



Foreign and Commonwealth Office

London SW1A 2AH

N Wicks Esq CBE  
No 10 Downing Street

2 June 1988

*Jean Nigam*

**DRUGS: US PAPER**

1. We have looked quickly within the FCO at the paper which the U S Embassy circulated yesterday. In view of the time available, we have not cleared our comments with the Treasury and Home Office (to whom, and other interested departments you agreed we could copy the U S paper). We shall do so before Toronto itself: what follows is a brief checklist of points which I do not think are controversial within Whitehall.

2. Page 1, first half:

These are U S suggestions for communique language. We have no problem with (a), though the second half (after "illicit drug problem") is a rather lengthy shopping list and could be omitted if necessary. In (b) we prefer "national" to "unilateral"; the latter word has extraterritorial connotations. We are content with (c), with the caveats described on the last page of your brief for the 4th Sherpas' meeting.

3. "Our Objectives"

No problems.

4. "Follow-up Actions"

First tirit. As the brief says, we have already expanded our support of both bilateral and multilateral programmes. We cannot make commitments at this stage about a further increase in our support of the UN Fund. But a general reference to "expanded support" presents no problems.

Second tirit. Yes. It should be adopted at a conference planned for November/December.

Third tirit. Yes. We have enacted the Drug Trafficking Offences Act (1986).

Fourth tirit. Imprecise but acceptable.

Fifth tirit. The brief explains why we are against using aid funds as a sanctions weapon. We could go halfway towards meeting the U S point if it talked about



conditioning funds specifically provided for drug control/eradication on narcotics performance. It is only reasonable that if we give money for this purpose the country concerned should play its part too (the "no poppy" clause in drug-related assistance projects). But using IMF or World Bank money, or general bilateral aid, as a weapon is out.

Last tiset. Sounds acceptable, though I would like to know more about the reference to "defence", and what is meant by "collateral".

#### Foreign Ministers

First tiset. Same point as first tiset of preceding section. We have already increased our assistance, and will do more if funds permit. We are also stepping up our technical assistance in this field, via UN agencies.

Second tiset. The UK drafted and sponsored a resolution to this effect in this year's Commission on Narcotic Drugs, itself a follow up to the 1987 International Conference on Drug Abuse and Illicit Trafficking. So no problem.

Third tiset. Yes.

Fourth tiset. No: see above.

#### Finance Ministers

First tiset. Most of this is covered by the DTOA. The Act permits the tracing, freezing and confiscation of assets where grounds exist to suspect that the assets are drugs-related. In that sense, our commercial and financial secrecy laws have been overridden (rather than liberalised) by the Act; but subject to Treasury views we would not want to take any general "liberalising" powers in this area.

Second tiset. The Americans may have in mind their own procedures whereby U S citizens bringing more than \$10,000 into the U S are required to notify the source of these funds. I am not clear that we could follow the U S down this path (even if we wanted to) in the absence of U K exchange controls. This seems to me a point that could be remitted to the expert group.

Third tiset. Already done, but note that in the UK the Home Office, not the Treasury, have responsibility in this matter.

Fourth tiset. This is the DTOA again. On the use of asset forfeiture funds to support anti-drug efforts, correspondence rests, I believe, with Bearpark's letter of



26 May to Lyn Parker recording the Prime Minister's support for such an approach.

Last tirect. Meaning?

I will not comment on the final section that the US proposes should be remitted to experts, much of which duplicates the previous points, save to note (as our brief does) that we do not believe that central banks should have a policing role in connection with money laundering and money flows.

3. As I told you yesterday, my view remains that it is senseless and time-consuming to remit different parts of the drugs dossier to Foreign and Finance Ministers at the Summit. Far better to have the matter discussed in plenary, agree on communique language, and then remit the rest to the proposed expert group. I think many Finance Ministers would have great difficulty in discussing issues which are often the responsibility of Ministries of Justice and the Interior; and extraterritoriality, of course, is of concern to all departments, not just Finance Ministries.

4. I enclose a copy of our Act in case you want to take it to Toronto; and an explanatory memorandum.

*Yours ever,*  
*Tom*

T L Richardson  
Economic Relations Department

cc Mr Braithwaite (with spare copy for Sir G Littler)