



DEPARTMENT OF THE TREASURY  
EMBASSY OF THE  
UNITED STATES OF AMERICA

24 Grosvenor Square  
London W1A 1AE  
May 31, 1988

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Dear Sir Geoffrey:

I have been asked to forward to you the attached paper on narcotics issues at the Toronto Summit. A copy has also been sent to the Foreign Office.

As you will note, this proposal has several financial aspects and suggests G-7 Finance Ministers take these up in Toronto. My Government is hopeful you will be able to support this initiative at the time of the next Sherpas Meeting in Toronto on June 3.

If you have any preliminary reactions prior to that meeting, I will be happy to convey them to Washington.

Sincerely,

*John M. Abbott*  
John M. Abbott  
Financial Attache

Sir Geoffrey Littler KCB  
Second Permanent Secretary  
H M Treasury  
Parliament Street  
London SW1P 3AG

Enclosure



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NARCOTICS ISSUES AT TORONTO SUMMIT

The following are U.S. narcotics control objectives for the Toronto Summit. The United States' expectation is that the Toronto Summit would incorporate a strong, well-focused, brief section on narcotics in the overall summit statement. We would expect that the heads of state and government would wish to:

- (A) Underscore the need for improved international cooperation on programs to counter all facets of the illicit drug problem: [ production, trafficking, marketing, financing and money laundering activities, precursor chemical controls, prevention, consumption, reserach, treatment and rehabilitation; ]
- (B) Make recommendations for <sup>national</sup> unilateral, bilateral and multilateral actions; and
- (C) Reconvene the experts working group to consider, refine and propose methods of implementing these recommendations, with a report to the heads of state and government at the 1989 Economic Summit.

OUR OBJECTIVES ARE TO HAVE THE SUMMIT COUNTRIES IMPROVE THEIR COOPERATION ON ALL FACETS OF THE FIGHT AGAINST NARCOTICS, INCLUDING:

- Agreement that illicit narcotics trafficking poses grave risks to the national security and economies of member countries as well as to source and transit countries. ✓
- Agreement that no country is solely responsible for the drug problem, or its solution, and that effective programs are needed in both supply and demand countries. ✓
- Reaffirmed commitments to increased international cooperation to control illicit drug production, trafficking and consumption, and to prevent laundering of illicit drug proceeds. ✓

THE FOLLOW-UP ACTIONS WE WOULD ENVISAGE SUMMIT COUNTRIES TAKING WOULD INCLUDE:

- Expanded support of multilateral programs, [ particularly the UN Fund for Drug Abuse Control, ] and increased participation by these countries in the programs and policies of the Fund;

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-- Rapid adoption (during 1988) of the proposed International Convention of Drug Trafficking; ✓

-- Consideration of efforts to curb money laundering and money flow, including enactment of legislation that makes the laundering of illicit drug proceeds a (garbled in transmission); 3

-- Enhanced, coordinated efforts to reduce demand; and 4

X -- Conditioning economic and development funds on narcotics performance; No

-- Governments should also seek collateral support using programs in areas such as health care, law enforcement, education and defense, as appropriate, to reinforce narcotics control efforts. What does this mean.

FOREIGN MINISTERS, IN THEIR SEPARATE SESSIONS, WOULD COVER THE POINTS ABOVE BUT COULD ALSO ADDRESS:

-- Support for ongoing multilateral initiatives, including pledges of increased assistance to the UN Fund for Drug Abuse Control as part of overall support for the UN Commission on Narcotic Drugs (CND) and its constituent bodies (UNFDAC, INCB, DND)

-- Call upon the UN and other multilateral agencies to review related budgets to find ways to support narcotics control and drug abuse prevention programs.

-- Express readiness to promote ratification of existing treaties and the new Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances,

-- Discuss conditioning of donor assistance to narcotics producing countries, such as provisions prohibiting cultivation of illicit drugs in areas benefitting from donor assistance.

AT THEIR SEPARATE MEETINGS, FINANCE MINISTERS COULD:

-- Explore ways to restrict the laundering and flow of drug profits through financial institutions in summit countries. This would include joint investigations, the exchange of information for use in proceedings, intelligence sharing; and liberalizing commercial and financial secrecy laws and blocking statutes; *overrule*

-- Explore ways to identify the sources, volumes and movements of drug money being transported into and out of summit countries,

-- Encourage enactment of laws that make the laundering of illicit drug proceeds a criminal offense.

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-- Encourage adoption of measures to provide for tracing, freezing, seizure and forfeiture of narcotics-related assets and proceeds.

Discussion should include use of asset forfeiture funds to support anti-drug efforts.

-- Suggest internal examination of national budgets to seek secondary forms of anti-drug support. ?

WE WOULD EXPECT THAT THE EXPERTS GROUP IN THEIR WORK WOULD CONSIDER:

- Implementing specific domestic measures to reduce demand, and initiating public diplomacy programs;
- Improving intelligence sharing in all areas of enforcement, investigation, prosecution and interdiction;
- Increasing funding or other assistance to multilateral anti-drug organizations for both enforcement and development activities;
- Conditioning economic and other assistance to source and transit countries on narcotics cooperation;
- Improving cooperation among central banks and others to curb money laundering and money flow;
- Adopting measures to provide for the tracing, freezing, seizure and forfeiture of narcotics-related assets and proceeds;
- Achieving greater cooperation on international investigations, particularly those related to money laundering and money flow;
- Adopting specific export and import control measures for precursor chemicals;
- Developing plans for coordination of training assistance programs; and
- Defining mechanisms to coordinate and share results of anti-drug research and technical development efforts.

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Narcotics Issues at the Toronto Economic Summit

The United States expectation is that the Toronto Summit would incorporate a strong, well-focused, brief section on narcotics in the overall summit statement. We would expect that the Heads of State and Government would wish to

- (a) underscore the need for improved international cooperation on programs to counter all facets of the illicit drug problem: production, trafficking, marketing, financing and money laundering activities, precursor chemical controls, prevention, consumption, research, treatment and rehabilitation;
- (b) make recommendations for unilateral, bilateral and multilateral actions; and
- (c) reconvene the experts working group to consider, refine and propose methods of implementing these recommendations, with a report to the Heads of State and Government at the 1989 Economic Summit.

Our objectives are to have the Summit countries improve their cooperation on all facets of the fight against narcotics, including:

- agreement that illicit narcotics trafficking poses grave risks to the national security and economies of member countries as well as to source and transit countries;
- agreement that no country is solely responsible for the drug problem, or its solution, and that effective programs are needed in both supply and demand countries;
- reaffirmed commitments to increased international cooperation to control illicit drug production, trafficking and consumption, and to prevent laundering of illicit drug proceeds.

The follow-up actions we would envisage Summit countries taking would include:

- expanded support of multilateral programs, particularly the UN Fund for Drug Abuse Control, and increased participation by these countries in the programs and policies of the fund;
- rapid adoption (during 1988) of proposed international convention on drug trafficking;
- consideration of efforts to curb money laundering and money flow, including enactment of legislation that makes the laundering of illicit drug proceeds a crime;
- enhanced, coordinated efforts to reduce demand; and
- conditioning economic and development funds on narcotics performance.



-- Governments should also seek collateral support using programs in areas such as health care, law enforcement, education and defense, as appropriate, to reinforce narcotics control efforts.

Foreign Ministers, in their separate sessions, would cover the points above but could also address:

-- support for ongoing multilateral initiatives, including pledges of increased assistance to the UN Fund for Drug Abuse Control as part of overall support for the UN Commission on Narcotics Drugs (CND) and its constituent bodies (UNFDAC, INCB, DND);

-- call upon the UN and other multilateral agencies to review related budgets to find ways to support narcotics control and drug abuse prevention programs;

-- express readiness to promote ratification of existing treaties and the new convention against the illicit traffic in narcotic drugs and psychotropic substances;

-- discuss conditioning of donor assistance to narcotics producing countries, such as provisions prohibiting cultivation of illicit drugs in areas benefitting from donor assistance.

At their separate meetings, Finance Ministers could:

-- explore ways to restrict the laundering and flow of drug profits through financial institutions in Summit countries. This would include joint investigations, the exchange of information for use in proceedings, intelligence sharing; and liberalizing commercial and financial secrecy laws and blocking statutes;

-- explore ways to identify the sources, volumes and movements of drug money being transported into and out of Summit countries;

-- encourage enactment of laws that make the laundering of illicit drug proceeds a criminal offense;

-- encourage adoption of measures to provide for tracing, freezing, seizure and forfeiture of narcotics-related assets and proceeds;

- discussion should include use of asset forfeiture funds to support anti-drug efforts;

-- suggest internal examination of national budgets to seek secondary forms of anti-drug support.



We would expect that the Experts Group in their work would consider:

-- implementing specific domestic measures to reduce demand, and initiating public diplomacy programs;

-- improving intelligence sharing in all areas of enforcement, investigation, prosecution and interdiction;

-- increasing funding or other assistance to multilateral anti-drug organizations for both enforcement and development activities;

-- conditioning economic and other assistance to source and transit countries on narcotics cooperation;

-- improving cooperation among central banks and others to curb money laundering and money flow;

-- adopting measures to provide for the tracing, freezing, seizure and forfeiture of narcotics-related assets and proceeds;

-- achieving greater cooperation on international investigations, particularly those related to money laundering and money flow;

-- adopting specific export and import control measures for precursor chemicals;

-- developing plans for coordination of training assistance programs; and

-- defining mechanisms to coordinate and share results of anti-drug research and technical development efforts.



Illicit narcotics trafficking poses grave risks to the peoples of Summit countries as well as to the peoples of source and transit countries. There is an urgent need for improved international cooperation in all appropriate fora on programs to counter all facets of the illicit drug problem, in particular, production, trafficking, and financing of the drug trade. The complexity of the problem requires not only reinforcement of present efforts but also additional international approaches. In this respect, we look forward to the successful negotiation in Vienna in November of a United Nations Convention on illicit trafficking.

The Summit also could consider supporting an initiative of the Government of the United States to convene a special task force comprised of senior foreign affairs, enforcement, finance and other appropriate officials from Summit countries concerned with the fight against narcotics. This task force should propose methods of improving cooperation in all areas including national, bilateral and multilateral efforts. \*

\* French reserve