

CFC ②



Foreign and Commonwealth Office

London SW1A 2AH

2 June 1988

R. Minister

CDP
3/6

Dear Charles

**Prime Minister's meeting with the Canadian Prime Minister:
Economic Summit**

In your letter of 23 May you asked the Treasury for a note on UK powers to prevent the laundering of drug money. We are replying by agreement with the Treasury and Home Office. You may want to copy the relevant part of your letter and this reply to Philip Mawer as the Home Office have a major interest in the subject.

The Drug Trafficking Offences Act 1986 (DTOA) provides stringent and comprehensive new powers to trace, freeze and confiscate the proceeds of drug trafficking. It also creates a new offence of laundering the proceeds of drug trafficking.

The DTOA allows these powers to be made available to other countries once they have been designated under the Act by Order in Council. Our policy is to designate countries with which we have negotiated reciprocal agreements that enable UK court orders and requests for assistance to be put into effect overseas. It is also our aim, by having such agreements in place, to avoid any potential extraterritorial problems; in particular with the Americans.

The first reciprocal agreement was signed with the US on 9 February. Texts have also been agreed in draft with Switzerland, Australia, Canada and the Bahamas. Talks have been started with some 20 other countries. By building up an international network of agreements, countries can develop the means to combat the laundering of drug money which takes place on a worldwide scale. We fully support the work being done to produce multilateral conventions on measures against drug trafficking. But these will take time, and we do not see them as a substitute for the immediate benefits of detailed bilateral agreements.

/Laundering

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Laundering of the proceeds of crime is not, of course, confined to drugs offences. The Criminal Justice Bill, when enacted, will extend powers of freezing and confiscation to other areas of serious crime. You may also like to be aware that the US have proposed that the Committee of Banking Supervisors at the Bank for International Settlements should recommend the adoption of a code of conduct on the prevention of the criminal use of the banking system for the purpose of money laundering. Consultations on a draft are currently in progress with banks and official bodies.

I am copying this letter to Alex Allan (HM Treasury), and to Trevor Woolley (Cabinet Office).

Yours ever

A handwritten signature in dark ink, appearing to read 'R N Peirce', with a long horizontal flourish extending to the right.

(R N Peirce)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

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CANADA

VISITS to UK BY MULRONJAY

PT 2