

3. Challenges and opportunities in promoting paperless trade for internationally controlled substances: the International Import and Export Authorization System (I2ES)

335. Pursuant to the 1961 Convention as amended, the 1971 Convention and relevant resolutions of the Economic and Social Council, import and export authorizations are required for the international trade in narcotic drugs and psychotropic substances. In the light of the growing volume of licit trade in internationally controlled substances and the increasing workload of competent national authorities, modernizing the import and export authorization system is essential to reduce the risk of diversion while continuing to ensure the adequate availability of and access to those substances.

336. The International Import and Export Authorization System (I2ES), a web-based electronic system developed by the Board together with UNODC, with financial and technical support from Member States, was designed to promote paperless trade in internationally controlled substances by facilitating the online exchange of import and export authorizations.

337. Available to all Governments free of charge, I2ES serves as a secure platform for generating and exchanging import and export authorizations between trading countries while ensuring full compliance with all provisions of the 1961 Convention and the 1971 Convention.

The System's user-friendly interface helps competent national authorities to reduce errors in data entry and to save time and communication costs, as they can issue their import and export authorizations through the System.

338. Unlike paper-based systems, in which authorizations can be further processed only after their physical delivery and receipt, the online exchange of import and export authorizations using I2ES enables the instantaneous transfer of data between trading countries, thus facilitating a much faster approval process. Authorities of the trading countries can also use the System to securely communicate and exchange information directly with each other, should a transaction request require further clarification.

339. More than three years after its launch, 53 Governments have registered with I2ES, and 40 Governments have activated their administrator accounts.⁷⁰ Among them, 10 countries (Australia, Bangladesh, Belgium, Brazil, Finland, Spain, Switzerland, Thailand, Turkey and the United States) have uploaded data to the System.

340. The Commission on Narcotic Drugs, in its resolution 61/5 of March 2018, welcomed the political and technical support provided by all Member States to further improve the implementation of I2ES and invited the secretariat of INCB to identify the obstacles that had prevented wider participation in the System and to make concrete proposals to increase the number of participating Member States.

341. Three user-group meetings on I2ES have been organized by the secretariat of INCB since the launch of the System, each of which was attended by representatives of about 30 to 40 Governments. The sharing of experiences and the discussions during those meetings allowed some of the challenges faced in the further implementation of I2ES to be highlighted. Information provided by Governments in two surveys also provided insight into some of the difficulties of participation in the System.⁷¹

⁷⁰Those 40 countries are Australia, Austria, Bangladesh, Belgium, Brazil, Canada, Chile, China, Colombia, Comoros, Estonia, Finland, France, Germany, Hungary, India, Italy, Jordan, Kenya, Lithuania, Luxembourg, Malaysia, Mexico, Norway, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Saint Lucia, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Thailand, Turkey, the United States and Uruguay.

⁷¹An online survey was sent to 75 competent national authorities in early 2017 in preparation for the user-group meeting held in March 2017. Questions concerning competent national authorities' awareness of the System were included in the latest version of the questionnaire, sent by INCB to Member States in April 2018.

342. According to the information available to INCB as of April 2018, 63 countries have no national electronic systems to process their import and export authorizations. While a number of Governments indicated their willingness to do so using I2ES, 10 countries were not aware of the functionalities of I2ES and how the System could help expedite their work. Even though I2ES is available to all Governments free of charge, five Governments considered it too expensive to use.

343. The limited usage of I2ES is partly explained by the propensity of Governments to maintain the status quo. Competent national authorities issuing only a small number of import and export authorizations each year perceived that using the System provided only limited benefits. Other authorities considered their existing paper-based system to be adequate and saw little incentive for change.

344. Some Governments reported that implementation of I2ES would not be feasible until certain legislative and institutional barriers were mitigated or removed. Measures to address those barriers included the repealing of legislation mandating the use of paper-based documents, the adoption of domestic legislation supporting electronic transactions and the upgrading of information technology and telecommunications infrastructure. The identification and removal of those barriers could add to the delay in implementing I2ES.

345. Technical challenges were another factor impeding wider participation in I2ES. For competent national authorities already processing significant volumes of authorizations using their national electronic systems, the prospect of transferring their data to I2ES while continuing to perform daily operations on their own system was a major drawback to implementation of I2ES, as it would be inefficient to duplicate work by using two systems. While the XML prototype for such data transfer is made available on I2ES, some investment is required by authorities to generate data compatible with I2ES and upload those data to I2ES. Unless more technical support and help can be provided to those authorities, such technical difficulties will continue to be a significant obstacle.

346. Another common obstacle is the lack of financial or human resources. For countries that have a national electronic system, the redesign and upgrade of or making of changes to existing national-level information technology structures in order to implement I2ES might require upfront investment and the prioritization of I2ES implementation. A number of Governments might face budgetary restraints affecting the availability of additional resources to implement the required structural changes

to their information technology systems, even though only a relatively small amount of resources would be required. More significantly, some competent national authorities may be prevented from moving forward with the implementation of the System owing to a lack of staff with the necessary information technology know-how or because the authorities have difficulty accessing such know-how.

347. The I2ES user interface is currently available only in English, and the absence of a multilingual interface poses an operational challenge for some Governments and is thus another reason for non-implementation. Despite their expressed interest in using the System, countries with only a limited number of staff with sufficient knowledge of English would experience difficulties in using the platform.

348. The experiences of early adopters of I2ES, however, suggest that most of these challenges can be overcome relatively easily. The following three paragraphs provide information on the successful experiences of some early adopters and shed light on how they have capitalized on the opportunities made possible by I2ES and how other competent national authorities could do likewise.

349. The most critical factor for successful I2ES implementation is government commitment. Without strong political support from their management, competent national authorities would not be able to change the status quo, ensure the prioritization of I2ES implementation or secure the necessary financial and/or human resources to overcome the challenges.

350. Effective communication and coordination, both within the country and with relevant stakeholders, is another important element for enhancing I2ES implementation. While the processing and approval of authorizations might be carried out by different personnel within the same authority, only one I2ES administrator account can be granted to each requesting Government. Effective internal coordination to decide on the ownership of that account and the communication of that decision to INCB are imperative to attaining an active I2ES account; they are crucial first steps that are overlooked by some authorities.

351. Since the online exchange of authorizations cannot be completed without the approval of both the importing and exporting countries, coordination with trading partners to undertake simultaneous implementation of I2ES would enable authorities to maximize the benefits of their participation and realize the full potential of the System. Such simultaneous implementation of I2ES,

which offers the advantages of a greater network, not only enhances the benefits for existing users but also makes I2ES implementation more attractive for other countries.

352. In the light of the above-mentioned considerations, **the Board would like to encourage all existing users of I2ES to invite their trading partners to register with I2ES and to start utilizing the System as soon as possible.** Early adopters of I2ES can be powerful advocates by demonstrating the benefits of using the System and sharing their experiences in overcoming challenges. Their further implementation of I2ES and active use of the System also serve as a strong incentive for their trading partners to join, as data regarding their counterparts' import or export authorizations have already been uploaded to the System.

353. **The Board would also like to encourage all Governments to provide additional support, including extrabudgetary resources, to advance further implementation of I2ES, as well as its maintenance and updating.** While it has been possible to complete its development entirely from extrabudgetary resources, further funding is required to increase the number of participating Member States by promoting greater awareness of the System, facilitating the sharing of experiences among all, developing a multilingual interface and providing relevant technical support and training.