teams in inner cities to tackle particular problem areas.
- We have created the National Drugs Intelligence Unit at New Scotland Yard.
- We have taken the lead in Europe in pressing for the establishment of a Europe-wide Drugs Unit, as a first step towards a creation of a "Europol".
- We have set up a network of 31 drug liaison officers, in 19 different countries, tracking the international drugs traffickers who threaten Britain with their trade.

We now have the toughest sanctions in Western Europe against drug traffickers.

A number of public services and voluntary bodies are engaged in fighting drug misuse at local level. Such efforts need co-ordination to ensure that local effort and dedication is directed to best effect.

- * We will not legalise any banned drugs.
- * We will bring forward proposals to ensure that efforts to control drug misuse are co-ordinated effectively at local level.
- * We intend to strengthen our confiscatory powers still further. And we will ensure that our controls against drug-trafficking are not weakened by any changes in Europe that take place after this year.
- * We will make it an offence to supply anabolic steroids to minors.

P. MA 2 File
Exactly what I thought
18/2/92

CONFIDENTIAL

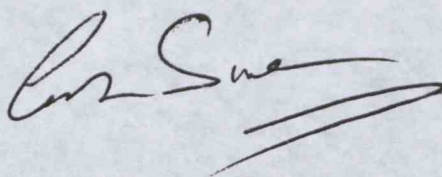
MRS HOGG

26th February 1992

cc Mr Turnbull

NATIONAL DRUGS AGENCY

It is clear that Home Office officials have done absolutely no work on the proposal for a National Drugs Agency. It is entirely Kenneth Baker's own idea. This means that it will take quite some time to answer the questions posed in Andrew Turnbull's letter of 24th February. I think the Manifesto can do no more than refer vaguely to better co-ordination arrangements for the fight against drugs.* We do not want a repeat of the Environment Agency saga!



CAROLYN SINCLAIR

331.cs

** which would mean taking down the current wording.*

CS

CONFIDENTIAL



File

JD

bc: PU

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

24 February 1992

Dear Colin,

A NATIONAL DRUGS AGENCY

The Prime Minister has seen the Home Secretary's minute of 19 February and was grateful for the paper setting out proposals for a new National Drugs Agency. Before the Government commits itself to this proposal, he thinks further work is needed to clarify what the Agency would do, what its relationship with others operating in the field would be, whether any machinery of Government changes are required, whether there are any implications for public expenditure, what the proposed Inspectorates would do, and whether their relationship with the existing Inspectorates would be workable. The Prime Minister suggests that officials should be asked to examine these issues during the course of this week, and that the subject should be discussed by HS Committee as soon as possible in the following week.

I am copying this letter to Christina Bienkowska (Department of Education and Science), Phillip Ward (Department of the Environment), Colin Phillips (Department of Health), and to Sir Robin Butler. I am also copying it to Gillian Kirton (Office of the Lord Privy Seal), and to Nicholas Holgate (Office of the Chief Secretary, HM Treasury), together with a copy of the original minute and paper.

*Yours sincerely
Andrew Turnbull*

ANDREW TURNBULL

Colin Walters, Esq.,
Home Office.

CONFIDENTIAL

286

CONFIDENTIAL

PRIME MINISTER

A NATIONAL DRUGS AGENCY

Mr. Baker has circulated his proposals for a National Drug Agency. Although this has echoes of the US Drug Enforcement Agency, with all its images of SWAT teams, it would not deal with enforcement which would remain with the police and Customs and Excise. Nor would it deal with treatment and rehabilitation. The purpose would be to provide a centre of co-ordination for the Government's efforts to reduce the demand for drugs and to act as a spur to all the bodies involved. It would also be responsible for international liaison on drug trafficking and money laundering. Mr. Baker also envisages a new Drug Prevention Inspectorate which would operate alongside existing services' inspectorates and would report on the effectiveness of local drug prevention services.

Although this is eye-catching stuff it is far from clear whether this is simply giving a dramatic name to the Home Office's drugs division. Mr. Baker asks for a meeting with you to discuss this. I think the better course would be for officials in the departments concerned to scrutinise the proposal during the course of next week and for there to be a meeting of HS at the start of the following week.

Agree?

AT

ANDREW TURNBULL

21 February 1992

c:\pps\drug (slh)

CONFIDENTIAL



Prime Minister

A NATIONAL DRUGS AGENCY

Drug misuse is a serious and growing criminal, social and health problem. All the signs are that it will get worse rather than better. Levels of misuse are increasing - dramatically so in the case of MDMA ("Ecstasy"), the drug particularly linked with all-night pay parties. The number of drug addicts notified to the Home Office is now rising at an annual rate of some 20%. Research suggests that over 20% of burglaries and thefts from the person may be committed by regular heroin misusers. Upwards of 10% of sentenced men and 24% of sentenced women prisoners gave a history of regular drug misuse at the time of their arrest. Although we have yet to see the crack cocaine explosion which has had such a devastating effect on many American cities in recent years, our intelligence is that the cocaine traffickers, in the face of a saturated US market, are now increasingly targeting Europe. The latest Customs seizure figures bear this out.

Responsibility for the various elements of our policy on drug misuse is spread among a number of Departments. This reflects the comprehensive nature of our anti-drug strategy, which embraces international action to stop drugs being produced and trafficked, police and customs enforcement, deterrence and tight domestic controls, prevention, and treatment and rehabilitation. I have the task of co-ordinating the Government's overall strategy, which I discharge in practice through my Chairmanship of the Ministerial Group on the Misuse of Drugs. This machinery works reasonably well in integrating and presenting as a coherent single policy what individual colleagues have decided they can or will do about drugs in relation to their other priorities. But the present arrangements cannot of themselves deliver the effective overall response which is required. They do not guarantee that the services provided match up to the nature and scale of the underlying drug problems on the ground. They do not address the potential for inefficiency and confusion which arises from the plethora of Departments, authorities and other bodies promoting and funding particular drugs initiatives and projects. Nor do they achieve effective local co-ordination of drugs services.

The result all too often is that drugs prevention is not given the necessary priority by the individual services - health, education, and the various generic local authority services - which should be concerned with its delivery. There is no satisfactory mechanism for assessing local needs and the extent to which they are being met. In some cases resources originally intended for anti-drugs work have become diverted to other wider purposes.

CONFIDENTIAL

2.

... If we are to have a better chance of mounting an effective challenge to the growing problem of drug misuse in this country, I believe that the time has come to consider a radical approach to reducing the demand for drugs. I think we should establish a National Drugs Agency which would be responsible for co-ordinating and targeting approaches to drug prevention and for monitoring and reporting on the achievement of agreed plans on the ground. I attach a paper which outlines the role of such a body.

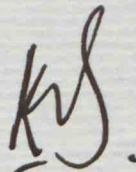
The benefits, as I see them, of this approach are:

- such an agency will have the national profile and clout to make a real impact on reducing the demand for drugs;
- it will provide the central co-ordination to ensure that maximum value is secured from the large sums of money currently being spent in this area;
- it will act as the catalyst to bring together the many agencies and initiatives, including those involving the private sector, at the local level which have a part to play and ensure that they co-operate to produce and implement plans which meet identified local needs.

Without some new body of this kind, specifically given the job to do spearheading work on demand reduction, I fear that we shall continue to fail to get to grips with the escalating drugs problem.

You may find it helpful if John Patten and I, together with interested colleagues, could meet with you to discuss this idea further. Clearly more work will be needed to put flesh on the bones of the proposal, but I would very much like to have preliminary reactions now from those colleagues most directly concerned to the general proposition.

I am copying this minute at this stage to the Secretaries of State for Education, Environment and Health, and to Sir Robin Butler. If you wish to pursue the idea we shall of course quickly need to involve colleagues from the territorial Departments and the Chief Secretary.



19 February 1992

CONFIDENTIAL

CONFIDENTIAL

A NATIONAL DRUGS AGENCY

1. This paper sets out a possible model for a new National Drugs Agency which would have responsibility for ensuring better coordinated and targeted approaches to drug prevention in England and Wales.

Scope of responsibilities

2. The new body would have as its core responsibility policies and action on demand reduction. It would not be responsible for enforcement, although it would need to establish good working relations with the police and the National Drugs Intelligence Unit and with HM Customs and Excise. Better joint working would be at the end of the road. Nor would it be responsible for treatment and rehabilitation of drug misusers, although again it would need to work closely with the Department of Health and the voluntary agencies delivering services in this field (some of which straddle the prevention/treatment divide).

3. It would also be for consideration to what extent the new body should take over the existing work of the Home Office's Drugs Division. This includes responsibilities for international action against drug misuse, and the work of the Drugs Inspectorate in relation to controls on licit drugs, both of which bear on supply reduction; and the responsibility for the associated legal framework currently contained in the Misuse of Drugs Act 1971.

Tasks

4. In the prevention area, the new body would:

CONFIDENTIAL

- advise Ministers on an appropriate policy framework for demand reduction, and the way in which this should be implemented;
- advise on national demand-reduction initiatives including publicity campaigns;
- see that coordinated local drug prevention plans are produced, which have regard to local needs and resources and set published targets for local contributing agencies;
- monitor the implementation and delivery of national and local programmes, reporting to Ministers on the outcomes;
- run the local drugs teams established under the Drug Prevention Initiative;
- grant-aid national and local drug prevention projects and agencies.

Powers and Resources

5. Further work would be needed on what specific powers the new body would need, and the extent to which it was sensible for it to take over and itself discharge particular functions at present carried out by other Departments (in particular Health, Education and Environment), as opposed to working through those Departments and ensuring that the relevant programmes were properly targeted and achieving the desired results. Where there is at present specific funding for identifiable drugs-prevention purposes (eg publicity campaigns and earmarked grant aid to voluntary

CONFIDENTIAL

agencies), it might in some cases be sensible for this to be transferred to the new body along with the corresponding administrative personnel. Where drug prevention is delivered as part of a wider, generic service (eg drugs education in schools, which is only one element in the National Curriculum), it may well make less sense to try to establish separate arrangements and responsibilities for providing the drugs component.

6. The overriding aim would be to build on existing strategies and programmes, in order to get more value from them, rather than seeking reorganisation for its own sake. At the local level the agency would ensure that the present service infrastructure was pulled together in a coordinated way to deliver programmes which matched identified needs. It would be particularly important to avoid current contributors to demand reduction programmes believing that the drugs problem was no longer their concern but that of the new agency alone.

7. An agency on these lines need not cost much more than its administration, at least initially. To the extent that it took over powers and programmes currently discharged elsewhere, there would be corresponding PES and personnel transfers. Some additional expenditure on projects might prove inescapable, particularly over time, since contributing agencies might well find that they were being asked to make commitments for which they were inadequately resourced and further funding, through the agency, might therefore be needed.

Inspectorate Function

8. An agency established without an existing regional network would need some means of operating with credibility and authority at local level. It

CONFIDENTIAL

would not be practicable for the new body to build up its own local administrative tier, beyond its assumption of oversight of the 20 local drug prevention teams. But to provide it with a source of local intelligence and a monitoring capability it would be desirable to contemplate the creation of a new Drug Prevention Inspectorate, which would have the role of reporting on the state of provision of local drug prevention services and the extent to which relevant local targets were being met. It would operate, perhaps through joint working, alongside other existing service inspectorates, but would adopt a specific drugs focus and straddle existing service responsibilities. It would require a range of types of professional expertise, and might need statutory powers. It would report through the agency to Ministers; and, in order more effectively to apply pressure on existing service providers, its findings would be published.

Status of Agency

9. The new body would need to have a distinct drug prevention identity; its chief executive would no doubt be appointed by open competition, and it might well have an executive or advisory board with independent members. It would not however be a quango. It would be answerable to the Home Secretary to whom it would be expected to offer continuing confidential policy advice. The working assumption is that it would operate as a next steps agency. The need for some statutory backing for the operation of the agency would have to be considered when its precise powers and responsibilities had been clarified.

CONFIDENTIAL

Added Value

10. The object of creating the new agency would be to bring stronger pressure to bear on the various contributors to the achievement of national and local prevention policies. There would also be value in the single oversight which the agency would bring to prevention initiatives. To achieve this added value the agency would require authority derived partly from the Ministerial backing it was seen to enjoy, partly from the quality of its leadership, and partly also from the specific sticks and carrots that it could wield over the other players concerned.

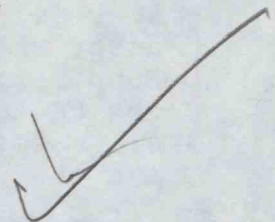
NDA.SB2

RESTRICTED

ccpv



Treasury Chambers, Parliament Street SW1P 3AG
071-270 3000
Fax 071-270 5456



The Rt Hon Kenneth Baker MP
Secretary of State for the Home Department
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

16 December 1991

D. H.

at pap

Thank you for your letter of 28 November⁸ proposing a reciprocal asset sharing arrangement with the United States for sums confiscated under international agreement.

2. Having agreed only earlier this year to the arrangements for the Seized Asset Fund, I would naturally prefer to allow time for the Fund to settle down. But Douglas Hurd warned me in February that this issue would need to be dealt with at some stage. And now you have been approached by the United States Attorney General I can understand your wish to respond positively to his proposals. As you know, we have also been pressed to agree some form of asset sharing within the forum of the Financial Action Task Force.

3. So there seems good reason to reconsider our position. Given the pressure we are under it may well be better, as you suggest, to agree some small concession now and thereby head off later pressure for more radical change. That is something we should aim to avoid.

4. The results of our existing agreement with the US have certainly been disappointing, insofar as no sums have been confiscated to date. We could of course decide to wait and see how things turn out. But given the nature of the US enforcement system, whereby funds confiscated are fed back into law enforcement work, I can see that the existing arrangements provide no financial incentive for US agencies to devote resources to the restraint and confiscation of drug traffickers' assets held in the UK.

RESTRICTED

DRUGS: Drugs Mo

5. I note that Customs and the police favour a move towards some limited form of asset sharing with the US, and believe this would generate increased US activity to the benefit of all parties. I am content to accept their judgement on this in the expectation they will be proved right.

6. So I can agree your proposal to provide for a limited form of asset sharing, the costs to be contained within the Seized Asset Fund arrangements. I do so on the understanding that you expect the US to apply for a share of confiscated assets in some but not all cases; that there will be a limit to the proportion earmarked; and that the arrangements will be reciprocal.

7. It is of course important that the agreement works within the Seized Asset Fund and applies only to assets seized and confiscated under international agreement. There can be no question of access to funds seized as a result of domestic operations, whether or not such operations may have benefited from the assistance of other countries. I trust that the US authorities are well aware of that and the financial and other limitations of the Seized Asset Fund arrangements.

8. I am pleased that the proposed arrangements will be limited to the US where the pressure to share seized assets comes from. I note that if other countries ask to share seized assets such requests will be considered by the Foreign Secretary when he makes bids from the Seized Assets Fund.

9. Providing for asset sharing within the Seized Asset Fund will inevitably reduce the sums available to UK departments and agencies within the £20 million limit. I look to you and other colleagues to accept that as a consequence of your proposals and not seek to reopen the size of the Fund as a result. But in order to ease any initial difficulties I am prepared to accept your suggestion that the 50 per cent repayment to the central drugs fund should be based on the balance of monies following asset sharing. I do so on the understanding that the central drugs fund is likely to remain limited to roughly its current size.

10. I now look for a period of consolidation and stability in the Seized Assets Fund. There have been numerous changes made since the principle was agreed. I believe it is now time to live with what we have and assess its value over time. I trust you and colleagues can agree to that aim.

11. I am copying this letter to the Prime Minister, Douglas Hurd, James Mackay, Patrick Mayhew, William Waldegrave, Kenneth Clarke, Peter Brooke, David Hunt and Ian Lang, and Sir Brian Unwin at HM Customs and Excise.



DAVID MELLOR



etc

020



CONFIDENTIAL

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

4 December 1991

Dear Simon



The Home Secretary had a brief discussion today with the US Attorney General, William Barr, about drugs and other issues. Mr Barr was accompanied by Judge Robert Bonner of the Drugs Enforcement Administration, Mr Robert Mueller, Assistant Attorney General, and Mr John Theriault, Legal Attache to the US Embassy.

The principal purpose of the Attorney General's visit was to present a cheque for \$2.4 million to the Metropolitan Police in recognition of their co-operation in the money laundering operation code-named Cougar. The payment represents a proportion of the assets seized from successful DEA prosecutions in the USA resulting from work undertaken by Metropolitan Police officers in the Caribbean.

Mr Barr thanked the Home Secretary for the very close co-operation which the DEA received from the Metropolitan Police, the National Drugs Intelligence Unit and HM Customs and Excise. He was happy to be able to share some of the money realised from seized assets, and he hoped that the United Kingdom would be able to reciprocate in due course. The Home Secretary said that he hoped to be able to secure the agreement of the Treasury to a reciprocal arrangement for asset sharing by the end of the year. Mr Barr said that they would like the United Kingdom to adopt a requirement on banks, similar to that in operation in the USA, that all cash transactions over a set limit should be reported. The Home Secretary explained that we relied on a voluntary agreement with the banks that any suspicious transaction, however large or small, should be reported. This had so far proved to be effective, and the NDIU already received a great deal of information. He was not convinced that a system relying on reporting transactions above a specific amount would necessarily be better. Judge Bonner also thanked the Home Secretary for the support which officials had provided in the G7 Task Force on the

Simon Gass Esq
Private Secretary
Foreign and Commonwealth Office
Whitehall
London SW1

/2

CONFIDENTIAL

CONFIDENTIAL

2

control of precursor chemicals. The Home Secretary said that we would consider the US proposals for further tightening of controls on precursor chemicals.

Finally on drugs, Mr Barr mentioned the concern of the US that the removal of border controls in Europe would reduce the effectiveness of efforts to combat drugs trafficking. They would like to see some compensating steps. The Home Secretary said that the only real compensation would be a system of identity cards which was comprehensively enforced. Such a system did not exist anywhere in the world at present, and British police would not be keen on adopting a system of identity cards because of the potential for bringing them into confrontation with the public.

This led them into a brief discussion of asylum and immigration, which the Home Secretary said was one of the major issues in European politics, particularly in the face of the rise of the far right in many European countries. He said that immigration policy was crucial to the United Kingdom in the negotiations at Maastricht and might even be the sticking point which would prevent overall agreement.

Finally, they discussed briefly the recent terrorist activity in the United Kingdom. The Home Secretary gave an account of the recent attacks and thanked Mr Barr for the continuing co-operation which we received in combating terrorism. They also noted the position on Lockerbie, and agreed that the Libyan proposals for an international inquiry were unacceptable.

I am copying this letter to Stephen Wall at No. 10.

yours sincerely

Paul Pugh

PAUL PUGH

CONFIDENTIAL

CEPC



QUEEN ANNE'S GATE LONDON SW1H 9AT

28th November 1991

In David,

[Handwritten signature]

-MAP

In his minute to you of 25 February about the disposal of sums realised from international confiscation agreements, Douglas Hurd raised the question of asset sharing. You will be aware that this is a subject of interest to a number of the countries with which we have concluded bilateral asset confiscation agreements. Your response to Douglas of 22 April suggested that we should consider the subject at a later date.

Since then I have been approached by the then United States Attorney General who wrote commending asset sharing as a means of encouraging the law enforcement agencies to devote efforts to drugs work, and describing their own extensive asset forfeiture programme. It was under this programme that the United Kingdom Customs received the \$3 million gift from the Americans following Operation C-CHASE last year. Fortunately, the Americans are not looking for us to establish so extensive a programme. Informal soundings which my officials have taken of their Department of Justice colleagues suggested they are more concerned that we should acknowledge the principle of asset sharing between countries involved in international operations and agree that in some cases, where assets have been confiscated here on behalf of the United States, they might apply for a proportion of those assets. The amount requested would reflect the contribution the US enforcement authorities had made to the particular case. Any such arrangement would, of course, be on a reciprocal basis.

I should like to respond as positively as possible to their approach. If we make some minor concessions at this stage we may head off later pressure for more radical ones. I accept, as you said in your letter to Douglas, that it would be unfortunate to begin unpicking the arrangements which we have recently agreed for the Seized Assets Fund. With that in mind, my officials have consulted yours, and other Departmental interests, about the American proposals. The majority view is that some form of asset sharing arrangement would do much to maintain and develop UK/US relations in this area. Although the principle remains that depriving criminals of their proceeds is the main purpose of confiscation, we must recognise that the US enforcement agencies are, by the nature of their system, likely to allocate resources where the prospect of a return seems greatest.

I am assured by our enforcement agencies that an agreement to asset sharing will stimulate their US partners to greater activity, which in turn will increase the quantity of assets which are traced and seized here under the drugs agreement, as well as opening up the possibility of more gifts like that in C-CHASE. The overall effect, so the argument runs, would be to increase the sum available for distribution to United Kingdom projects. It is perhaps significant that nothing has yet come of the large

The Rt Hon David Mellor, QC., MP.
Chief Secretary
Treasury Chambers
Parliament Street, S.W.1.

/cont...

amounts of money which have been under restraint here for some time at the request of the Americans. Our Dependent Territories also have much to gain financially from establishing asset sharing arrangements with the United States. Negotiations are in train and will be given a boost if we can agree on asset sharing with the US.

Under the Seized Assets Fund there is already some scope for payments to be made to other countries. Taking that as the starting point, I propose that, upon request by the United States, and commencing from the date on which the Americans signal their agreement to the scheme, a proportion of the funds confiscated in any particular case may be earmarked for asset sharing with them through the Fund. I understand from our contacts with the US that they do not envisage seeking repatriation in every case where there has been joint co-operation.

I realise, however, that the overall effect could initially be to reduce the total sum available for other agencies. I would therefore like to return to Douglas's suggestion that the 50% repayment to the central drugs fund should be calculated on the balance of assets left once any asset sharing has taken place. This may mean that it takes longer for the central drugs fund to become self-financing. However, I hope that the effect of asset sharing will be to increase the number of payments into the Seized Assets Fund, which should more than make up for any short-term losses resulting from the repatriation of funds to the United States.

I should add that, so far as other countries are concerned, we intend for the time being to consider any asset sharing requests on a case by case basis, within the normal arrangements for the Seized Assets Fund. This means it will be for Douglas to bid on behalf of any particular country and any such bids will be considered on merits alongside other bids which colleagues may put forward.

I am copying this to the Prime Minister, Norman Lamont, Douglas Hurd, James Mackay, Patrick Mayhew, William Waldegrave, Kenneth Clarke, Peter Brooke, David Hunt and Ian Lang, and Sir Brian Unwin at HM Customs and Excise.

7
Norman
Hunt
→

WFO



9 BUCKINGHAM GATE
LONDON SW1E 6JP

071-828 1558

WJPM

Rt. Hon. Kenneth Baker, MP,
Secretary of State for the Home Department,
Queen Anne's Gate,
London, SW1H 9AT

17 September, 1991

Dear Kenneth,

CONTROL OF ANABOLIC STEROIDS

*will request
if required.*

Thank you for copying to me your letter of the 4 September 1991 to Michael Forsyth, seeking the agreement of colleagues for proposals to make the unauthorised supply of anabolic steroids to minors a criminal offence. I am in full agreement with what you propose.

Copies of this letter go to all members of GEN.6 to LG Committee colleagues for information, to Peter Brook and to Sir Robin Butler.

WJPM

Nick.



Treasury Chambers, Parliament Street, SW1P 3AG

Lord President
Privy Council Office
Whitehall
LONDON
SW1A 2AT

16th September 1991

Dear John,

Thank you for your letter of 28 August.

WILL REQUEST IF (REQUIRE)

I have also seen a copy of Kenneth Baker's letter to you of 10 September, concerning the drug trafficking and money laundering provisions of the International Bill. If it is now not possible to include these provisions in the programme for the fifth session, I would strongly support Kenneth Baker's proposal that Counsel should continue preparation of the provisions, so that they can be introduced later in the fifth session, if a suitable slot arises, or at the start of a new Parliament. As Kenneth Baker rightly points out it is essential that we do not miss the 1 January 1993 deadline for implementing the EC Directives on Money Laundering.

I also agree that we should leave the Banking (Institutions Authorised in Other Member States) Bill until the first session. It will now be disproportionately difficult to handle and best left until after the election. But as you recognise, we must get the provisions in place by the end of 1992, and that is all the more important now.

I should also warn, however, that we may finish up requiring a rather more substantial Banking Bill in the first session. Lord Justice Bingham may recommend further strengthening of the 1987 Banking Act, and if that happens we will have to include various proposals recommended by the Jack Committee on Banking Services Law and Practice which we accepted and undertook to legislate when space could be found in the programme. We cannot avoid dealing with these if we amend the 1987 Act; we have said we accept the need for them and the banks will simply have the provisions they want tabled as amendments which we will be unable to resist. The possibility that we will need such a Bill is, of course, another good reason for getting the Friendly Societies Bill out of the way this winter if at all possible.

I note your pessimism on the possibility of finding space for the Friendly Societies Bill, but I do hope that this will nevertheless prove possible. As you know, the Friendly Societies have been waiting for this legislation for a long time. They have been greatly encouraged by the progress made so far and they have many supporters in the House. They will be acutely disappointed if it is left out of the programme again, especially since they know the Bill is already pretty nearly ready for introduction.

In considering whether to include the Bill, however, I think FLG need to remember that there are two reasons for it. It is needed to give societies the new powers they want to expand and provide a better service for their members; but it is also urgently needed because the present legal and regulatory regime for Friendly Societies is becoming dangerously inadequate. The present legislation is effectively over a hundred years old. Friendly Societies have an extremely odd legal form; essentially they are no more than a loose, unincorporated association of individuals bound together by their rules. Yet they are currently managing over £4 billion of their members' long term savings. The boundaries of what they can do are unclear and some societies are already starting to engage in activities of doubtful vires. In 1984 we had to put through emergency legislation to validate, retrospectively, 300,000 contracts which had been written by certain societies, when their legality was thrown into doubt by legal opinion. Even more worrying, a number of the societies have refused to join the movement's voluntary investor protection scheme.

Friendly Societies are registered with the Register of Friendly Societies and the larger ones are formally authorised by the Registry to do insurance business, as required by the EC Life Directive. We have seen once again, in the case of BCCI, that the public consider any grant of a licence or registration by a Government agency as a Government stamp of approval amounting to a guarantee. The fact that there is not such a guarantee seems to escape even the most sophisticated investors, as we have seen with the professionally qualified local authority treasurers who put money into BCCI.

The Registry's powers to deal with any prudential problems are inadequate and we have acknowledged publicly that they need to be strengthened. We may well be able to deal with societies' disappointment at a further delay in giving them their new powers by offering a firm promise to include the Bill in the first session of a new Parliament, particularly if such a commitment could be given publicly. But we will not so easily deal with the political repercussions of a prudential accident, if the Registry do not have the powers to deal with it effectively. We would be justly accused of having recognised the potential danger, drafted a Bill to deal with it, agreed the Bill with the Friendly Societies and neglected to put it on the statute book. I need hardly spell out the difficulties we could face. The fact that the Opposition have said that they will co-operate in getting the Bill through the House would only add to our problems.

Although the Bill is long, because of the way Parliamentary Counsel has chosen to draft it, most of the clauses are basic provisions copied from other legislation on such routine, mundane matters as accounts, the appointment of auditors, the appointment of actuaries, board structure, provisions about the procedures for calling annual general meetings, notification of members etc. The provisions dealing with the prudential regime are based closely on those in the Insurance Companies Act, Building Societies Act and Banking Act. Societies have been sent the draft Bill for comment, and they have been through it with their professional advisers. They are very happy with it. There are some drafting points to correct, but nothing of substance. There is no reason why there should be any difficulty in either House. The Opposition have said they will assist its passage, and to the best of my knowledge there is no-one in either House who would oppose the Bill. The Association of British Insurers have even been helping the Friendly Societies Liaison Committee to handle the consultation on the Bill.

I fully appreciate the pressure on the programme and that any Bill takes up some time, however uncontroversial it is. But given the prudential risks outlined above, it would be a good deal safer, politically, to introduce it and risk letting it fall if we cannot get it through in time before the election, than to defer it again. It is for FLG to make the judgement, and I cannot say what the risk of a prudential accident is - hopefully there will be no problems. But a recent case involving a medium sized society highlighted the deficiencies in the Registry's powers, and in the present circumstances, frankly I do not consider this is a risk worth taking in the run up to an election and in the wake of BCCI.

I am copying this letter to the Prime Minister, to other members of FLG and to Sir Robin Butler, First Parliamentary Counsel and First Scottish Parliamentary Counsel.

Yours are.
Gillian

GILLIAN SHEPHARD

17.02.1991
443
7-10-1991
4654



Key
EAM

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 July 1991

**LETTER FROM THE PRESIDENT OF THE EUROPEAN
PARLIAMENT: ORGANISED CRIME**

Paul Pugh wrote to me on 25 June enclosing a letter from the President of the European Parliament to the Prime Minister about the European Parliament's inquiry into the spread of organised crime linked to drug trafficking.

The Prime Minister has signed the letter and I should be grateful if you could arrange for it to be delivered.

I am copying this letter to Paul Pugh (Home Office).

J S WALL

C N R Prentice Esq
Foreign and Commonwealth Office

A handwritten signature in the bottom right corner of the page.



10 DOWNING STREET
LONDON SW1A 2AA

RiG
MS

cc FCO
CO
HO

THE PRIME MINISTER

28 June 1991

Dear Mr. President,

Thank you for your letter of 3 June informing me of the decision of the European Parliament to establish a special Committee of Inquiry into the spread of organised crime linked to drug trafficking in the Community.

The United Kingdom takes a most serious view of the problem of drug trafficking and its links with organised crime, and we have taken vigorous action in recent years, nationally, bilaterally, intergovernmentally in the framework of CELAD and in the appropriate multilateral fora like the United Nations, to combat it. One measure we have strongly promoted is the establishment of a European Drugs Intelligence Unit: this has been taken forward through the Trevi mechanism. We are, therefore, naturally interested in the work of the European Parliament's Committee, and we stand ready to co-operate to the fullest extent possible. We had already received copies of the Committee's questionnaire, and these have been transmitted to appropriate Government Departments. Indeed, at the Committee's invitation, two senior officials from the National Drugs Intelligence Unit and HM Customs and Excise were on the point of coming to Brussels to appear before the Committee this month when we heard at the last minute that the hearings had been cancelled because of a strike by Parliament staff. We have indicated to the British Chairman of the Committee, Mr David Bowe, and the second Vice-Chairman, Sir Jack Stewart-Clark, that

EA

we will be happy to help them in any way we can. I understand also that Mr Patrick Cooney, the rapporteur to the Committee of Inquiry is visiting the United Kingdom this week and a programme is arranged for him which includes meetings with NDIU and HM Customs and Excise officers.

We look forward to the results of the Committee's work and are confident that it will be a useful contribution to highlighting the enormous problems in this field and the need for concerted effective action. I particularly welcomed the emphasis in your letter on avoiding duplication of effort already undertaken by the Council of Europe, and in other multilateral fora - and indeed by the member states themselves, given that these difficult areas are, to a very large extent, matters of national competence. The challenge for us all is to encourage and enhance the co-operation already under way to meet this very serious threat.

Your Sincerely,
John Major

Sr Enrique Baron Crespo

copy



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

25 JUN 1991

Our Ref: DDA/91 26/26/2

Dear Stephen
attached

Thank you for your letter of 8 June enclosing a copy of a letter which the Prime Minister has received from the President of the European Parliament informing him of the establishment of a committee of inquiry into the spread of organised crime linked to drug trafficking in the Community.

We were already aware of this inquiry from other sources. Indeed, the President's letter duplicates an earlier one to the Foreign Secretary. We understand that he originally wrote only to the Foreign Ministers of those member states whose experts the Parliament thought could usefully give evidence. This did not endear the Parliament to the current Council Presidency, Luxembourg, who were not so approached. Hence the round robin letter to Heads of Governments (and the unwanted, at least by Parliament, inclusion of a Luxembourg expert in the line-up for the hearings).

... I attach a draft reply for the Prime Minister's consideration which has been agreed with all the Departments concerned, including UKRep Brussels. While taking a generally positive line on the inquiry and expressing full willingness to cooperate, the draft makes clear that the European Community has no competence in the area of criminal law and its enforcement.

The Prime Minister might like to be aware that we have agreed to liaise closely with other member states on the inquiry and to keep each other informed on who intends to give evidence.

A copy goes to Christopher Prentice (Foreign and Commonwealth Office) and to Sonia Phippard (Cabinet Office).

Apologies for the delay,

Yours,

Heather
PP
P W PUGH

Enrique Baron Crespo
President of the European Parliament
Brussels
Belgium

DRAFT LETTER FOR SIGNATURE BY THE PM

me [unclear]

Thank you for your letter of 3 June informing me of the decision of the European Parliament to establish a special Committee of Inquiry into the spread of organised crime linked to drug trafficking in the Community.

The United Kingdom takes a most serious view of the problem of drug trafficking and its links with organised crime, and we have taken vigorous action in recent years, nationally, bilaterally, intergovernmentally in the framework of CELAD and in the appropriate multilateral fora like the United Nations, to combat it. One measure we have strongly promoted ~~would be~~^{is} the establishment of a European Drugs Intelligence Unit: this has been taken forward through the Trevi mechanism. We are, therefore, naturally interested in the work of the European Parliament's Committee, and we stand ready to co-operate to the fullest extent possible. We had already received copies of the Committee's questionnaire, and these have been transmitted to appropriate Government Departments. Indeed, at the Committee's invitation, two senior officials from the National Drugs Intelligence Unit and HM Customs and Excise were on the point of coming to Brussels to appear before the Committee this month when we heard at the last minute that the hearings had been cancelled because of a strike by Parliament staff. We have indicated to the British Chairman of the Committee, Mr David Bowe, and the second Vice-Chairman, Sir Jack Stewart-Clark, that we will be happy to help them in any way we can. I understand also that Mr Patrick Cooney, the

rapporteur to the Committee of Inquiry is visiting the United Kingdom this week and a programme is arranged for him which includes meetings with NDIU and HM Customs and Excise officers.

We look forward to the results of the Committee's work and are confident that it will be a useful contribution to highlighting the enormous problems in this field and the need for concerted effective action. I particularly welcomed the emphasis in your letter on avoiding duplication of effort already undertaken by the Council of Europe, and in other multilateral fora - and indeed by the member states themselves, given that these difficult areas are, to a very large extent, matters of national competence. The challenge for us all is to encourage and enhance the co-operation already under way to meet this very serious threat.



File
Edm

bc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

Not Ack'd

8 June 1991

I enclose a copy of a letter which the Prime Minister has received from the President of the European Parliament.

I should be grateful if you would let me have a draft reply for the Prime Minister's signature, to reach this office by Monday 24 June.

BF

I am copying this letter and enclosure to Christopher Prentice (Foreign and Commonwealth Office) and to Sonia Phippard (Cabinet Office).

J S WALL

Paul Pugh Esq
Home Office

K

*The President
of the European Parliament*

BRUXELLES

02413 03.06.91

The Rt.Hon. John MAJOR
10, Downing Street
LONDON
United Kingdom

Dear Prime Minister,

The extension of organised crime, especially insofar as this is related to drug trafficking, is a subject which has caused a great deal of concern amongst the Member States of the European Community. Its existence threatens the very basis on which our democratic societies are established. It is only natural, in such a context, that the European Parliament has decided to create a special Committee of Inquiry in order to alert the peoples of Europe to the dangers of such a phenomenon and to make proposals which will assist public authorities in their fight against such activities.

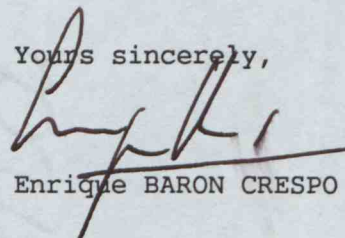
In order to conduct investigations efficiently and seriously the European Parliament will require the cooperation of the various Ministries responsible within each Member State of the Community. I hope very much that your government will enable and encourage such cooperation as may be necessary. You may wish to know that I shall be making a similar request to the Secretary General of the United Nations and to the authorities in the United States of America.

At its meeting on January 23rd 1991 the enlarged Bureau of the European Parliament confirmed the members of the Committee of Inquiry into the Spread of Organized Crime linked to Drugs trafficking in the Community. The committee is now chaired by Mr David BOWE, member of the European Parliament from the United Kingdom; the rapporteur for the committee is Mr Patrick COONEY member of the European Parliament from Ireland, former Minister of Justice. A full list of members, and senior officials working on the inquiry is enclosed in annex I.

In order to provide members of the Committee of Inquiry with essential information, a questionnaire has been produced. It would be greatly appreciated if your office were to forward this questionnaire to the appropriate ministries responsible (Home Affairs, Justice, Finance).

Let me assure you that it is not the intention of the European Parliament to duplicate efforts already undertaken by the Council if Europe or other bodies. On the contrary, every effort will be made to produce a report for the January 1992 session of the European Parliament which will be an essential contribution to the ongoing fight against organized crime within the Community.

Yours sincerely,



Enrique BARON CRESPO

LIST OF MEMBERS OF THE COMMITTEE OF ENQUIRY

Bureau

David BOWE, (United Kingdom), Socialist Group - Chairman
Luigi COLAJANNI, (Italy), Group for the Unitarian Left - Vice-Chairman
Jack STEWART-CLARK, (United Kingdom), European Democratic Group - Vice-Chairman
Marco TARADASH (Italy) Greens - Vice-Chairman

Rapporteur

Patrick COONEY, (Ireland), European People's Party

Full members

José VAZQUEZ FOUZ (Spain), Socialist Group
Heinke SALISCH, (Germany), Socialist Group
Léon SCHWARTZENBERG, (France), Socialist Group
Enrico FERRI (Italy), Socialist Group
Mathilde van den BRINK, (Netherlands), Socialist Group
José BARROS MOURA, (Portugal), Communist Group
Carlo CASINI, (Italy), European People's Party
Menelaos HADJIGEORGIOU, (Greece), European People's Party
Kurt MALANGRE, (Germany), European People's Party
François-Xavier de DONNEA, (Belgium), Liberal Group

Substitute members

Paraskevas AVGERINOS (Greece), Socialist Group
Freddy BLAK (Denmark), Socialist Group
Lyndon HARRISON (United Kingdom), Socialist Group
Luis MARINHO (Portugal), Socialist Group
Detlev SAMLAND (Germany), Socialist Group
Lode VAN OTRIVE (Belgium), Socialist Group
Gerardo FERNANDEZ ALBOR (Spain), European People's Party
Bartho PRONK (Netherlands), European People's Party
Viviane REDING (Luxembourg), European People's Party
Marc REYMANN (France), European People's Party
Margarida SALEMA (Portugal), Liberal Group
James SCOTT HOPKINS (United Kingdom), European Democratic Group
Claudia ROTH (Germany), Greens
Rinaldo BONTEMPI (Group for the European Unitarian Left
Mireille ELMALAN (France), Left Unity

COMMITTEE SECRETARIAT

Jan PRILLEVITZ, Head of Division
Giovanna BORRELLI, Official
David LOWE, Official responsible for assisting rapporteur
Graham CHAMBERS, Official responsible for documentation
Antonio DUCCI, Responsible Director

QUESTIONNAIRE

1. Please give your assessment of the organisation of crime in your country linked to drug trafficking.

2. Has there been penetration by drug traffickers into the commercial, economic and financial life of your country?
If so, can you assess the extent?

3. It is believed that criminals linked to drug trafficking have
 - (a) infiltrated police and influenced political circles
 - (b) established links with subversive groupsIn your opinion is there any basis for these beliefs?

4. Describe the enforcement agencies in your country and their procedures.

5. How is cooperation in your country between the enforcement agencies organised? Is it effective?

6. What repressive measures do you rely on for drug-related crime?
How effective are they? Do they differ from repressive measures for other crimes?
Would you like to see alternative measures taken and if so, what?
What safeguards exist to avoid possible or potential human rights infringements?

7. In your country are there significant networks involved in contraband, e.g. arms, alcohol, tobacco and have they been used by drug traffickers?

8. Do you permit the tactic of controlled deliveries?
If so, how effective has it been?
If not used, have you objection to it as a tactic?

9. What steps have been taken:
- to control or monitor the end-use of precursors?
- to deal with the illicit production and distribution of chemical-based drugs within your country?
10. Please describe the arrangements for cooperation against drug trafficking with other EC countries and with non-EC countries. Are you happy with these arrangements? What changes and improvements would you like to see?
11. Is there legislation in your country or procedures to combat money laundering? Has this proved to be effective or are there ways with which it could be improved? Have there been many instances of success? Is the freezing of assets and/or confiscation provided for?
12. Have the likely routes for importing drugs into the EC been established and what measures are in place or contemplated in light of this knowledge?
13. Assess the significance of 'cold catches'
14. It is assumed that the open frontiers from 1993 may ease the travels of organised criminals and, indeed, all criminals. Do you accept this assumption and are there now procedures in place or contemplated to deal with the potential consequences?
15. Are the Extradition arrangements between your country and the other EC countries satisfactory? Could these procedures be improved by harmonisation?
16. How does your penal system deal with drug traffickers as opposed to users? Do you consider your penal sanctions to be effective? Would you like to see penal sanctions harmonised?

Please add any other salient factors which you believe could be usefully considered by the Committee of Enquiry.



FILE
SKW

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

21 May 1991

Dear Kate

The Prime Minister was grateful for the Chancellor's minute of 10 May, proposing an initiative on a trade and carrier co-operation programme on drugs for the G7 Summit. The Prime Minister has commented that this seems an excellent idea and is entirely content for the ideas to be worked up so that we are in a position to make a well-constructed proposal at the July Summit, as the Chancellor suggests.

Stephen Wall has already recorded the Prime Minister's agreement to the Sherpas' proposal that the Summit could consider the emerging drugs problem in central and eastern Europe. Presumably these two issues can be taken side by side or, if necessary, the smaller considered in the context of the larger.

I am copying this letter to Nigel Wicks (HM Treasury), Richard Gozney (Foreign and Commonwealth Office), Paul Pugh (Home Office), Sue Bishop (Department of Trade and Industry), Peter McCarthy (Department of Transport) and Sonia Phippard (Cabinet Office).

Yours

William

W

WILLIAM E CHAPMAN

Miss Kate Gaseltine,
HM Treasury.

CB

RESTRICTED

*clp
E*



QUEEN ANNE'S GATE LONDON SW1H 9AT

21 May 1991

Jim Munnery

Julian G...

W/BPM

G7 SUMMIT, DRUGS INITIATIVE ON
TRADE AND CARRIER CO-OPERATION PROGRAMME

- with jsw?

Thank you for copying to me your memorandum of 10 May to the Prime Minister. As Gillian Shephard will have told you, the proposed initiative for a trade and carrier co-operation programme was raised at the meeting of GEN 6, the Ministerial Committee on the Misuse of Drugs, which I chaired on 6 May. The Committee considered this a very promising initiative, and that the London Economic Summit was the right forum in which to take it forward. That is certainly my own view.

GEN 6 discussed one other matter which I hope may be borne in mind when the Summit discusses, as I am sure it will, the rapidly changing political and economic situation in Eastern and Central Europe. John Patten's visit earlier this month to Hungary and Czechoslovakia confirmed our fears that the liberalisation of their economies, and their neighbours', is likely to have unwelcome effects on the domestic and international availability of drugs. Easier overland transit of drugs along the 'Balkan route' and increased drug misuse within the former Communist countries are widely expected: less obvious but also important are the risks of new money-laundering havens and unregulated manufacture of drugs and precursor chemicals posed by liberalisation of their financial sectors and the privatisation of their chemical industries. These problems, and the help which the West could provide in overcoming them, will I think be well worth the Summit's attention.

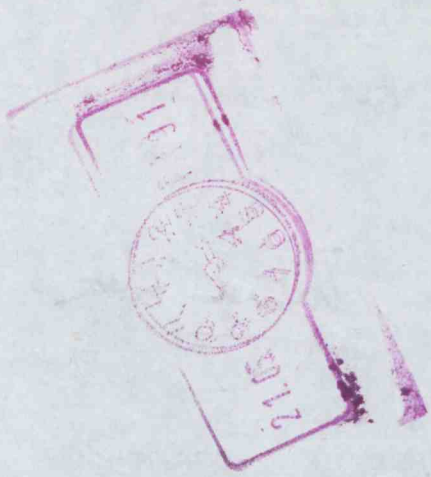
I am copying this letter to the Prime Minister, the Foreign Secretary, the Secretaries of State for Trade and Industry and for Transport and to Sir Robin Butler.

Norman Lamont

Amuth

The Rt Hon Norman Lamont MP
Treasury Chambers
Parliament Street
London SW1

RESTRICTED



dti

the department for Enterprise

cc: PCT

[Handwritten signature]

PRIME MINISTER

WSPM

G7 SUMMIT - DRUGS

*PM
with ~~FRU~~ WEC?*

I have seen a copy of Norman Lamont's minute to you about his proposals for a UK initiative at the G7 Summit on a trade and carrier co-operation programme to combat the trade in illicit drugs.

I am in full agreement with what Norman proposes.

I am copying this letter to the Chancellor, the Foreign and Commonwealth Secretary, the Home Secretary, the Secretary of State for Transport and to Sir Robin Butler.

[Handwritten signature]

P B L

17 May 1991

DEPARTMENT OF TRADE AND INDUSTRY

PE5227



~~DRUGS~~

~~DRUGS~~

~~Pt 6~~

ELON POL
Summits

Pt 32

CONSERVATION





Foreign &
Commonwealth
Office

London SW1A 2AH

17 May 1991

Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

From The Parliamentary Under Secretary of State

Dear Norman,

Miller

with JW?

**LONDON ECONOMIC SUMMIT : DRUGS
Initiative on Trade and Carrier Cooperation Programme**

In Douglas Hurd's absence in the US I am writing with FCO views on the ideas, set out in your minute of 10 May to the Prime Minister, for a drugs initiative at the G7 Summit in London.

I support the initiative. It meets UK objectives. It has an economic ring suitable to Economic Summits - as you say, the latter have a good track record in launching drug initiatives. It is likely to command support amongst the G7, the US in particular. We would, of course, need to ensure that the practical measures taken ensure that effective cooperation can be achieved without unduly hindering the movement of innocent people and legitimate goods. The proposed working party would also need to work closely with trade and transport interests. But these are details.

I agree that we should invite Customs and Excise, in close consultation (through the FCO) with those concerned with the preparations for the G7 Summit, to work up their ideas. The next step would be for the UK Sherpa to circulate a note to his Sherpa colleagues in time for it to be considered at the next Sherpa meeting on 7-9 June. Such a note would need to issue in the week beginning 20 May if other Sherpas are to have time to take advice.

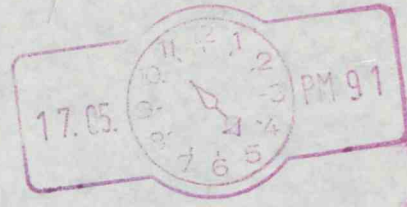
I am copying this letter to the **Prime Minister**, the Home Secretary, the Secretary of State for Trade and Industry, the Secretary of State for Transport and Sir Robin Butler.

Johns Evers

Mark

Mark Lennox-Boyd

DRUGS: DRUGS P+6





cell

FCS/91/117

CHIEF SECRETARY

[Handwritten signature]

Disposal of Sums Realised Under
International Confiscation Agreements

1. Thank you for your letter of 22 April. ^{*-at flag.*}

2. I understand your unwillingness at this stage to alter the arrangements that you have agreed with the Home Secretary, but welcome your acceptance that the issue of asset sharing will need to be addressed at some point. May I suggest that we look again at this issue in a year's time when the new fund and the bilateral confiscation agreements will have been in operation long enough for the financial implications to be clearer.

3. I am copying this minute to the Prime Minister, Chancellor of the Exchequer, Home Secretary, Lord Chancellor, Attorney General, Secretary of State for Scotland and to the Chairman of the Board of HM Customs and Excise.

DH

(DOUGLAS HURD)

Foreign and Commonwealth Office

14 May 1991



DRUGS: Drugs Pt 6.

1190

CCPOT

Seems an excellent idea
Content
T.T.S.



Treasury Chambers, Parliament Street, SW1P 3AG

071-270 3000

Prime Minister ①

PRIME MINISTER

Content with this proposal for a drugs initiative at G7?

G7 SUMMIT - DRUGS

Stepha is happy that this can be combined with the earlier proposal for the Summit to focus on emerging drugs problems in Central and East Europe. No formal comments from O&Ds, but I am

Initiative on trade and carrier co-operation programme

told DTL, FCO and Home Office and contact. WEL

X During the course of Gillian Shephard's recent programme of visits in the USA, an idea for a drugs initiative at the G7 Summit in London was developed. This would be a trade and carrier co-operation programme. A brief outline note of its purpose and nature prepared by Customs and Excise is attached.

X You will see that its thrust is to extend internationally co-operation agreements between trading interests and carriers on the one hand and Customs authorities on the other, designed to provide Customs with information which enables them to target high risk traffic effectively, allowing the bulk of innocent traffic to move freely. Only the US, Canada and our Customs have made any significant progress with this approach and there is a need for much greater international impetus.

As the principle of co-operation agreements of this kind has already been accepted by the Customs Co-operation Council, which brings together the Customs authorities of almost every country in the world, it is unlikely that any serious difficulties with the general thrust of such an initiative would be seen by any of the G7 countries and we know from informal soundings at official level that the US and probably Canada would be particularly supportive. The Secretary General of the Customs Co-operation Council would



also be enthusiastic and would be ready to provide help in its implementation.

I believe that an initiative broadly on these lines has a great deal to commend it. In each of the last two years, the G7 Summit has taken valuable initiatives in the drugs field - the Financial Action Task Force (led by the French) in 1989 and the Chemical Action Task Force (led by the US) in 1990. It would seem highly desirable that the UK, which has taken a notable lead in the fight against illicit drugs, should propose an initiative when it is in the chair: I understand that no other initiative in this field is currently on offer.

Moreover this initiative sits well in the context of the economic focus of G7 discussions. It presents an opportunity to seek a way of reconciling what otherwise can - and indeed have to some extent already - become conflicting objectives - the free movement of people and goods across international frontiers so essential for the health of international trade and tourism with the vital need for effective anti-drug smuggling controls. Extension of these co-operative arrangements would be particularly beneficial to our traders and carriers. They are already entering into agreements with our Customs and are therefore willingly imposing on themselves tighter security requirements and the provision of advance information to Customs but they are concerned that similar arrangements are not yet covering traders and carriers from many other parts of the world.

There is a further practical advantage. Though the UK would be in the lead and would therefore reap political advantage, a good deal of the work involved especially in the longer term follow through would be taken on board by the Customs co-operation Council. The Council has a perfectly good framework in place: what is needed is the political clout which a G7 initiative can provide to give it the necessary impetus.



I therefore strongly recommend that we invite Customs and Excise, in close consultation with those concerned with the preparations for the G7 Summit, to work up these ideas so that we are in a position to make a well constructed proposal at the July Summit. I would be grateful to know whether you and the copy recipients of this letter are in agreement. In order that the proposal can first be considered at the Sherpas meeting on 7-9 June, it would be helpful to have comments within the next week.

I am sending a copy for the Foreign and Commonwealth Secretary, the Home Secretary, the Secretary of State for Trade and Industry, the Secretary of State for Transport and to Sir Robin Butler.

[N.L.]

10 May 1991

CUSTOMS AND EXCISE OUTLINE DRAFT PAPER

G7 SUMMIT - DRUGS

INITIATIVE ON TRADE AND CARRIER CO-OPERATION PROGRAMME

The first line defence against international movement of illicit drugs is Customs examination of passengers, vehicles and freight. At the same time a key economic objective of the International Community is to encourage the freest movement of people and goods as possible. The Customs Co-operation Council (CCC), which brings together almost all customs authorities in the world, has a stated policy of seeking co-operation between international freight and transport interests and customs authorities as a way to help to achieve the objectives of effective control and smoother movement of people and goods. The co-operation involves agreements under which trade and transport interests follow customs guidance on steps they can take to minimise the risk of illicit drugs movement and on the provision of information to Customs about international traffic before its arrival in the country of destination: Customs undertake then to target checks more selectively and more intelligently thereby increasing their interception of illicit drugs while enabling the great bulk of innocent traffic to flow unhindered.

A number of countries have made useful progress under this approach but there is need now for an initiative greatly to extend these agreements and for countries to co-operate fully in implementing them effectively. The aim should be to cover in this way a very large part of international movement of people and goods within the next few years.

It is therefore proposed that the London G7 Summit should state that in the fight against the movement of illicit drugs high

priority should be given to an international programme of trade and carrier co-operation. This will strengthen and sharpen the first line defence against the movement of illicit drugs, while helping innocent traffic to flow smoothly.

To this end a working party should be established which, taking account of guide-lines already established by the CCC, should:

- (a) take stock of progress to date and draw from it lessons of good practice;
- (b) promote the exchange of information between countries about the co-operative arrangements which they have made with trade and carrier interests and encourage the rapid extension of such agreements and their effective implementation;
- (c) review current relevant international legislation (mainly the Vienna Convention) to confirm that it provides a satisfactory framework for making progress in international co-operation in this field and to offer any guidance on national legislation which might help the process.

RESTRICTED

ccps



W. C. C. C.

Treasury Chambers, Parliament Street SW1P 3AG

071-270 3000

Fax 071-270 5456

The Rt Hon Douglas Hurd CBE MP
Secretary of State for Foreign Affairs
Foreign & Commonwealth Office
King Charles Street
London
SW1A 2AH

W April 1991

David Mellor

DISPOSAL OF SUMS REALISED FROM INTERNATIONAL CONFISCATION AGREEMENT

Thank you for your letter of 25 February concerning the mechanics of the Fund.

2. I note what you say about assets sharing and that we may need to address this issue in the future. I note also that you would favour the agreed 50/50 per cent allocation of seized assets between the new fund and the DISG fund to take place after any share necessary to other countries involved in the seizure.

3. Any agreement on asset sharing could have significant financial implications for the UK. These would need to be weighed against the importance of preserving and encouraging international cooperation in anti-drugs work. I do not believe we are in a position to consider where the balance of advantage lies at this stage. Nor do I believe that we need to do so.

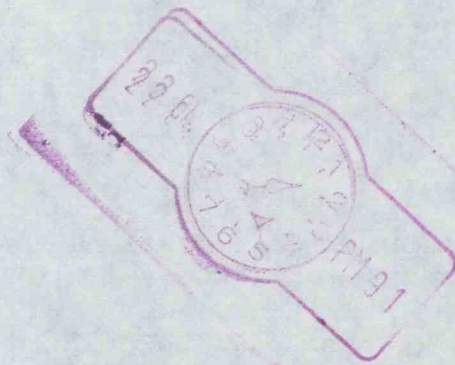
4. Against this background, I hope you will understand my unwillingness at this stage to alter the arrangements recently agreed with the Home Secretary. It has taken some time to reach agreement on the mechanics of the Fund, and, now that we have done so, I believe we should stick with the present scheme.

5. Copies of this letter go to the Prime Minister, Norman Lamont, Kenneth Baker, James Mackay, Patrick Mayhew, Ian Lang and Brian Unwin.

David Mellor

DAVID MELLOR

Dewas PT6





cc P/A

FCS/91/039

GA
25/1

CHIEF SECRETARY

Disposal of Sums Realised under International Confiscation
Agreements

1. Thank you for copying to me your letter of ¹⁶ ~~12~~ January to Kenneth Baker on this subject. I have also seen Kenneth Baker's reply of ~~12~~ February. I am glad that agreement has now been reached on the mechanics of the fund, to begin operating next year. It will be valuable in helping us to tackle drugs problems in the UK and abroad. In particular I welcome the prospect of being able to support drugs-related assistance programmes overseas.
2. I am content with the arrangements proposed to handle the \$3 million gift from the Americans, but we will need to look more closely at the question of asset sharing, particularly with those countries whose cooperation, under bilateral agreements, enables us to confiscate assets in the first place. Asset sharing has been raised as an issue in the negotiation of some of these bilateral agreements.
3. I note that you propose that 50% of seized assets be used to finance the Drugs Intelligence Steering Group fund, as opposed to the figure of 25% originally proposed by Kenneth Baker. The problem with this, from my point of view, is that this limits the scope to use the new fund to share assets with cooperating countries. I would favour, therefore, a proviso that the 50/50 allocation of seized assets between the new fund and the DISG fund should take

/place

DWAS:PTZ



place after any share-out necessary to other countries involved in the seizure. This, of course, cuts both ways. If we meet the legitimate claims of countries who help us confiscate assets, we will be in a strong position to claim a share of assets which they confiscate with our help, which would accrue to the new fund.

4. I am copying this minute to the Prime Minister, Chancellor of the Exchequer, Home Secretary, Lord Chancellor, Attorney General, Scottish Secretary and the Chairman of the Board of HM Customs and Excise.

A handwritten signature in dark ink, appearing to be 'DH' with a flourish.

(DOUGLAS HURD)

Foreign and Commonwealth Office

25 February 1991





QUEEN ANNE'S GATE LONDON SW1H 9AT

12 February 1991

ccm
at play
ccm
13/2

DRUGS CONFISCATED ASSETS FUND

Thank you for your letter of 16 January, agreeing to my proposals for operating the scheme for recycling drug assets confiscated under international agreements, subject to certain amendments. I am delighted to have reached agreement on the practical arrangements for this scheme which, I am sure, will do much to demonstrate the Government's commitment to tackling the problem of drug misuse.

In keeping with the arrangement agreed, I shall submit to you this summer a preliminary bid for the scheme to be established in April 1992. The bid will be prepared on the basis of an estimate of confiscations under international drug confiscation agreements up to and during the financial year 1991/92 using information obtained from overseas contacts. It will include the gift of \$3 million given to us by the United States last year, and any similar payments received during the year.

The bid will then be reconsidered in September and again at the time of the main Estimates, and I shall let you know whether any alterations, up or down, are needed in the light of the more accurate information which may by then be available. Any shortfall in actual receipts during 1991/92 will, as you suggest, be taken into account during the following survey. Our officials can agree the mechanism by which the provision is distributed each year among the interested Departments.

Although I should have liked to stick to my original suggestion of earmarking only 25% of seized assets to offset the DISG fund, I am content to accept your suggestion that 50% be used in this way, up to the point where the DISG fund becomes fully self-financing.

I am copying this letter to the Prime Minister, Douglas Hurd, Norman Lamont, James Mackay, Patrick Mayhew and Ian Lang, and to Sir Brian Unwin.

The Rt Hon David Mellor, QC., MP.
Chief Secretary
Treasury Chambers
Parliament Street, S.W.1.

[Handwritten signature]

DEU45: Drugs Pt 6



KW

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 February 1991

The Prime Minister was most grateful to Baroness Hooper for giving him an account of the progress made so far in setting up the Demand Reduction Task Force. He read her minute of 9 February with interest but with no specific comment.

CAROLINE SLOCOCK

Mrs Mary Delfgou
Department of Health

R

Prime Minister 4

AKS

6/2

Prime Minister

DRUG ABUSE - DEMAND REDUCTION TASK FORCE

The World Ministerial Drug Summit held in London last April focused on the need for demand reduction measures as well as adequate policing. To this end you may recall that Mrs Thatcher announced, as a UK initiative, the setting up of a Task Force based on our expertise in this area which could be available to advise overseas' governments on drawing up and implementing programmes of their own.

The Department of Health has the lead responsibility for establishing the Task Force and William has suggested that you might like me to bring you up-to-date with progress so far.

Over 40 experts have already been identified and a small central unit has been set up here at the Department. The unit will establish and co-ordinate the programme of visits, the first of which is likely to take place in the second half of February. Because other departments are involved in the problems of drug abuse, the work of the Task Force is co-ordinated and monitored by an interdepartmental steering group to ensure that all government interests are considered and that the full year budget of £500,000 for the initiative is appropriately directed.

The last meeting of the steering group (October 1990) proposed that, initially, the Task Force should associate with work already being planned by the United Nations Fund for Drug Abuse Control (UNFDAC) both to ensure co-operation with other significant agencies in the field and to develop expertise. We are therefore proposing to provide an expert to undertake UNFDAC's mission in Belize and the British Virgin Islands which is due to take place in the third week of February. We are also planning to develop a programme and assist with expertise in a mission to Turks and Caicos Islands and Montserrat, probably to take place in March/April. In addition to these missions in the Caribbean, officials are now considering ways in which the Task Force can become involved in the Indian Sub-continent. Discussions on this are at an early stage.

The Task Force has made a start and through co-operation with other Government Departments and other international Agencies we hope to make a considerable and visible contribution to reducing demand for illicit drugs overseas.

I am copying this letter to members of Gen 6.



BARONESS HOOPER

5th Feb 1991



DEC 12 1930
16 WJ

RESTRICTED



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP
Secretary of State for the Home Department
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

16 January 1991

Dear Home Secretary

DRUGS CONFISCATED ASSETS FUND

Thank you for your letter of 14 December outlining your proposals on how to operate the scheme for recycling drug assets confiscated under international agreements. Brian Unwin has since written adding his personal support to your proposals.

2. I fully share your wish to agree the practical arrangements for the scheme before any confiscations take place. I also agree that the scheme should apply to drug assets confiscated under the UN and Council of Europe Conventions, as you suggest. With colleagues having agreed to the principles behind the scheme I am anxious that it should operate in a way which provides the maximum presentational advantages for the Government's policy against drugs while preserving desirable public expenditure safeguards. Your proposals broadly do this but I would wish to see some amendments.

3. Your suggested public expenditure mechanism goes some way towards meeting the original agreement that sums made available should be related to the level of receipts in the previous year. The difficulty is, of course, that Survey bids would be based on estimates of receipts rather than actual receipts. Much would therefore depend on the accuracy of such estimates which I suspect might be less reliable initially but would, I hope, improve over time. This points to the need for a certain caution when putting forward bids.

4. I suggest that the position would be improved if bids made in the Survey were based on revised estimates which I hope might be made available in September, and that provision might be further adjusted, if additional information were available, at the time of main Estimates. In this way we could have reasonable faith in the

RESTRICTED

figures, based as they would be on up to nine months actual experience. In addition, I would wish to see automatic adjustments made to the figures in the following Survey should these prove to have been an overestimation of sums confiscated. I would look to you to defend such changes publicly if necessary. The additional expenditure would be ring fenced and only available for drugs related activity.

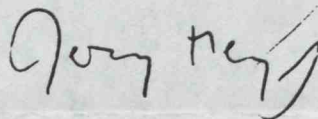
5. I understand the reasons why you wish to limit the extent to which the DISG fund should have first call on assets confiscated. But doing so will delay the time at which the DISG fund becomes fully self financing, and therefore add to public expenditure. In the circumstances I suggest the best way forward would be to agree to some limit on the proportion of funds pre-empted by the DISG fund, but at a higher level than you propose. A limit of 50 per cent would, I hope, meet our and colleagues various interests.

6. I accept the treatment of gifts resulting from the UK's participation in international drugs operations needs to be resolved if we are to avoid the presentational difficulties which currently exist. Such gifts were not explicitly considered when the agreement on recycling drug assets was reached. But they can, as you say, be said to meet the spirit of that agreement, if not the letter. I am therefore content for them to be included within the scheme.

7. I hope you and other colleagues will find my suggestions acceptable so we can move forward with the scheme. It is now some time since the principles were agreed and I believe my proposals should meet our various interests.

8. Copies of this letter go to the Prime Minister, Douglas Hurd, Norman Lamont, James Mackay, Patrick Mayhew, Ian Lang and Brian Unwin.

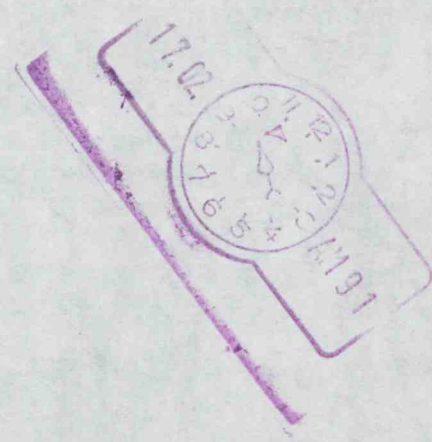
Yours sincerely,



DAVID MELLOR

[Approved by the Chief Secretary
and signed on his behalf]

DWGS : Dmas 176



CCP

Papers removed from file

Date 1-8-90

Home Sec to PM
31.7.90

DRUGS: Drugs Pt 6



QUEEN ANNE'S GATE LONDON SW1H 9AT

14 December 1990

David Mellor

*Awat Them
rem
~*

DISPOSAL OF SUMS REALIZED UNDER
INTERNATIONAL CONFISCATION AGREEMENTS

Das

As you know, correspondence has gone on for some time on the use to which we might put assets which have been confiscated under international drugs agreements. Exchanges rest with your predecessor's letter to David Waddington of 21 December last year. Our respective officials have since been attempting to take the issue forward, and I hope that we can now come to final agreement on the arrangements for operating the scheme, so that the mechanisms are in place before any actual confiscations take place.

The agreed position between us is that the first £20 million confiscated in this country under any of the network of confiscation agreements which we are continuing to negotiate, should be used for anti-drugs purposes in the drugs field. If the pool of confiscated assets exceeds £20 million, the position in regard to those monies would be open to further negotiation between us. (I am assuming, incidentally, that although we have talked hitherto of international confiscation agreements, thinking predominantly of bilateral treaties, the scheme will apply also to the confiscation of drugs assets which takes place here under either of the multilateral conventions to which we shall shortly be party - the UN Drugs Convention and the Council of Europe Confiscation Convention, both of which establish de facto confiscation arrangements between each of the contracting parties.) There appear to me to be three issues to be resolved in establishing the scheme:

- (i) the public expenditure mechanism by which the seized assets fund might be established;
- (ii) the relationship between the seized assets fund and the separate fund for police drugs investigations, which was set up earlier this year, following the recommendation of the Drugs Intelligence Steering Group (DISG);

The Rt Hon David Mellor, QC., MP.
Chief Secretary
Treasury Chambers
Parliament Street, S.W.1.

/cont.....

- (iii) whether gifts to this country from overseas enforcement agencies, in recognition of UK participation in anti-drugs operations, should be treated as the equivalent of confiscated assets for the purposes of the scheme.

1. The public expenditure mechanism by which the fund will be established

Douglas Hurd's letter of 8 August 1989 expressed concern that the proposed funding mechanism for the scheme (ie bidding in PES on the basis of actual receipts in the previous year) could mean a substantial delay in getting the arrangements off the ground. He was concerned that money confiscated in the course of (say) 1991 would not feature in PES negotiations until 1992, and not become available for use until the financial year 1993/94. That would mean denying support to important projects for what seemed to him, as it does to me, an unacceptably long time. I do not propose to re-open the argument for money to be made available in the same year in which confiscation actually occurs; I must accept what Norman Lamont said on this in his letter of last December. But I do believe that there may be a compromise position, if we were allowed to bid in PES on the basis of estimates of confiscations expected to take place over the rest of that financial year: that is to say, I would bid next May in the light of receipts expected during the remainder of 1991/92 (together, of course, with any actual receipts we may have received by then) for expenditure in the normal way from the following April. This would significantly compress the time lag between the receipt of confiscated assets and actual expenditure, while preserving your original principle that expenditure in any one year should reflect receipts in the previous year. The amount held under restraint in this country would be one guide to the likely amount falling to be confiscated at the end of the day, but we shall seek to refine such estimates in the light of the indication we receive from our partner countries as to the expected progress of cases: I envisage a formal exercise with our partners around the turn of each year, to develop as reliable a picture as possible of anticipated receipts. I recognise that we are unlikely to achieve 100 per cent accuracy on this, and accept that there may have to be some adjustment from year to year (upwards or downwards) to reflect the actual pattern of receipts. This way we should avoid any possibility of double counting.

2. The relationship between the seized assets fund and the DISG fund for drugs investigations

In his letter of 8 August 1989, Douglas Hurd accepted in principle the possibility of a trade-off between the DISG fund and the seized assets fund, once the latter was

securely established. The mechanism for this has not yet been agreed, however. It seems to me that if the DISG Fund were to have the first call on all seized assets, the result in years when seized assets were low would be that the specific purposes for which the DISG fund was set up would receive all, or a disproportionate share of, seized assets to the exclusion of other important candidates. A way around this would be by treating only a proportion of the seized assets fund as "repayment" of the DISG fund: this would mean that the latter was wholly funded out of seized assets only when the assets fund had built up to a significant level. In my view, 25 per cent of the total of seized assets would represent a reasonable proportion to offset against the DISG fund: it would mean that a DISG fund of £1 million was wholly funded out of confiscated assets once confiscations exceeded £4 million in any one year.

3. Gifts to the United Kingdom from overseas enforcement authorities

The recent payment to the United Kingdom of \$3 million US by the US Treasury, in recognition of HM Customs' participation in the drugs operation known as C- Chase, highlighted the eagerness of some overseas administrations to share the proceeds of such collaboration with the participating countries. This was a welcome proof of the closeness which exists between enforcement agencies, and I am sure that such cooperation will be a major weapon in the battle against international drugs dealers. Making and accepting a gift of this kind reinforces the spirit of cooperation, and I have no doubt that the Americans will have expected that money to be used on projects directly relevant to the battle against drugs and addiction. Certainly I would expect any future gifts to depend on our ability to confirm that they will be so used. The way to ensure that result appears to me to be to treat gifts of this kind, made in recognition of help given in international drugs investigations, as equivalent to formal confiscation of drugs assets in this country. Doing so would certainly be within the spirit of the drugs assets scheme. In practical terms, this would mean that we should launch the scheme in PES 1991 with the \$3 million US plus (as proposed above) our best estimates of confiscated receipts arising during the remainder of 1991/92.

I hope you will agree that the three proposals in this letter offer the best way forward in each area. Copies of this letter go to the Prime Minister, ^{Douglas Hurd,} Norman Lamont, James MacKay, Patrick Mayhew, Ian Lang and to the Chairman of HM Customs and Excise.

[Handwritten signature]

[Handwritten signature]

DWAS : Dmas p16



CEPC

FCS/90/223

HOME SECRETARY

*File
(Council has now
taken place)*

Proposal for a Council Regulation (EC) Laying Down
Measures to Discourage Diversion of Certain Substances
to the Illicit Manufacture of Narcotic Drugs and
Psychotropic Substances

(COM(90)215 Documents 7726/90 and 10062/90)

- at fcap*
1. Your minute of 6 December sought my agreement to the line you propose we should take on this draft Regulation at the Single Market Council on 13 December. My Private Office has already spoken to yours in view of the tight timing. This minute is to confirm my views.
 2. I share your reservations over the terms of articles 4(a) and 9. However, I would be wary of attempting to reopen discussion on these at the Single Market Council unless contacts in capitals beforehand are particularly promising. From earlier discussions at COREPER it is clear that the necessary majority already support the current draft Regulation. Any attempt to reopen discussion would risk resulting in a worse text. My preference therefore would be just to note our continuing difficulty, record our objections as set out in the minutes' statement, and abstain, rather than vote against, given our underlying commitment to the principles which the draft Regulation aims at addressing.

DRUGS: Drugs M.6



3. I am copying this minute to the Prime Minister, members of OPD(E) and Sir Robin Butler.



DH

(DOUGLAS HURD)

Foreign and Commonwealth Office

13 December 1990



Adroit view
OM

Foreign Secretary

PROPOSAL FOR A COUNCIL REGULATION (EEC) LAYING DOWN
MEASURES TO DISCOURAGE DIVERSION OF CERTAIN SUBSTANCES
TO THE ILLICIT MANUFACTURE OF NARCOTIC DRUGS AND
PSYCHOTROPIC SUBSTANCES (COM(90)215 Documents 7726/90 and 10062/90)

I am writing to seek your agreement to the line I propose we should take when this draft Regulation comes up for adoption at the Single Market Council on 13 December.

- 2. The background to this proposal is contained in the enclosed Explanatory Memorandum. Very briefly summarised, the draft Regulation provides measures which would enable the Community to implement Article 12 of the 1988 UN Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which is concerned with monitoring the trade in precursor and other essential chemicals used in the illicit manufacture of these drugs. Although the Commission claimed exclusive competence in relation to this Article we have consistently challenged this and the Council recently concluded that Community competence applies only to questions of commercial policy relating to precursor chemicals. This accords with the Regulation's legal base of Article 113, which empowers the Commission to submit proposals to the Council for implementing the common commercial policy.
3. As a result of strenuous efforts in the Council's Economic Questions Working Group we have succeeded in securing the deletion of several provisions which were clearly outside the scope of commercial policy. In the draft Regulations, which will go to the Single Market Council on 13 December, there are still a number of points on
.... which we have reservations. These are detailed in the Annex.
4. When we expressed our concerns at COREPER on 28 November we found ourselves isolated, and all our partners expressed their willingness to approve the Regulation in its present form. However, we were able to persuade the Presidency to put the Regulation on the Single Market agenda as a B point, so we can make a final attempt to amend the Regulation, which requires only a qualified majority.
5. I have considered, therefore, which of our reservations pose the greatest problems. I believe we could live with (a), (b) and (d) in the Annex, notwithstanding that they seem to go slightly beyond the common commercial policy and stray into the area

2.

of the criminal law and its enforcement. But (c) and (e) still seem highly objectionable. The field of action of (c) is potentially very wide: if we were to concede it, there would be nothing to stop third countries asking for pre-export notification of shipments of these very commonly used chemical substances, thereby imposing a substantial burden on UK industry. It does not seem sensible to anticipate in this way the outcome of the Chemical Action Task Force set up under the Houston G7 Economic Summit, and which is due to report to the London Summit in July. Point (e) seems equally objectionable on competence grounds. Although it may seem to be simply a question of reporting statistical and other information, I believe it goes much further and that it would give the Commission an excuse to involve itself much more in the affairs of the enforcement authorities. You will recall that in TREVI and other fora we have consistently sought to counter the expansionist ambitions of the Commission into the law enforcement field.

6. Subject to the views of colleagues I propose, therefore, that our spokesman at the Single Market Council should seek the secure the removal of Articles 4 bis and 9 from the draft Regulation. If we prepare the ground sufficiently in advance I believe there is a reasonable chance he might succeed. On tactics, he might say that, if these articles are removed, the UK will be able to vote in favour of adoption. On voting, it seems to me that, if we do not succeed in securing the removal of these two articles, we shall be faced with the choice of either: (a) voting against the Regulation, (b) abstaining, or (c) voting in favour, but in the last two cases with a minute statement to the effect that we continue to object to Articles 4 bis and 9, the latter on grounds that it goes beyond the common commercial policy. I believe that a vote against the Regulation could be damaging to the high international reputation which the United Kingdom has established in the drugs field. Of the remaining options, I think, bearing in mind the serious nature of our objections, that the balance of advantage probably lies with abstaining, but with a minute statement setting out our objections.

7. I should be grateful if you and our colleagues to whom this minute is being copies would let me know by Monday, 10 December, whether my proposals on the handling of this matter are considered to be acceptable.

8. Copies of this minute go to the Prime Minister, our colleagues in ~~OPD~~(E) and Sir Robin Butler.

Peter S. J. ...

APPROVED BY THE HOME SECRETARY
AND SIGNED IN HIS ABSENCE

6 December 1990

EXPLANATORY MEMORANDUM ON EUROPEAN COMMUNITY LEGISLATION

PROPOSAL FOR A COUNCIL REGULATION (EEC) LAYING DOWN MEASURES TO BE TAKEN TO DISCOURAGE THE DIVERSION OF CERTAIN SUBSTANCES TO THE ILLICIT MANUFACTURE OF NARCOTIC DRUGS AND PSYCHOTROPIC SUBSTANCES

SUBMITTED BY THE HOME OFFICE: SEPTEMBER 1990

SUBJECT MATTER

This Explanatory Memorandum relates to a proposal for a Council Regulation to implement the provisions of the United Nations Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988 (the Vienna Convention) in relation to trade with non-Community countries so as to prevent the diversion of certain substances frequently used in the illicit manufacture of controlled drugs.

2. The Vienna Convention provides a framework to facilitate international co-operation to combat the illicit production of, and trafficking in, drugs of misuse. To date 89 states, plus one regional economic group (the EC), have signed the Convention, 21 of whom have proceeded to ratification. A further 5 states (who had not signed before the Convention was closed for signature) have acceded, making a total of 26 parties. The Convention came into force on 11 November 1990. The United Kingdom signed on 20 December 1988 and proposes to ratify as soon as secondary legislation under the Criminal Justice (International Co-operation) Act 1990 is in place and legislation to combat money laundering has been enacted for Northern Ireland. It is expected that this legislative programme will have been completed by next-spring. All the other member states have signed the Convention but only Spain has proceeded to ratification.

3. Article 26 (c) of the Vienna Convention provides that it shall be open for signature by regional economic integration organisations (such as the EEC) which have competence in respect of the negotiation, conclusion and application of international agreements in matters covered by the Convention. Article 27 (2) provides that in their instruments of formal confirmation (which is equivalent to ratification), regional economic integration organisations shall declare the extent of their competence with respect to the matters governed by the Convention.

4. Acting pursuant to a Council Decision the then Spanish Presidency signed the Convention on behalf of the Community on 8 June 1989. The Community's signature was based on the proposition that the Community had exclusive competence in relation to aspects of the administration of the system of monitoring which Article 12 of the Convention provides in relation to trade in the chemical substances frequently used in the illicit manufacture of narcotic drugs and psychotropic substances. (These chemical substances are commonly known as "precursor chemicals".) On 21 December 1989 the Commission presented a proposal for a Council decision (COM(89) 654 - 4283/90) on the conclusion (ie adoption) on behalf of the EEC of the Convention. This proposal was described in an Explanatory Memorandum of 12 March 1990. The Lords Scrutiny Committee referred the proposal to Sub-Committee E which later cleared it following correspondence with Ministers. The House of Commons considered it on 14 March. While finding it to be legally and politically important, it did not recommend it for debate, but recommended that it would be relevant to any general debate on drug trafficking. The Council of Ministers adopted the proposal on 22 October and agreed also the text of the declaration of Community competence to be deposited in accordance with Article 27(2) of the Vienna Convention. This states that:

"the European Economic Community is at present competent for questions of commercial policy relating to the substances frequently used in the illicit manufacture of narcotic drugs and psychotropic substances, questions which are dealt with in Article 12 of the (Vienna) Convention."

5. The proposed Regulation is intended as one of the main planks in the Community's implementation of the Convention. The draft was prepared by the Commission, in consultation with experts from member states meeting under the aegis of the Customs Legislation Committee, and lays down measures which would implement Article 12 of the Vienna Convention in relation to trade between the Community and third countries.

6. The text of Article 12 of the Vienna Convention is contained in the Annex. Briefly summarised, it requires parties to take appropriate measures to prevent the diversion of the chemical substances listed in Tables I and II of the Schedule (replicated in the Annex to the draft Regulation) for the purposes of illicit drug manufacture, and to co-operate with each other to this end. Much of the article is concerned with laying down procedures whereby substances may be added to or deleted from the Tables. But paragraph 9 requires Parties, in particular, to establish and maintain a system to monitor international trade in the substances in question, and to apply the system in close co-operation with manufacturers etc who are to inform the competent authorities of any suspicious transactions. The competent authorities then have to inform their counterparts in other countries to which the substances are to be imported or exported. Paragraph 10 provides that a Party may request the UN Secretary-General that it be informed routinely of every import of a substance specified in Table I.

It then becomes a requirement for the competent authority of any state from which a substance is to be exported to notify the authority of the importing state prior to the export's taking place.

7. The contents of the draft Regulation are as follows:
Article 1 determines the scope and defines certain terms.

Article 2 requires records to be kept by manufacturers and dealers of all transactions relating to the import, export and transit of scheduled substances. It also requires such transactions to be clearly labelled and documented. It further requires records to be preserved for not less than two years and to be open for inspection by the national competent authorities.

Article 3 requires Member States to take measures to encourage manufacturers and dealers to notify the competent authorities of any unusual circumstances which might suggest that scheduled substances destined for import or export may be diverted for the illicit manufacture of controlled drugs. Paragraph 3 of the article provides that a person who discloses such information in good faith should not be liable to any civil or criminal law penalties.

Article 4 is intended to give effect to paragraph 10 of Article 12 of the Vienna Convention, and to require the pre-export notification of Table I substances. It also requires Member States to empower their competent authorities to (a) delay the shipment of Table I substances until they are satisfied that the substances are destined for lawful purposes, and (b) to forbid the shipment of such substances if there are reasonable grounds to suspect that they are destined for the illicit manufacture of controlled drugs.

Article 5 requires Member States to adopt the measures necessary to enable their competent authorities to enforce the legislation. These include powers to demand information about orders or transactions, to enter and search premises, and to prohibit suspect consignments from being exported, imported or transhipped.

Article 6 provides a mechanism for intra-Community co-operation by applying mutatis mutandis Regulation (EEC) 1468/81 on mutual assistance in customs and agricultural matters. This is aimed also at ensuring the confidentiality of information exchanged.

Article 7 complements Article 6 at the international level by requiring competent authorities of Member States to notify their counterparts in third countries if there are reasonable grounds to suspect that the import, export or transit of a scheduled substance is destined for the illicit manufacture of controlled drugs.

Article 8 requires Member States, in their determination of appropriate penalties for the infringement of the Regulation, to ensure that these be sufficient to promote compliance with its provisions.

Article 9 requires that the competent authorities of Member States shall communicate to the Commission the statistical and other information which they would otherwise be required to furnish directly to the United Nations in accordance with Article 12 of the Vienna Convention. This is to enable the Commission then to submit a co-ordinated Community return.

Article 10 provides for a Community forum to examine technical questions concerning the application of the Regulation.

Article 11 requires Member States to report the implementing measures it has taken.

Article 12 provides for the Regulation to enter into force on 1 January 1991 and to apply from 1 July 1991.

MINISTERIAL RESPONSIBILITY

8. Ministerial responsibility rests with the Home Secretary. The Foreign Secretary also has an interest.

LEGAL AND PROCEDURAL ISSUES

Legal basis

9. The Regulation is based on Article 113 of the EEC Treaty.

Co-operation procedure

10. As the Regulation is based on Article 113 the co-operation procedure will not apply; nor does it require any European Parliamentary procedure.

Voting procedure

11. Under Article 113 the Council would act by qualified majority.

Impact on United Kingdom law

12. Some of the provisions of this Regulation are already covered by provisions in Part II of the Criminal Justice (International Cooperation) Act 1990, notably in sections 12, 13 and 23, and Schedule 2. If the Regulation is adopted it will be for consideration, depending on its final form, whether any further measures will be necessary, for example under section 2(2) of the European Communities Act 1972.

POLICY IMPLICATIONS

13. The substance of the Regulation is in line with the Government's policy on control of precursors and is based largely on the United Kingdom system of precursor monitoring which has operated effectively since 1971. It would also speed up the introduction of a Community-wide system for monitoring the trade in precursor chemicals and thereby enable the Community to respond positively to international demands for action to prevent the diversion of precursor chemicals for producing illicit drugs. But against these pragmatic considerations the draft Regulation in the form in which it was introduced raised substantial questions of Community competence, which the Government also raised in connection with the Commission's parallel proposal for Community ratification of the Vienna Convention.

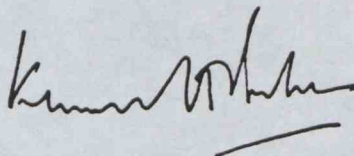
14. These concerns have been pursued in the Council discussions on the draft Regulation, as a result of which several provisions have been deleted and others amended to bring them within the scope of Article 113 of the Treaty. Although the draft Regulation is broadly acceptable in its latest form, there remain two provisions which the Government continues to find objectionable and which it will seek to have deleted in further discussions in the Council.

FINANCIAL IMPLICATIONS

15. The financial implications for Government manpower and resources will be negligible. If one of the provisions to which the Government objects were to remain in the Regulation, the implications for industry could exceed the additional requirements which were to have been imposed under Regulations to have been made under section 13 of the Criminal Justice (International Co-operation) Act 1990.

TIMETABLE

16. The draft Regulation provides for the Regulation to enter into force on 1 January 1991 and to apply from 1 July 1991.



Home Office
Queen Anne's Gate
6 December 1990

Secretary of State for the
Home Department

REMAINING POINTS OF DIFFICULTY ON EC REGULATION

The provisions of the latest draft which, in our view, still seem objectionable, whether on grounds of policy or competence, are as follows:

(a) Article 3:

This article requires member states to take appropriate measures to require operators (ie manufacturers and suppliers of precursors) to notify immediately to the competent authorities details of any circumstances which indicate that scheduled substances intended for export or import may be diverted for the illicit manufacture of drugs.

In the negotiations we have objected to this Article on the following ground:

- because it is concerned with preventing the use of precursors for illegal purposes it would seem prima facie to be outside commercial policy:
- it could be construed that failure to notify a suspicious transaction would constitute an infringement of the Regulation, a criminal offence which would be difficult to prove; and
- the provision is not strictly necessary in that the essential element of a suspicion-based monitoring system is the willingness of industry to co-operate. In United Kingdom legislation to implement the Vienna Convention - the Criminal Justice (International Cooperation) Act 1990
- we have not seen the need for a similar provision.

The pressure for this Article comes from those member states who do not already have a system of monitoring and who feel the Article is necessary to send a strong message to commercial operators to co-operate in the establishment of such a system.

(b) Article 4

Paragraphs (3) and (4) of this Article, which provide powers to prohibit the export, or to delay exportation or impose an export-licensing system of control in respect of precursors specified in Table I of the Annex, are essentially aimed at preventing the export of suspicious consignments and would, therefore, seem to go beyond the purposes of the common commercial policy.

(c) Article 4 bis

This Article (which was introduced only on 15 November, under German pressure) seeks to apply the provisions of Article 4 mutatis mutandis to exports of Table II substances. Table II substances include a number of solvents which have wide-ranging legitimate uses in industry. The effect would be that manufacturers and suppliers of these substances would be obliged to submit pre-export notifications in respect of all consignments to any country which made known to the Commission its wish to receive this information routinely.

The purpose of this additional Article is to offset criticism - directed mainly at the German chemical industry - that the Community is not doing enough to prevent the export of these substances to countries where heroin and cocaine are produced.

Whilst the proposal might gain the Community some political credit, especially from the United States and the cocaine-producing countries of the Andean region, it is objectionable for the following reasons:

(a) it is too widely cast in that any country could invoke its provisions, irrespective of whether it had established a proper system to follow-up the information;

(b) because of the widespread use of Table II substances in legitimate industrial processes it could impose a substantial burden on the chemical industry; and

(c) it would prejudice the outcome of the work of a Chemical Action Task Force established by the Houston G7 Economic Summit whose main task will be, precisely, to establish more effective procedures for monitoring the very commonly used Table II substances.

(d) Article 5

Paragraph (2) of this Article would empower the Customs and any other competent authorities to prohibit the import or export of any scheduled substance if there were reasonable grounds for suspecting that the substance was intended for the illicit manufacture of drugs.

Because it is concerned with preventing illegal activity, the provision would seem prima facie to be outside the scope of the common commercial policy. In their opinion the Council Legal Service take a contrary view, citing as a precedent the 1989 Council Regulation to control the export of precursors used in the manufacture of chemical weapons. In the opinion of Home Office Legal Adviser's Branch, the provisions of the 1989 Regulation are sufficiently different from the current Regulation that we can discount the CLS opinion.

(e) Article 9

This Article is concerned with reporting to the UN International Narcotics Control Board, in accordance with Article 12(12) of the Vienna Convention, details of precursors which have been seized, other substances which have been identified as having been used in the illicit manufacture of drugs, and methods of diversion and illicit manufacture. The effect would be that, instead of these matters being reported to the Board by member states (as they are at present), they would have to be reported to the Commission which would in turn prepare a Community report for submission to the INCB.

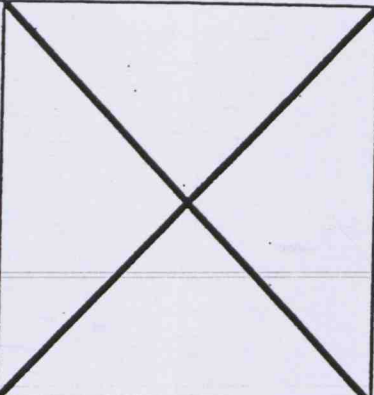
In their opinion the CLS supported the UK view that these matters concern the misuse of precursors and are thus outside the common commercial policy.

The Commission have sought to overcome this obstacle by redrafting the Article in terms that the information is required in order to allow the provisions for monitoring trade in scheduled substances between the Community and third countries to be adapted, where necessary. But this is mere window-dressing; it is clear from paragraph (2) of the Article that its purpose is still to enable the Commission to draw up the annual report to the INCB required by Article 12(12) of the Vienna Convention.

This Article is highly objectionable because it would give the Commission an entrée into an area which is essentially the preserve of the law enforcement agencies.

Although it might be argued that the Article is concerned only with the provision of information for a return to the United Nations, the effect of the Article would be more wide-ranging in that the Commission would effectively become the Community spokesman on matters concerning which substances should be added to the Convention and on what action should be taken stemming from national experiences in relation to the illicit manufacture of drugs. It would also provide the Commission with an opportunity for demanding of member states much more information than is required by the Vienna Convention.

A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>3662</i> (one piece/item number)	Date and sign
Extract details: <i>Turnbull to Butler dated 31 October 1990</i>	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>14/11/2017</i> <i>S. Gray</i>
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

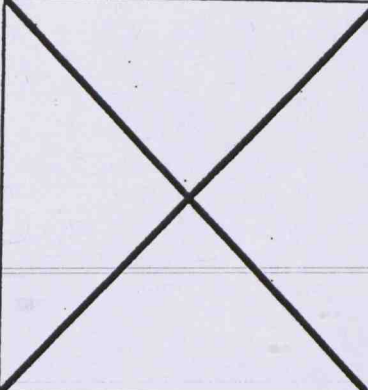
Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.
This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.
Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>3662</i> (one piece/item number)	Date and sign
Extract details: <i>Letter to Turnbull dated 30 October 1990</i>	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>14/11/2017</i> <i>G. Gray</i>
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.

This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.

Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.



PRIME MINISTER'S
PERSONAL MESSAGE

*end
row*

10 DOWNING STREET

LONDON SW1A 2AA

REF No. T.1620190

Drugs: Drugs pt 6

THE PRIME MINISTER

16 July 1990

*SUBJECT cc Mante
OPS*

Dear Prime Minister,

Thank you for your letter of 14 June enclosing the report of the Caribbean conference on money laundering. I welcome the efforts that the countries in the region are making to promote implementation of the recommendations of the Financial Action Task Force, and I recognise the strain that this imposes on national resources.

The United Kingdom is playing a major role in the international task of dealing with the scourge of drugs. At the World Ministerial Drugs Summit in April, which we hosted in collaboration with the United Nations, I announced the formation of a Task Force of experts to visit other countries, particularly less developed ones, to assist them with plans to reduce demand. We have set up a customs unit to provide training overseas, and we are making available some £21 million over the next three years for drugs related assistance to a wide range of countries. I also announced additional help to Britain's Dependent Territories in the Caribbean, as well as a further £4.5 million to support Colombia's fight against cocaine.

I cannot speak for my G7 colleagues but I could not support your suggestion that seized illicit drugs should be sold into the legal market and for the proceeds to be used to finance the law enforcement agencies of transit countries. It has long been recognised that to allow such sales would circumvent the intention of the 1961 UN Single Convention on Narcotic Drugs, to

KW

which the United Kingdom is a party. There are also practical difficulties posed by the size and nature of the licit market and by the difficulty of ensuring that drugs sold into the licit market do not leak back into illicit trade.

I enclose a copy of the declaration that we issued from the Houston Summit, which included a substantial passage on narcotics.

Yours sincerely

Margaret Thatcher

His Excellency Mr. N.O. Oduber

HOUSTON DECLARATION: NARCOTICS

17

positive contributions to the advancement of basic research in life science for the benefit of all mankind.

NARCOTICS

75. We urge all nations to accede to and complete ratification of the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention), and to apply provisionally terms of the Convention.

76. We welcome the conclusion of the UN Special Session on Drugs and urge the implementation of the measures contained in the Program of Action it has adopted.

77. We support the declaration adopted at the ministerial meeting on drugs convened by the United Kingdom that drug demand reduction should be accorded the same importance in policy and action as the reduction of illicit supply. Developed countries should adopt stronger prevention efforts and assist demand reduction initiatives in other countries.

78. We endorse the report of the Financial Action Task Force (FATF) and commit our countries to a full implementation of all its recommendations without delay. As agreed at the May meeting of Task Force Finance Ministers, the FATF should be reconvened for a second year, chaired by France, to assess and facilitate the implementation of these recommendations, and to complement them where appropriate. All OECD and financial center countries that subscribe to the recommendations of the Task Force should be invited to participate in this exercise. The report of the new FATF would be completed before we next meet. We also invite all other countries to participate in the fight against money laundering and to implement the recommendations of the FATF.

79. Effective procedures should be adopted to ensure that precursor and essential chemicals are not diverted to manufacture illicit drugs. A task force similar to the FATF should be created for this purpose, composed of Summit participants and other countries that trade in these chemicals, with the involvement of representatives of the chemical industry. The task force should address the problems which concern cocaine, heroin and synthetic drugs and report within a year.

80. We support a strategy for attacking the cocaine trade as outlined in particular in the Cartagena Declaration. We recognize the importance of supporting all countries strongly engaged in the fight against drug trafficking, especially Colombia, Peru, and Bolivia, with economic, law enforcement, and other assistance and advice, recognizing the need to make contributions within the framework of actions against drug trafficking carried out by the producer countries.

18

81. The heroin problem is still the most serious threat in many countries, both developed and developing. All countries should take vigorous measures to combat the scourge of heroin.

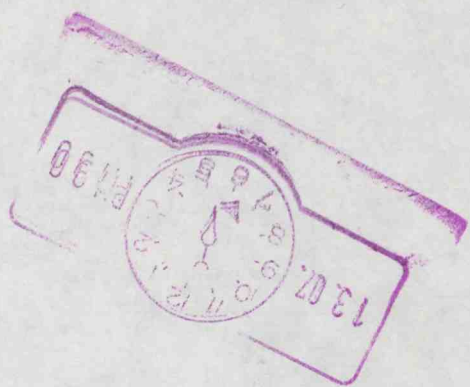
82. We should support an informal narcotics consultative arrangement with developed countries active in international narcotics control. Such a group could strengthen efforts to reduce supply and demand, and improve international cooperation.

83. We welcome the current review of UN drug abuse control agencies and urge that it result in a more efficient structure.

NEXT ECONOMIC SUMMIT

84. We have accepted the invitation of Prime Minister Thatcher to meet next July in London.

DRUGS: Drugs Pt 6





Treasury Chambers, Parliament Street, SW1P 3AG
071-270 3000

cc: BT cely

Prime Minister
CBB
13/7.

mt

PRIME MINISTER

EUROPEAN COUNCIL: DUBLIN - DRUGS

I was glad to see that the UK drugs initiatives were so fully picked up in the Council's conclusions. You may wish to be aware of the part which Customs and Excise intend to play in the follow-up action.

On Eastern Europe, you are aware that Customs already have a mutual assistance agreement with the USSR, which both we and the Soviets consider to have produced valuable results in the drugs field. They also have a similar agreement with Bulgaria and hope to achieve agreement soon with Hungary, Poland and Czechoslovakia. The Department's Chief Investigation Officer is to be a leading speaker at the first major international drugs conference sponsored by the USSR this autumn and the Head of the Department's Drugs Policy division will be a member of a small team of senior officials travelling next week to Poland, Czechoslovakia and Hungary to explore possibilities of practical co-operation.

The area of co-operation and practical assistance extends to Customs work generally. I received a report from the Chairman of Customs of his recent visit to the USSR which makes clear that Soviet Customs have a particularly high regard for the quality of our Customs work and are especially keen to receive more technical help from us, both in their wider revenue and economic role as well as on drugs; and this also seems to be the attitude in the other East European countries. Bulgaria, for example, are seeking Customs' early technical help in introducing their own VAT system.



Customs therefore intend to do what they can, within their available resources, to build upon this excellent start.

The Council also asked the Trevi group to progress a programme of co-operative action amongst the EC countries themselves. Trevi however has not hitherto had any customs participation and we should note that Customs authorities will also have a big part to play in taking forward effective drugs co-operation in the EC. UK Customs is very much in the lead on this, through its Chairmanship of the Mutual Assistance Group 92. This was set up on the initiative of the Chairman of Customs and brings together all EC Customs authorities for co-operative action including particularly on drugs enforcement. The Group expects to do much to improve drugs intelligence and information, training and the adoption of best practice especially in enhancing drugs controls at the external frontier. It is hoped that the Group will be able to submit a draft political declaration which will underpin these efforts for endorsement at ECOFIN in the near future.

I believe that the UK should play a prominent part in ensuring that the work of Trevi and of the Customs authorities is properly aligned and that it would be helpful in this for Customs to be on the UK delegation to Trevi. I am asking Customs and Excise officials to pursue this with Home Office officials.

I am sending copies of this minute to Douglas Hurd and David Waddington.

A handwritten signature in blue ink, appearing to read 'John M.' with a stylized flourish.

JOHN MAJOR

July 1990



13.07. 12 1 2 PM 90

A purple ink stamp featuring a circular clock face with numbers 1 through 12. The hands of the clock indicate a time of approximately 1:50. To the left of the clock is the date '13.07.' and to the right is 'PM 90'. The entire stamp is enclosed in a rectangular border.



Foreign and Commonwealth Office

London SW1A 2AH

13 July 1990

Dear Charles,

Thank you for your letter of 2 July enclosing one to the Prime Minister from the Prime Minister of Aruba.

Mr Oduber's suggestion that seized drugs should be sold on the licit market with the proceeds being ploughed back to finance law enforcement agencies is contrary to British policy and normal practice. The UK is a party to the 1961 UN Convention governing the Licit Trade in Narcotic Drugs and we have an obligation to the UN who have discouraged the sale of illicit drugs and have urged governments not to enter into any agreements to permit it. While the UN has recognised that sales of cocaine might be justified if licit supplies were scarce worldwide, and the Home Office have on occasions permitted the sale in the UK of small amounts of cocaine seized in our dependent territories, the International Narcotics Board say that the present shortage is not sufficiently harsh for any country to its knowledge to be permitting sales.

There are also practical difficulties. The licit market is small in comparison with the illicit one. Licit consumption of cocaine (which is the main problem in the Caribbean) in the UK in 1988 was 59 kilos, while seizures amounted to 343 kilos. There would also be problems with securing large consignments and preventing leakage back into the illicit market. And doubts about purity make seized stocks unattractive to the pharmaceutical companies.

Mr Oduber asked the G7 countries to address the problem at Houston. This particular question was not discussed, nor was it an appropriate forum, but we have suggested that the Prime Minister draw his attention to the declaration.

I enclose a draft reply.

[Handwritten signature]

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

FROM: PRIME MINISTER

TO: His Excellency Mr N O Oduber
Prime Minister of Aruba

To
17/6
e

Thank you for your letter of 14 June enclosing the report of the Caribbean conference on money laundering. I welcome the efforts that the countries in the region are making to promote implementation of the recommendations of the Financial Action Task Force, and I recognize the strain that this imposes on national resources.

The United Kingdom is playing a major role in the international task of dealing with the scourge of drugs. At the World Ministerial Drugs Summit in April, which we hosted in collaboration with the United Nations, I announced the formation of a Task Force of experts to visit other countries, particularly less developed ones, to assist them with plans to reduce demand. We have set up a customs unit to provide training overseas, and we

are making available some £21 million over the next three years for drugs related assistance to a wide range of countries. I also announced additional help to Britain's Dependent Territories in the Caribbean, as well as a further £4.5 million to support Colombia's fight against cocaine.

I cannot speak for my G7 colleagues but I could not support your suggestion that seized illicit drugs should be sold into the legal market and for the proceeds to be used to finance the law enforcement agencies of transit countries. It has long been recognised that to allow such sales would circumvent the intention of the 1961 UN Single Convention on Narcotic Drugs, to which the United Kingdom is a party. There are also practical difficulties posed by the size and nature of the licit market and by the difficulty of ensuring that drugs sold into the licit market do not leak back into illicit trade.

/ I enclose a copy of the declaration that we issued from the Houston Summit, which included a substantial passage on narcotics.

em.



QUEEN ANNE'S GATE LONDON SW1H 9AT

11 July 1990

Kenneth

CCP
12/17

DRUGS: UK DEMAND REDUCTION TASK FORCE

Thank you for your letter of 15 June proposing that the Department of Health should assume the lead responsibility for running the UK Demand Reduction Task Force which the Prime Minister announced in her opening address to the World Ministerial Drugs Summit in April.

We discussed the plans for the new task force at the Ministerial Group on the Misuse of Drugs (MISC 146) meeting which I chaired on 9 July. The Group could see a lot of sense in the Department of Health playing the leading role in this new development in the field of drug-related assistance overseas. We agreed, therefore, to your proposal, and as you know I issued a news release which was cleared with your office on the Group's endorsement of the task force plans.

-minutes attached

I know you will want to involve the Home Office and other Departments concerned closely in the development of the initiative through an inter-Departmental steering group. I think it is important that the strategy is closely co-ordinated and I would want the steering group to report regularly to both the Official and Ministerial Groups on Drugs.

I entirely agree with you that we need to build on this initiative as one of the successes emerging from the World Ministerial Drugs Summit. There will be considerable attention given to this initiative internationally. The head of your Department's task force unit will be a key post. Putting flesh on the bones of the idea will require creative skills and an imaginative approach as well as organisational ability. I hope that you will be able to appoint an able Principal to take the lead.

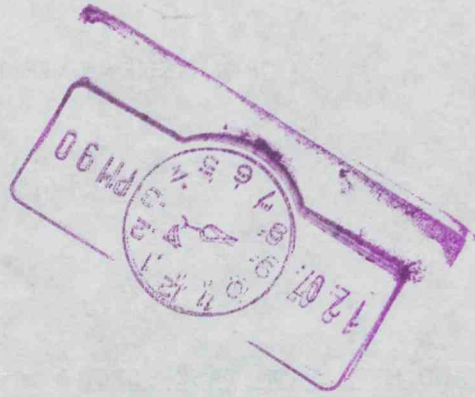
Your officials and mine will need to discuss with the Treasury how best the supplementary estimate provision already sought by the Home Office for the current financial year can be transferred to your Department. You will also need to consider what provision to make for future years in PES.

I am copying this letter to the Prime Minister, Douglas Hurd, Tom King, John Major, Malcolm Rifkind, John MacGregor, David Hunt and Lynda Chalker.

Y. J. Clarke

The Rt Hon Kenneth Clarke, QC., MP.
Secretary of State for Health
Richmond House
79 WHITEHALL, S.W.1.

DRUGS : Drug Ptb





SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health
Department of Health
Richmond House
79 Whitehall
LONDON
SW1A 2NS

10 July 1990

Dear Kenneth,

DRUGS: UK TASK FORCE ON DEMAND REDUCTION

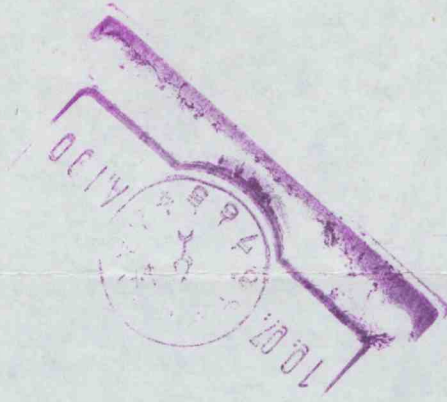
Thank you for sending me a copy of your letter of 15 June to David Waddington, proposing arrangements to take forward the establishment of this Task Force.

I agree it is important to make progress with this widely welcomed initiative and I am content with your proposals to this end.

I am sending copies of this letter to the Prime Minister, David Waddington, and the other copy recipients of your letter.

MALCOLM RIFKIND

DRUGS: DRUGS Pt 6





mem

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 July 1990

I attach a copy of a letter the Prime Minister has received from Prime Minister Oduber of Aruba.

BF || I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach me by Tuesday, 17 July please.

I am copying this correspondence to Peter Storr (Home Office) and Eamonn Taylor (Overseas Development Administration).

CHARLES POWELL

Simon Gass, Esq.,
Foreign and Commonwealth Office

BT

clp



SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 071-270 3000 (Switsfwrdd)
071-270 0538 (Llinell Union)
Fax: 071-270 0561

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 071-270 3000 (Switchboard)
071-270 0538 (Direct Line)
Fax: 071-270 0561

Oddi wrth Ysgrifennydd Gwladol Cymru The Rt Hon David Hunt MBE MP

From The Secretary of State for Wales

CT\5384\90

26th June 1990

NBPM
AB

Dear Kenneth

Map

DRUGS: UK TASK FORCE ON DEMAND REDUCTION

Thank you for sending me a copy of your letter of 15 June to David Waddington.

I agree that to maintain the momentum of the Summit, this initiative should be progressed as soon as possible. I am content with your proposals to do so.

Copies of this letter go to the Prime Minister, David Waddington, and other copy recipients of your letter.

Yours ever...

David

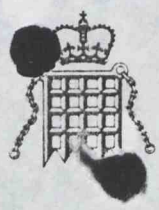
The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health
Department of Health
Richmond House
79 Whitehall
LONDON
SW1A 2NS

DRUGS Pt 6

YS



5W



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

cap

01-928 0533
GTN 2523

1. *CAP.*
2. *CASUB*

Michael Arthur Esq
ECD(I)
Foreign and Commonwealth Office
Room E109
Downing Street East
London SW1A 2AL

22 June 1990

Dear Michael

DRUGS BRIEF 1992

We have recently revised this compilation of facts and statistics that has proved so useful in supporting the Government's position on the retention of frontier checks after 1992. Your posts in EC capitals apparently found last year's edition very helpful, and I attach rather more copies for distribution than we gave you last year.

I hope that our new material on co-operation with our EC partners and on the positive steps we are already taking to apply lighter-touch checks to travellers will be a useful antidote to the criticisms regularly levelled at our stance.

I am copying this letter to Mike Norgrove, UKREP, and ask him to arrange suitable distribution in Brussels.

Yours sincerely
Martin Brown

MARTIN BROWN
CD Division E

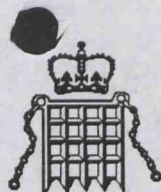
- cc. M Norgrove, UKREP (30 copies)
- D Maskell, MAFF
- N Varney, LH }
- J Warne, QAG } Home Office
- P Edwards, QAG }
- R C Livermore, DoH
- A Whysall, NIO Whitehall
- E B Miller, Scottish Office Whitehall
- Miss E N M Davies, Welsh Office Cardiff
- W L Stow, DTI
- A J Hunt, DTP
- M Gillespie, Cabinet Office (5 copies)
- PS No. 10 (2 copies)



HM Customs & Excise

DRUGS BRIEF 1992

*Frontier checks and the free
movement of people*



Sir Brian Unwin KCB
Chairman

HM CUSTOMS AND EXCISE
New King's Beam House
22 Upper Ground
London SE1 9PJ
071-620 1313

DRUGS BRIEF 1992

FRONTIER CHECKS AND THE FREE MOVEMENT OF PEOPLE

With the completion of the Single European Market in 1992 we are planning to remove fiscal controls at the frontier from EC goods. But as the Government has made clear, some frontier checks will still be needed to protect the UK against drugs and arms smuggling, terrorism and illegal immigration.

This brief gives some facts, statistics and case histories for drugs trafficking, and describes how we in Customs and Excise are adapting our approach to the problem in the run-up to the Single Market. Closer co-operation with our customs colleagues in other EC countries is a key element in our strategy.

Just as importantly, this booklet also describes the many customs changes we are already introducing to make life easier for honest travellers. Passengers will expect to move more freely within the EC after 1992. We are starting to meet that need now.

First issued February 1989
Revised edition June 1990

18 June 1990

INDEX

A. THE NEED FOR FRONTIER CHECKS.

1. The drugs threat
2. Where should we tackle it? At the border or inland?
3. Do drugs come across our internal border with EC?
4. Do other EC countries have the same problem?
5. Tip-offs or intelligence?
6. How drugs are smuggled
7. Recent case histories
8. Can frontier checks stay after 1992?

B. PLANNING FOR FREER MOVEMENT

9. What will change for freight?
10. What will change for travellers?
11. Review of anti-smuggling controls
12. "Freeway" checks on cars
13. Travellers' allowances for 1992
14. Credit cards
15. "Red point" experiment
16. Simpler procedures for yachtsmen
17. Channel Tunnel

C. CO-OPERATION WITH OTHER EC CUSTOMS SERVICES

18. MAG '92
19. Maritime and aerial surveillance co-operation
20. The Matthaesus project.

Tables

1. UK Customs' drugs seizures 1989.
2. Drugs seized by Customs and Police.
3. Customs' seizures of drugs from or via EC countries.
4. EC Customs' drugs seizures 1988.
5. Information source of drugs seizures.
6. Transport mode and smuggling method.

A. THE NEED FOR FRONTIER CHECKS

1. The drugs threat

For several years, Customs and Excise's top operational priorities have highlighted our search for increased effectiveness in the prevention and investigation of drugs smuggling. It is also a major global concern:

"..... national and international action to combat drug abuse and illicit trafficking requires not only continuing enhancement of the efforts to reduce the illicit production, supply, trafficking and distribution of narcotic drugs and psychotropic substances, but also calls for urgent measures at the national and international level, to reduce the illicit demand for drugs."

(Declaration of World Drugs Summit: London, April 1990)

Customs and Police in the UK both seize substantial quantities of drugs. Many seizures are made by Customs at our ports and airports of entry.

Table 1 shows Customs' drugs figures for 1988 and 1989. Key points:

- significant growth in weights seized for heroin, cocaine and cannabis resin;
- street values of drugs are up in 1989 by 39% over 1988 reflecting the increase in the weight of drugs seized.

Drug addicts notified as being treated grew from under 6000 in 1984 to 14785 by the end of 1989. 98% of the addicts are heroin users. Additionally:

- only Class A drug addiction (heroin, cocaine) is notifiable;
- addict figures are generally thought to understate the real position by a wide margin.

By removing frontier checks we believe we would make the drugs problem much worse.

2. Where should we tackle it? At the border or inland?

Both, through the partnership between Customs and Police. The well established division of labour on drugs is that Customs concentrate on importation offences, while the police tackle offences of drugs dealing and distribution inland. But there are many joint operations.

Home Office figures for drugs seizures by Police and Customs are at Table 2. They show that in terms of weight and value Customs seize by far the bulk, because drugs picked up at the frontier are often large commercial shipments. The police, on the other hand, make far more seizures by number than Customs, because detections inland usually involve small, user quantities.

Key points:

- Customs and Police roles are complementary;
- Customs seizures are larger because drug consignments are caught in bulk before being broken down for distribution;
- Police seize larger quantities of the chemical drugs (amphetamine, LSD) because they are also illegally manufactured in the UK;
- Customs and Police conduct many joint operations, eg "controlled deliveries" of drugs detected at the frontier and allowed to travel inland to identify principals in smuggling organisations;
- Police and Customs jointly operate the National Drugs Intelligence Unit based at Scotland Yard;
- Police and Customs have a co-ordinated programme of Drugs Liaison Officer postings overseas to help with intelligence.

3. Do drugs come across our internal border with the EC?

Yes - in large quantities. In 1989 41% by weight of drugs seized came from or through the Community. The street value of drugs seized from EC sources in 1988 was £54 million (29% of the value of total seizures). In 1989 the figures increased to £126 million (48% of the value of total seizures).

Table 3 shows the amounts seized from EC sources. Key points:

- significant rise in 1989 in the EC share of most drugs;
- cocaine comes from South America through Spain and Netherlands;
- cannabis resin comes from N Africa across Europe and along the EC's Atlantic seaboard;
- heroin arrives overland from Iran, Pakistan, Afghanistan and Lebanon.
- large commercial consignments are trucked in RO-RO traffic through ferry ports.

4. Do other EC countries have the same problem?

Yes - the problem is not restricted to the UK. Drugs traffickers are looking for new markets, particularly for cocaine. Table 4 shows the weights of drugs seized by customs authorities in the twelve member states in 1988 (the latest year available).

Our EC partners also find that large quantities of drugs are detected at internal EC borders. In 1988, French Customs made 3529 drugs seizures at its intra-EC borders. They found 35 kg heroin, 27 kg cocaine and 5626 kg cannabis at their EC land borders alone.

Key point:

- the long land frontiers in Europe make drugs smuggling even harder to detect: in the UK we can take advantage of our geography by controlling the natural sea frontier.

5. Tip-offs or intelligence?

Many people think that most drugs are found from tip-offs, and that routine checks are not necessary. Not so.

Major operations by Customs' national forces (such as the Investigation Division and the cutter fleet) rely heavily on intelligence. Much of this valuable intelligence comes from our network of Drugs Liaison Officers posted in producing and transit countries. But seizures made in the day-to-day work at ports and airports depend much more on local development of risk assessment systems, supplemented by officers' experience and initiative in choosing the right passengers and freight consignments for check.

The overall Customs effort against drugs trafficking is a mix of intelligence, information, judgement and intuition. Investigators depend on the frontier staff to intercept intelligence targets and to gather intelligence information from port and airport sources. And seizures made "cold" or according to "profiles" of likely smuggling types depend on officers being at the frontier to observe, select, question and examine.

Table 5 shows the sources of our seizures and demonstrates the value of routine port and airport work.

6. How drugs are smuggled

There is also a common assumption that most drugs are found in freight, and that passengers are a much lower risk. Again, not quite accurate.

The biggest drugs hauls come from sea traffic either concealed in the ship (eg the 221 kg cocaine found in Liverpool in April 1990) or hidden in freight vehicles (eg the 50 kg heroin found in a lorry's fuel tank at Ramsgate in March 1990). But passengers smuggle frequently, and in large quantities. Table 6 gives some figures for 1989.

Key points:

- heroin and cocaine are regularly found in suitcases or "on the body": couriers and criminal organisers are reluctant to lose personal control of such high value goods;

- in 1989 Customs detected 368 "swallowers and stuffers," carrying an average weight of 300 grams of hard drugs inside their bodies;
- people organise the smuggling that is done in freight, and valuable information is often picked up by checks on apparently innocent travellers;
- people also import and export cash derived from drugs smuggling. New legislation - the Criminal Justice (International Co-operation) Act 1990 - gives Customs stronger powers to seize suspicious cash movements.

7. Recent case histories

1. At Manchester postal depot 6000 LSD doses were found concealed inside two greetings cards from Amsterdam. Controlled deliveries were made resulting in the arrest of three people.
2. At Dover, 3 kg cocaine were detected concealed in a surf-board. The drug had been routed via Brazil, Lisbon and Paris.
3. Two Britons were arrested at Dover when 200 kg cannabis resin was found concealed in a legitimate load of a freight vehicle. The drug had been obtained in Holland and had arrived via Belgium and France.
4. At Felixstowe, officers found more than 500 kg cannabis resin concealed in sealed tins of vegetables. The drug had been obtained in Holland. Two men were subsequently arrested.
5. At Dover, about 13.5 kg heroin with a street value of £1.25 million. was found in the cab and tyre of a lorry arriving from Ostend.
6. Three Italians were arrested at Dover following the detection of 750g cocaine under the rear seat of their car. They had travelled from Italy via Austria, Germany, Holland, Belgium and France.
7. At Norwich airport, a man travelling from Lagos via Amsterdam was detected with 270g heroin concealed internally.

8. A French man arriving at Heathrow from Bolivia en route for Spain was found to have 1.5 kg cocaine in his baggage. The Spanish Customs were notified and the courier was arrested on arrival at Madrid Airport.

9. Two women arriving from Trinidad were arrested at Heathrow following the detection of 3.79 kg cocaine taped to their bodies. They were en route for Brussels.

All of these seizures had an EC angle. None of them would have been possible if Customs were relying just on intelligence tip-offs. Officers doing routine frontier checks and alert to the risk will often make the really big seizure. That is why frontier checks are necessary.

As the Prime Minister has said:

"Of course, we want to make it easier for goods to pass through frontiers. Of course, we must make it easier for people to travel throughout the Community. But it is a matter of plain common sense that we cannot totally abolish frontier controls if we are also to protect our citizens from crime and stop the movement of drugs, of terrorists, and of illegal immigrants."

(Speech in Bruges, 20 Sept 88)

8. Can frontier checks stay after 1992?

There is support in EC law for continuing such essential checks to protect society. The Treaty of Rome setting up the EC recognised the right of member states to retain:

".... prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants;"

(Treaty of Rome, Article 36)

And at the 1985 Conference of EC Governments that agreed the way forward on the internal market, a Declaration was made that:

"Nothing in these provisions shall affect the right of Member States to take such measures as they consider necessary for the purpose of controlling immigration from third countries, and to combat terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques."

(Declaration on Articles 13-19
of Single European Act)

The EC Commission itself recognises that the best place to carry out essential drugs checks will vary according to national circumstances. Sir Leon Brittan (Commission Vice-President) has said:

"This might be at the Community's external frontiers, at the present internal frontiers, or anywhere else Nobody wishes to deprive the forces of law and order of the right to check for drugs anywhere."

(Speech to ACPO drugs
conference: April 1989)

B. PLANNING FOR FREER MOVEMENT

Although essential anti-smuggling checks will remain at the UK's internal EC borders for the foreseeable future, there are many changes ahead that will make life easier for people trading or travelling within the EC.

9. What will change for freight traffic?

A key objective of the internal market is to reduce bureaucracy and make it easier to trade. Customs and Excise are already paving the way for 1992 by developing faster procedures for EC freight movements. The "fast lane" scheme introduced in 1989 is already allowing about 65% of EC freight consignments immediate clearance the moment they are entered to the Customs computer system by the importer or freight agent. During 1990 we are introducing FLIC (Forwarders' Local Import Control), under which forwarders can bring consolidated loads to their inland premises and complete the customs formalities there, rather than at the frontier. Other simplified schemes will follow.

We are confident that by 1993 we can integrate routine tax and statistical checks on EC freight with internal tax procedures - in effect controlling cross-border transactions by audit, rather than by collecting tax and statistics at frontiers. Proposals made by the Commission in June 1990 for how the VAT system will work for EC freight movements after 1992 are to a large extent on lines that the UK has been advocating.

10. What will change for travellers?

We also intend to reduce wherever possible the EC frontier burden on the travelling public (foot passengers, car drivers, coach trippers and yachtsmen). And again we are not waiting for 1993.

To meet the legitimate expectations of the public for easier travel we are implementing a number of ideas designed to make border checks more selective and less obtrusive. The following paragraphs describe some of the changes and experiments.

11. Review of anti-smuggling controls

In 1989 we thoroughly reviewed our general approach to our frontier-based work. Our new anti-smuggling strategy is now firmly based on protecting society against the threat of drugs and other prohibited items, rather than worrying unduly about petty excess quantities of cigarettes and spirits.

We aim to respond to the greatest threats, with consequent benefits for honest travellers. This will be achieved by:

- systematic assessment of the risks, and deployment of our resources to fit them;
- advance information and better targeting of suspect goods and people;
- greater flexibility and mobility of our staff;
- more training and better equipment, for a more professional staff;

- enlisting public and trade support.

12. "Freeway" checks on cars.

This new method of clearing cars, drivers and their passengers at ferry ports was introduced in 1989. Passengers arriving at airports have known for a long time that only a small proportion are stopped in the green channel. The same is now true for car travellers at the ferry ports. The benefits can already be seen: queues of cars at Customs are now unusual. We no longer stop every car to ask a few basic questions and decide whether to open the boot. Now, most cars proceed through customs controls without stopping, and checks are more selective. This allows our officers to do a more thorough job of examining higher risk cars selected for check.

13. Travellers' allowances for 1992

Discussions have taken place in Brussels on the Commission's proposals for transitional increases in the travellers' allowances for goods acquired tax-paid in another EC country. The Commission's proposal was to double the alcohol and tobacco limits - and quadruple the £265 "other goods" limit - by 1992, and in 1993 to abolish limits altogether. The UK has actively supported the transitional increases, which would allow port and airport customs staff to concentrate more on finding drugs; but so far, a few countries have blocked any rises on budgetary grounds or pending greater approximation of excise duty rates across the EC.

The long-standing need for increases in the very low (£32) allowance for travellers coming from outside the EC is still unfulfilled: the Commission proposals affect only EC traffic. But it is UK policy to press for increases in the £32 limit as well.

14. Credit cards

Credit cards were first trialled at Gatwick and Manchester airports in 1989. Passengers were allowed to use cards not only for duty and VAT, but also to pay administrative fines if they were caught smuggling!

The ability to pay by credit card seems to have reduced the temptation to smuggle:

at Gatwick airport during a three month period in 1989 the revenue we collected rose by 100% over the same period the previous year. Credit card payments also mean fewer delays for passengers who previously had to go to local banks to obtain cash; and fewer detentions of goods pending payment of the charges, with consequent benefits for passengers and ourselves.

Following the success of the pilot scheme, the use of credit cards is being extended to all ports and airports on a progressive basis starting with Heathrow and Dover in the Spring of 1990.

15. "Red point" experiment

On 1 June 1990 Customs started a trial (at Heathrow Terminal 1 and Hull ferry port) of a single-channel form of customs check. Instead of being faced with a screen with entry to Green or Red Channels, passengers with goods to declare will call at an advance cash till to pay any charges, and all passengers will leave through a single spot check area.

By separating the accounting function from anti-smuggling checks, we hope to speed up the passenger flow and reduce queues.

16. Simpler procedures for yachtsmen

Yachtsmen are allowed to enter the UK through any port, marina or creek. Under the old system, they had to notify their arrival by telephone and then wait for up to two hours in case the customs officer decided to visit the vessel to check a declaration or perform an anti-smuggling search. This was a burden on honest yachtsmen and not much of a deterrent to determined crooks.

From 1 July 1990, there are simplified procedures. Yachtsmen with goods to declare or people needing immigration clearance (like many non-EC nationals) must still telephone to notify arrival. Customs may still board, but equally may decide to assess any duty due over the phone and let the crew go home after sending a cheque with their written report declaration. Yachtsmen with nothing to declare merely need to lodge their arrival form at a customs office or in a customs post box: they can then leave their boat at once.

All yachts will still have to fly the yellow flag on arrival, and are liable to be boarded and searched by Customs in ports or territorial waters.

Key point on yacht procedures:

- the simpler reporting procedures will reduce the burden on honest yachtsmen and let Customs concentrate resources on checking the higher-risk traffic.

17. Channel Tunnel

The Tunnel is due to open in mid-1993 and poses new and challenging problems of control for Customs. The type and volume of traffic through the Tunnel - all of it obviously intra-Community - has led us to develop different types of control to cater for the different modes of traffic.

For the Eurotunnel shuttle trains between Cheriton and Coquelles, there will be an innovative method of clearance known as juxtaposition. British Customs officers will work in Coquelles and carry out UK arrival checks on French soil. Once through the tunnel, passengers will be able to leave the trains and get on the motorway at Cheriton without further checks.

Passengers on the BR and French/Belgian railways' direct trains to London will see familiar airport-style checks in use at Waterloo. Over 95% of passengers will pass straight through without stopping. It seems much better to have the check on arrival, rather than putting passengers to the inconvenience of opening bags in a cramped environment on the train. It also saves a lot of civil service manpower: we reckon that over 200 extra staff would be needed to do customs checks on the moving trains, given the frequency of these services (4 an hour at peak).

The through trains going beyond London are a different matter. Here we are faced with the alternatives of doing checks during the journey or decanting passengers at the London stop to pass through a customs check and re-board. This would cause delay and inconvenience, so we are planning for on-board checks.

Key points on tunnel trains:

- different types of customs checks are being tailored to the needs of the different services;

- trains are a serious smuggling risk for drugs. In Europe, drugs couriers are often found on trains for a leg of their journey that could have been avoided by a direct air connection.

C. CO-OPERATION WITH OTHER EC CUSTOMS SERVICES

18. MAG '92

On the initiative of our Chairman, the heads of EC Customs have established a new Mutual Assistance Group (MAG '92) of customs experts, meeting every two months in Brussels. The UK chairs this group.

MAG '92 is looking specifically at the impact of 1992 on customs control of sensitive goods, and focusing on how to enhance co-operation among EC customs services. Its work includes:

- developing a new Protocol to the 1967 Naples Convention on customs mutual assistance;
- studying the need for an EC computerised customs information/intelligence system;
- looking at ways in which standards of customs control at the external borders of the EC can be enhanced;
- identifying the need for operational co-operation in routine activity (eg controlled delivery of drugs, maritime surveillance etc) or in special exercises;
- promoting the use of technical aids and equipment;
- encouraging the provision of more and better training.

19. Maritime and aerial surveillance co-operation

Informal co-operation on maritime and aerial surveillance has existed between the customs services of the UK and France since the mid 1970s, and now also extends to

Spain, Portugal, Netherlands and the Channel Islands. Formal Memoranda of Understanding covering this co-operation have been signed with France, Spain, Jersey and Guernsey.

Co-operation using maritime and aerial surveillance allows suspect vessels to be tracked from well out in the Atlantic into EC member states' waters. Co-operating countries are in radio contact during operations and customs officers can work on each other's vessels.

Drugs and other seizures have increased each year from this joint surveillance. Seizures in 1989 totalled 24.95 tonnes cannabis, 10 kg cocaine, 1 firearm and 1000 rounds of ammunition. In addition 10 vessels used in the smuggling operations were seized.

Key Point:

- EC customs co-operation is vital to the protection of society after 1992.

20. The Matthaëus project

The Customs services of the EC are also engaged in exchanges of staff under the Matthaëus programme, funded in its early stages by the Commission. Officers from ports and airports round the EC are doing (on average) one-month secondments to observe and participate in similar work overseas. This will enhance technical expertise and improve standards by spreading good practice.

UK Customs are exchanging 46 officers with other EC countries during 1990.

Table 1

UK CUSTOMS' DRUGS SEIZURES 1989

	1988 kg	1989 kg	% change
Cocaine	284	409	+44%
Heroin	231	337	+46%
Cannabis	44019	50935	+16%
of which:			
- resin	19107	44715	+134%
- herbal	24902	6210	-75%
- oil	10	10	+3%
Amphetamines	18	23	+27%
<u>Total weight</u>	44552	51704	+16%
Total number of seizures	5685*	8140	+43%*
Street value	£185 M	£259 M	+39%

* Note: Comparison unreliable owing to change in method of collecting figures. 1988 statistics were not kept for very small quantities. ALL seizures are now recorded.

Table 2

DRUGS SEIZED BY CUSTOMS AND POLICE
[1986 TO 1989]

		1986	1987	1988	1989 (See Note 2)
Number of drugs seizures	Police	25386	25669	32947	*
	Customs	5087	4976	5352	8140
	<u>Total</u>	<u>30473</u>	<u>30645</u>	<u>38632</u>	
Weights of drugs seized (kg)					
Heroin	Police	44	46	24	16
	Customs	179	190	231	337
	<u>Total</u>	<u>223</u>	<u>236</u>	<u>255</u>	<u>353</u>
Cocaine	Police	3	44	60	113
	Customs	99	362	284	409
	<u>Total</u>	<u>102</u>	<u>407</u>	<u>343</u>	<u>522</u>
Cannabis Herbal	Police	1057	150	122	434
	Customs	11507	8893	24902	6210
	<u>Total</u>	<u>12564</u>	<u>9043</u>	<u>25024</u>	<u>6644</u>
Cannabis Resin	Police	1694	486	3042	3537
	Customs	10849	7383	19107	44715
	<u>Total</u>	<u>12543</u>	<u>7869</u>	<u>22149</u>	<u>48252</u>
Amphetamine	Police	87	135	121	80
	Customs	30	17	18	23
	<u>Total</u>	<u>116</u>	<u>152</u>	<u>139</u>	<u>103</u>
Total weight of drugs seized	Police	2882 - 11%	863 - 5%	3368 - 7%	4180 7%
	Customs	22663- 89%	16844-95%	44539- 93%	51704 93%
	<u>Total</u>	<u>25545</u>	<u>17707</u>	<u>47907</u>	<u>55872</u>

(All figures rounded)

- Notes:
1. Seizures from joint Customs/Police operations are generally recorded against Customs.
 2. 1989 police figures are based on notifications of seizures to police central research establishment and are subject to amendment on publication of Home Office Statistics of the Misuse of Drugs.
- * Not available until Home Office report figures published.

Table 3

CUSTOMS' SEIZURES OF DRUGS FROM OR VIA EC COUNTRIES

	1987		1988		1989	
	Kg	%	Kg	%	Kg	%
Heroin	35	19	31	13	82	24
Cocaine	86	24	102	36	267	65
Cannabis Herbal	928	11	921	4	3102	50
Cannabis Resin	5841	79	8710	46	17899	40
Amphetamine	16	99	14	78	19	81

IN 1989 41% BY WEIGHT OF TOTAL DRUGS CAME FROM OR VIA THE EC

Source : HM Customs and Excise

Table 4

EC CUSTOMS' DRUG SEIZURES 1988

Quantities (Kg)

	FRANCE (1)	GERMANY	SPAIN (2)	LUXEM BOURG	DENMARK	UK (1)	BELGIUM	IRELAND	NETHERLANDS	GREECE	PORTUGAL	ITALY
CANNABIS RESIN	13,950	1044	53542	16	374	19107	1817	214	..	20	-	3004
HERBAL	5,986	239	271	168	-	24902	15433	-	..	-	-	61
OIL	14	1	299	-	-	10	-	2	..	-	-	1
HEROIN	132	296	366	15	12	231	51	-	..	21	9	84
MORPHINE	-	-	-	-	-	-	-	-	..	-	-	-
OPIMUM	2	5	-	-	-	2	-	-	..	-	-	4
COCAINE	374	475	1621	2	10	284	271	-	..	4	135	142
AMPHETAMINES	5	28	1	-	7	18	1	-	..	-	2	-
LSD (DOSES)	7042	12514	2618	-	-	407	-	-	..	-	-	-
HARD DRUGS									458			
SOFT DRUGS									69009			

Sources:

UK - HM Customs and Excise
OTHER COUNTRIES - MAG 92 QUESTIONNAIRE

Note: (1) France and UK figures include seizures from joint Customs/Police operations
(2) Spain's figures include both Customs and Guardia Civil seizures

TABLE 5

INFORMATION SOURCE OF DRUGS SEIZURES

UK Customs drugs seizures 1989

	"PROFILE" OR "COLD" FINDS KG	INTELLIGENCE INFORMATION KG	PROFILE OR COLD FINDS %
HEROIN	289	45	87
COCAINE	144	286	33
CANNABIS			
- HERBAL	3203	3028	51
- RESIN	10631	34723	23
AMPHETAMINE	20	2	91

UK Customs seizures of drugs coming
from or via EC 1989

	"PROFILE" OR "COLD" FINDS KG	INTELLIGENCE INFORMATION KG	PROFILE OR COLD FINDS %
HEROIN	76	4	95
COCAINE	48	217	18
CANNABIS			
- HERBAL	937	2213	30
- RESIN	8914	9481	48
AMPHETAMINE	17	1	94

TABLE 6

TRANSPORT MODE AND SMUGGLING METHOD
(1989 UK CUSTOMS' SEIZURES : BY WEIGHT KG)

	A I R				S E A				NOT SPECIFIED
	PASSENGERS	CREW	FREIGHT	UNSPECIFIED AIR	PASSENGERS (inc cars & coaches)	CREW	FREIGHT (inc in freight vehicles)	UNSPECIFIED SEA (includes yachts & fishing vessels)	
HEROIN	152	1	4	52	7	-	47	6	69
COCAINE	114	-	7	22	20	-	175*	17	43
CANNABIS									
- HERBAL	914	2	240	446	99	214	3270	201	790
- RESIN	128	-	11	372	1389	364	11234	24970	5605
- OIL	10	-	-	-	-	-	-	-	-

* COCAINE IN FREIGHT UNUSUALLY HIGH OWING TO 2 LARGE SEIZURES AMOUNTING TO 154.8 KG.

Note: excludes postal seizures

070

CCPD
PC



The Rt Hon David Waddington MP
Home Secretary
Queen Anne's Gate
London

Richmond House
79 Whitehall
London SW1A 2NS
Telephone 071 210 3000
From the Secretary of
State for Health

CD
15/6

Dr. David,

15 JUN 1990

DRUGS: UK TASK FORCE ON DEMAND REDUCTION

As you know following the Prime Minister's announcement of this initiative at the World Ministerial Summit, our officials have had some brief discussions on how best to set up the Unit. I have also had a word with David Mellor about it.

I think the arguments are nicely balanced as to how best to take things forward. There will certainly be a need for your department, Education, FCO (including ODA), and the Territorial departments to contribute to its activities and indeed its planning. But my own conclusion is that, given the emphasis on demand reduction and the relevant expertise that we will have to tap, this Department should undertake the primary responsibility in setting things up. In doing so I suspect we will need to establish some kind of official steering group to ensure our activities are properly co-ordinated.

If you, and copy recipients are content with this, I will ask my officials to move things forward to maintain the momentum created by the success of the Summit.

Copies go to the Prime Minister, Douglas Hurd, Tom King, John Major, Malcolm Rifkind, John MacGregor, David Hunt and Lynda Chalker.

KENNETH CLARKE





R-21

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T125B/90

RIGHT HONORABLE MARGARET H. THATCHER FRS. MP.
Prime Minister
10 Downing Street
London SW12AH
England

SUBJECT cc Mauter
ops

Oranjestad, June 14, 1990

Dear Prime Minister,

Greetings from Aruba,

We have just successfully completed the Caribbean Drug Money Laundering Conference. The Conference was a direct outgrowth of the instructions that you and the other G-7 leaders gave to form the Financial Action Task Force.

The Twenty-two nations and CICAD in attendance at the Caribbean Conference agreed:

- To present the 40 recommendations of the FATF and the twenty-one additional recommendations developed by the Caribbean experts to their respective governments with the recommendation that they be adopted;
- To have the Chair organize two additional meetings before the end of the year: the first, a meeting of the Technical Committee, probably in Jamaica by the end of September or early October; the second, a Plenary Session in December or January at a place to be designated;
- To produce two reports: a needs survey to assess the available resources and resources needed; and a country by country report of the success of implementation efforts of the 61 recommendations.

As part of the report of the Conference reference was made to a number of background documents. Among them was the Declaration of Cartagena. The parties to that declaration stated in part.

"In particular, the Parties call upon the Economic Summit countries to take the steps necessary to ensure that assets seized from illicit drug trafficking in Bolivia, Colombia and Peru are used to finance programs of interdiction, alternative development and prevention in our countries".

In relation to that language and in my role as Chairman of the Caribbean Conference I would like to bring to your attention, one aspect of the problem, referred to by the Cartagena parties.

When seized assets are of a legitimate nature whether cash, financial instruments, boats, cars or any real property: division of the assets is just a matter of agreements on distribution and adherence to the proper legal steps for seizure and forfeiture.

When the asset seized is itself illegal in nature the problem is not so easily solved. The greatest single asset in the drug cycle is the product itself.

It represents the cash potential and if the product works it's way through to the user, that potential is realized.

There are of course ancillary problems that come from the product, health, crime, corruption and ultimately the problems that we dealt with here June 8th - 10th, the impact of the profits from illegal drug sales.

If the product is the key asset rather than the boats, planes or cars that transport it or the money from the profitable sale of the product or even the real property purchased with those profits then why are we declaring that asset to be valueless?

In essence, when countries that are not the country of destination intercept product, that product is worthless to them. They are not the country of destination so they are not impacting their internal use. They have used their own precious and scarce resources to interdict the product. They have created by their possession of the product a target for physical attacks and the possibility for corruption. Finally in the case of small countries, especially in the Caribbean they become potential targets for retribution.

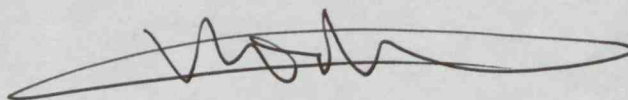
All this for the almost complete benefit of another country. It seems only fair that this valuable asset, truly valuable only to "consumers" and "producers" be dealt with in the same way as other real property. That is, in some way turned into cash and that cash distributed on an equitable basis.

Then the money could be used for health, education to combat drug use and its effects, law enforcement, tracking the

proceeds and to replace scarce resources diverted to the war on drugs.

I would urge the G-7 to address this problem in Houston. As the major economic powers in the world the G-7 have taken the lead in combatting drug use and its attendant problems. Through the creation of the Financial Action Task Force you have attacked these criminals where it hurts, their wallets. I appreciate your consideration as well as that of your G-7 colleagues.

Sincerely,

A handwritten signature in dark ink, appearing to read 'N.O. Oduber', written over a horizontal line.

Prime Minister,
N.O. Oduber

UNITED NATIONS OFFICE AT VIENNA

THE DIRECTOR-GENERAL



OFFICE DES NATIONS UNIES A VIENNE

LE DIRECTEUR GENERAL

Lis/s

VIENNA INTERNATIONAL CENTRE
P.O. BOX 500, A-1400 VIENNA, AUSTRIA

CF PPS

9 May 1990

My dear Prime Minister,

I apologize for not having written earlier but, immediately following the very successful World Ministerial Summit to Reduce the Demand for Drugs and Combat the Cocaine Threat in London, I had to embark on a lengthy programme of travel including Bolivia and Peru, from which I have only just returned.

I have already conveyed, through the normal official channels, the formal thanks of the United Nations for the superb organization and conduct of the Summit, but I would be very remiss if I did not add some personal words of gratitude to yourself. There can be no doubt that it was your readiness to take up the idea of such a conference that was the determining factor which enabled this major initiative to be launched and carried through successfully in a remarkably short period of time - barely a year since the idea was first mooted during my visit to London at your invitation in March 1989. It was your leadership and personal commitment which made this difficult feat possible and your presence and inspiring speech at the inauguration set the tone for the vigorous and wide-ranging discussions that followed.

We can all be satisfied that the Summit marked an important milestone, both politically and in carrying forward the much needed substantive interchange of experience on the extremely complex task of reducing demand for illicit drugs. In addition, as I have heard from many senior government

The Rt. Hon. Mrs. Margaret Thatcher M.P.
Prime Minister of Great Britain and Northern Ireland

representatives around the world, the event brought much credit and appreciation for the initiative and efforts of Her Majesty's Government as well as for the United Nations. I know that the Secretary-General was delighted with the outcome, as I am sure he expressed to you personally.

For my part, I simply wanted to convey to you once more my deep appreciation for your continuing support of the activities of the United Nations Office at Vienna.

With best personal regards,

Yours sincerely,

Margaret J. Anstee
Margaret J. Anstee

Grey Scale #13



A

1

2

3

4

5

6

M

8

9

10

11

12

13

14

15

B

17

18

19

