### Part 1. Legislation and Control Measures

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<th>Recommendation</th>
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It is critical to recognize that the ability to comply with the requirements set out in the 1988 Convention for the monitoring of international trade is very closely intertwined with the **existence of the corresponding legal basis at the national level** and of an **appropriate regulatory framework, procedures and working mechanisms**. Without information about the domestic market and its players, including end users, a party may not be in a position to comply with its obligations related to preventing the diversion of precursors.

The Board therefore calls upon all countries concerned to **introduce appropriate precursor control legislation** in compliance with the provisions of article 12 of the 1988 Convention, as necessary, or to **enhance** existing legislative provisions with a view to strengthening the monitoring and control mechanisms already in place and to inform the **Board of such measures** in accordance with Economic and Social Council resolution 1992/29 of 30 July 1992.

The Board urges the Governments in question to adopt, as a matter of priority, necessary legislative measures to prevent [the diversion of precursors]. In accordance with the Political Declaration adopted by the General Assembly at its twentieth special session (Assembly resolution S-20/2, annex), **Governments should report to the Board in a regular and timely manner on the adoption of, or changes to, national regulations to control precursors**.

The Board urges Governments to **establish and strengthen mechanisms for tracking the domestic and international movement** of those precursor chemicals and to **provide the relevant data to the Board**. The Board expects that, with the further development of cooperation under Project Prism, which monitors both international trade in and domestic distribution of those substances, more comprehensive data on the trade in such precursors of amphetamine-type stimulants will become available.

The Board has noted over the years that different control measures in various countries have created situations such as that observed in connection with Belize and encourages all Governments, including in transit countries, to **harmonize, and ensure the adequacy of, their legislation** to deal with emerging challenges.

(PRE/2012/P127) (PRE/2004/P44) (PRE/2008/P88) (PRE/2004/P26) (PRE/2010/P64)
The Board notes that the authorities of China are standardizing procedures relating to the purchase and transport of precursor chemicals. Furthermore, those authorities have also strengthened controls over chemicals being exported to countries forming part of the Golden Triangle. The Board *trusts that those efforts* will be of benefit to *Asia* as a whole.

(PRE/2006/P122)

### A) Working mechanisms and operating procedures

The Board urges all States that have not yet done so to take steps to establish the necessary *control mechanisms to adequately monitor the licit trade* in, uses of and requirements for substances in Tables I and II of the 1988 Convention. Information on licit trade is essential to government efforts to monitor the movement of those substances and for the Board to assist Governments in identifying suspicious transactions. Without such information, it would be difficult to quickly check the legitimacy of individual shipments. Furthermore, monitoring such activities enables the Board to *determine general trends in global trade in scheduled precursor chemicals* in order to assist Governments in identifying unusual transactions and diversion attempts. The availability of such information also *facilitates licit trade, by expediting, for instance, the issuance of import and export authorizations* where required.


The Board requests all Governments *to establish or strengthen existing procedures* to allow them to adequately *monitor* the licit trade in, uses of and requirements for substances in Tables I and II of the 1988 Convention and to report relevant data in accordance with Economic and Social Council resolution 1995/20.

(PRE/2004/P22) (PRE/2013/P21) (PRE/2014/P57) (PRE/2012/P18)

INCB commends those Governments that *provide comprehensive licit trade data* for substances in Tables I and II of the 1988 Convention and wishes to encourage all other Governments to provide such data, confidentially if so desired, *to help to understand the patterns of regular trade and licit requirements in order to facilitate the identification of suspicious activity* and prevent diversion of those substances.


The Board notes the *introduction of regulations* as an important step in reducing the potential for diversion and *reminds Governments of exporting countries to keep themselves informed of existing import restrictions* and to consult available resources, such as the information package for competent national authorities available on the Board’s website.

(PRE/2010/P40)

INCB wishes to encourage all competent national authorities *to remain vigilant* not only regarding the diversion of precursor chemicals from *international trade* but also *regarding their diversion from domestic distribution channels* and to pay *particular attention to the legitimate final use* of key precursor chemicals and the quantity required for that purpose.

(PRE/2015/P68)

The Board urges the Governments of the manufacturing, exporting and trans-shipment countries to ensure that […] the *entire physical routing of the shipment is known prior* to an export being authorized.

(PRE/2003/P55)
The Board urges Governments to continue to strengthen their control mechanisms with regard to precursors, including the establishment of realistic estimates of legitimate requirements, and thereby reduce the risk of diversion and of being targeted by traffickers. (PRE/2010/P43) (PRE/2010/P88)

The Board reminds Governments of exporting countries to keep themselves informed of the importing country’s existing import restrictions to ensure that their exports do not violate the laws and regulations of the importing country, and to consult available resources, such as the information package for competent national authorities available on the Board’s website. (PRE/2011/P16) (PRE/2011/P161) (AR/2011/R13)

The Board encourages Governments to monitor and report on trade in precursors of amphetamine-type stimulants. (AR/2005/R6) (PRE/2001/P24)

The Board reiterates its recommendation that all Governments verify that licit requirements exist for all precursors for amphetamine-type stimulants ordered within a country prior to authorizing an import, especially when […] the “end-product” is another controlled chemical. (PRE/2003/P95)

Governments are urged to ensure that, when an importing company is identified, the legitimate need of the company for a specific precursor chemical is confirmed before the shipment is authorized. Mechanisms should also be introduced to monitor the activities of brokers, especially when a consignment of precursor chemicals is not shipped to the country where the broker is located. (PRE/2005/P141)

The Board urges all Governments to ensure that appropriate mechanisms are put in place to allow for controlled deliveries of chemicals, since that investigative technique should be more widely utilized in precursor investigations. Moreover, since commodity brokers play a major role in the international trade of acetic anhydride and other chemicals, Governments should closely monitor the activities of such operators. National legislation should allow for the prosecution of illicit activities even when the chemicals concerned do not enter a national territory. (PRE/2002/P81)

The Board reminds competent authorities to be aware that the names of legitimate companies may be misused by traffickers to source the substances for the illicit manufacture of drugs. (PRE/2014/P88)

The Board requests Governments throughout the world to take note of the modus operandi (using the names of bona fide companies with legitimate requirements for potassium permanganate), and ensure that the legitimacy of all shipments for which pre-export notifications are received is verified with the companies concerned and not authorized on face value merely because the company is known. (PRE/2001/P71)

The Board urges the Governments concerned to strengthen the capacity of their competent authorities to investigate the legitimacy of precursor transactions. (AR/2008/R13)

With traffickers now increasingly making use of false import certificates in attempted diversions of precursor chemicals, the Board urges Governments using such certificates to supply it with samples of those documents. (PRE/2002/P102)

The Board wishes to encourage the Governments of all major manufacturing and trading countries of acetic anhydride, such as Mexico and the United States, to remain vigilant and to verify the legitimacy of all shipments of the
The Board advises all countries that manufacture, trade in or export acetic anhydride not to export acetic anhydride to Afghanistan (as there is no legitimate use for the substance in the country).

While existing legal procedures had been followed to import the substance, the Board urges all Governments of countries in Africa to thoroughly check reported end-users and actual licit requirements before authorizing shipments, as traffickers have been known to both set up front companies and use the names of existing companies for diversion attempts.

The Board therefore advises the Governments of African countries (Governments in the Caribbean, and surrounding regions) to be particularly vigilant with regard to shipments of potassium permanganate to their countries and to immediately respond to pre-export notifications and to inform the Board and the Governments of exporting countries of any suspicious transactions.

The Board continues to be concerned that the trafficking organizations operating in the country may have continued their illicit activities and diversion attempts involving Iraq or other countries in West Asia. The Board therefore reiterates its request to Governments of countries that export acetic anhydride to unknown companies in Iraq to require authorization before releasing the shipment.

The Board urges Governments to take measures, in addition to their controls over international trade, to adequately monitor the licit manufacture and distribution, as well to prevent the accumulation in quantities exceeding their legitimate requirements, of all precursors used in the illicit manufacture of amphetamine-type stimulants, in particular the precursors 3,4-MDP-2-P, P-2-P and phenylacetic acid.

The Board wishes to remind all exporting Governments that shipments of ephedrine and pseudoephedrine, regardless of their form, are prohibited in Guatemala, as well as in Belize, Colombia, El Salvador, Honduras, Mexico and Nicaragua.

The Board encourages Canada and China to furnish their licit trade information as soon as possible.

The Board commends the Government of France for this amendment [a new internal mechanism to enable the competent authority for article 12 to send pre-export notifications for P-2-P despite the fact that the substance is controlled as a narcotic drug and hence under the purview of another authority], which will help to ensure an unbroken chain of monitoring of international trade in P-2-P.

The Board commends the efforts of Indian authorities to require importing countries to actively approve shipments of precursor chemicals in cases in which the company is unknown and calls on other exporting countries to exercise the same level of due diligence.

The Board wishes to encourage Pakistan to collect and furnish the requested data (the importing of large quantities of substances listed in Table I of the 1988 Convention) without further delay.
In the light of the prevailing situation in several countries in West Asia, such as the **Syrian Arab Republic**, INCB encourages all countries to exercise a **heightened level of vigilance regarding large-scale orders for pseudoephedrine placed by companies in conflict areas** and to consider suspending the authorization of such shipments unless there is explicit confirmation regarding the legitimacy of the shipment and the end use of the substance, and secure transportation and handling can be assured. (PRE/2015/P71)

INCB therefore recommends all exporting countries **not to authorize any shipment of P-2-P to the Syrian Arab Republic unless its legitimate final use has been duly confirmed by the relevant competent national authorities**. INCB requests all exporting countries to communicate to it any significant order placed for P-2-P to be exported to the **Syrian Arab Republic** or any other country in order to allow for follow-up with the competent national authorities. (PRE/2015/P83)

INCB encourages the authorities of all exporting countries to exercise **vigilance in relation to any planned export of P-2-P or 3,4-MDP-2-P to Zimbabwe or elsewhere**, considering that those substances are traded and used by a relatively small number of countries. (PRE/2015/P25)

**B) Invoking article 12, paragraph 10(a) of the 1988 Convention**

INCB urges the Governments of those countries (yet to invoke article 12, paragraph 10(a), and make proper use of pre-export notifications systems) to **take the necessary steps to invoke the provisions** of article 12, paragraph 10 (a), without further delay. Forms to be used for formally requesting to be notified of all shipments of substances in Tables I and II of the 1988 Convention are available from INCB. The Board also wishes to remind the Governments of all countries exporting substances in Tables I and II that it is an **obligation to provide pre-export notifications** to the authorities of importing countries and territories that have requested them. (PRE/2015/P29) (PRE/2014/P62) (PRE/2013/P26) (PRE/2012/P26) (AR/2012/R11) (PRE/2011/P25) (AR/2011/R15) (PRE/2010/P20) (PRE/2001/P33) (PRE/2000/P36)

The Board calls upon all **importing countries** that have not yet done so, to consider **formally requesting the provision of pre-export notifications** through the Secretary-General under article 12 of the 1988 Convention. (PRE/2003/P34) (PRE/2008/P27)

[The Board] encourages the Governments of **exporting countries** to **request pre-export notifications** to enable them to ensure the adequate monitoring of shipments of precursor chemicals entering their territories that may be destined for subsequent re-export. (PRE/2002/P34) (PRE/2001/P33)

The Board therefore urges all Governments to ensure that they are **informed of any proposed export** of precursors and are **able to provide pre-export notifications**, particularly to the importing countries that have officially requested such notifications. (PRE/2012/P25) (PRE/2011/P26)

The countries concerned have to **recognize their responsibility to create the conditions for being notified** of exports of precursor chemicals. Otherwise, they may continue to be regarded as easy targets by organizations trafficking in such chemicals. The provisions of article **12, paragraph 10 (a)**, if used and implemented by all, could **create a robust and practical mechanism** for the control of international trade in scheduled chemicals. (PRE/2012/P138)
The Board wishes to remind Governments that by registering with PEN Online, they do not automatically invoke article 12, paragraph 10 (a), of the 1988 Convention. (PRE/2014/P68)

The Board calls on the 45 Governments that have registered to use PEN Online but have not yet invoked the provisions of article 12, paragraph 10 (a), of the 1988 Convention to invoke those provisions without further delay. (PRE/2013/P28)

The updated list of specific requests received from Governments are reproduced in annex V to the present (2005) report. The list should assist Governments of exporting and re-exporting countries in ensuring that the required pre-export notifications are sent to those importing countries which have officially requested them before the export takes place. (PRE/2005/P97)

### C) Measures to prevent diversion from domestic distribution channels

The Board calls upon all parties to the 1988 Convention, in particular major trading countries, to effectively monitor the domestic manufacture, trade, distribution and end-use of precursor chemicals. (PRE/2010/P85)

The Board draws the attention of all parties to the need to adequately monitor domestic manufacture and distribution in order to identify suspicious orders and prevent diversion, in accordance with article 12, paragraph 8, of the 1988 Convention. (PRE/2009/P102)

The Board is concerned that weaknesses in precursors control are most often the result of a lack of effective implementation of existing legislation. All Governments are therefore urged to review the effectiveness of their domestic chemical control systems and work on closing any gaps in those systems and making them fit for their purpose. (PRE/2014/P32) (PRE/2015/P135) (PRE/2008/P57) (PRE/2008/P92) (AR/2007/R16) (PRE/2012/P152) (AR/2009/R36)

In order to be effective, they (parties to the Convention) should, pursuant to paragraph 8 (b) of article 12: (a) control all persons and enterprises engaged in the manufacture and distribution of such substances; (b) control under licence the establishment and premises in which such manufacture or distribution may take place; (c) require that licencees obtain a permit for conducting the aforesaid operations; and (d) prevent the accumulation of such substances in the possession of manufacturers and distributors, in excess of the quantities required for the normal conduct of business and the prevailing market conditions. In accordance with its mandate under article 12, paragraph 8 (a), the Board reviews controls in States parties to the Convention to ascertain whether they have taken the measures necessary to implement the provisions of the Convention. (PRE/2006/P34)

The Board urges Governments to focus domestic control efforts on the beginning of the chemical supply chain, starting with the verification of the bona fides of all new companies entering business. (PRE/2011/P151)

Declaration of end-use and an understanding of the legitimate requirements for precursor chemicals by registered companies are among the key control measures that can assist Governments in preventing diversions. (AR/2012/R10)
To address the challenges of the future, Governments should **review precursor-related information-sharing and practical working mechanisms between concerned regulatory and law enforcement agencies**. They should ensure that there are neither gaps nor overlaps in responsibility that might be exploited by organizations trafficking in precursors. (PRE/2012/P133)

States parties are reminded that pursuant to **article 18 of the 1988 Convention**, they are obliged to apply control measures in **free trade zones and free ports** that are no less stringent than those applied in other parts of their territories. (PRE/2016/P210) (AR/2006/R12)

As in other regions, the scenario of **criminals continually setting up illicit laboratories** is well documented and, within the scope of existing legislation, authorities should **make efforts to prevent such recurring activities**. (PRE/2005/P35)

The creation of **common internal markets** may present some difficulties regarding control that competent national authorities should be aware of and effectively address. (PRE/2012/P134)

The Board calls upon all Governments to **evaluate the efficiency of their control measures applied to domestic trade in acetic anhydride** and to adopt further measures as deemed necessary to prevent such diversions. (AR/2010/R31) (PRE/2009/P79) (PRE/2009/P92) (PRE/2006/P114) (PRE/2009/P90) (PRE/2006/P114)

The Board encourages Governments of all trading countries to **strengthen their efforts to verify**, to the extent possible, **the legitimacy of the end-use of acetic anhydride** in their countries. (PRE/2009/P90) (PRE/2006/P114)

INCB therefore encourages Governments to consider the **registration of all companies** that are in any way involved in **acetic anhydride** manufacture, trade, distribution or end use. INCB wishes once more to encourage Governments of countries in which **acetic anhydride** and other scheduled substances are manufactured to **report accurate, complete and up-to-date details of such manufacture** in accordance with Economic and Social Council resolution 1995/20. (PRE/2015/P142) (PRE/2014/P182) (PRE/2013/P108) (PRE/2012/P109)

The Board wishes to remind national competent authorities that in cases of isolated imports of large amounts of **acetic anhydride** by **unknown companies** located in countries that in the past imported minor amounts of the substance, the claims of the importer that the substance will be used for “domestic consumption or distribution” should not be regarded as sufficient proof of their legitimacy without further investigations into the matter. (PRE/2010/P80)

The Board notes that the seizures of **acetic anhydride** in the countries bordering Afghanistan have been negligible. The Board therefore urges the Governments of countries in Asia to **strengthen controls over the movement of the substance within their territory and to assist the Government of Afghanistan** in intercepting consignments of acetic anhydride that are smuggled into its territory. A **concerted effort by all Governments is necessary** to stop the smuggling of acetic anhydride and of other substances used in the illicit manufacture of heroin into countries in the region, particularly Afghanistan. (PRE/2007/P78) (PRE/2006/P121) (PRE/2005/P66) (PRE/2001/P86)

The Board **notes the efforts of the European Union to strengthen the efficiency of precursor-control mechanisms** applied in the region and wishes to encourage the European Commission and member States of the European Union to...
take further measures to prevent the diversion of precursor chemicals from their territories for illicit drug manufacture.

Control measures applied to internal trade in the European Union appear to be insufficient to prevent the diversion of the substance (acetic anhydride). The Board encourages the European Commission and States members of the European Union to introduce appropriate remedial measures.

The Board, in view of continuing diversions and attempted diversions of controlled precursor chemicals in the countries of the European Union, expects the European Commission to introduce as soon as possible an appropriate monitoring and control mechanism over imports and exports of controlled chemicals.

The Board urges Governments to continue to strengthen their domestic control mechanisms with regard to precursors of amphetamine-type stimulants.

Governments are urged to ensure that the distribution and consumption of those two substances (acetic anhydride and potassium permanganate) at the national level are properly controlled, in accordance with article 12, paragraph 8, of the 1988 Convention.

As the origin of seized potassium permanganate is often not known, the Board encourages all Governments to undertake backtracking investigations into such seizures where possible. The Board urges States in [Central and South America] to enhance their controls over the distribution of potassium permanganate at the national level.

The Board strongly recommends that the Government of Bangladesh should review and strengthen domestic control measures for precursors without delay.

The Government of Brazil is vigilant as regards imports of the substance and during 2004-2005 requested that two shipments of potassium permanganate be stopped. Similar vigilance as regards domestic distribution channels should ensure that diversions are not occurring from that market.

The Board calls upon [States in South East Asia] urgently to review their controls over [potassium permanganate] and to introduce appropriate mechanisms to ensure that it is not diverted from licit trade within their countries.

D) Annual legitimate requirements (ALRs)

(The Board appreciates the efforts of the 80 countries and territories that have already been submitting on form D information on their licit requirements for, in particular, bulk quantities of 3,4-MDP-2-P, pseudoephedrine, ephedrine and P-2-P.) In recognition of their efforts, and in accordance with Commission on Narcotic Drugs resolution 49/3, the Board has decided to publish those requirements as submitted (see annex V).

The Board is aware that preparing estimates of the needs for precursors of ATS is a complex exercise and that it will be a few years before such estimates become really accurate. The Board nevertheless considers this type of...
information to be important and encourages all Governments to provide it. The main objective of the system is to provide the competent authorities of exporting countries with at least an indication of the legitimate requirements of importing countries. Any such indication should, however, not be taken as a recommendation nor as a restriction on the use of those substances. Finally, Governments are invited to review the published requirements, amend them as necessary and inform the Board of any required change.

<p>| The Board calls upon Governments to comply with the request contained in Commission on Narcotic Drugs resolution 49/3 and ensure the timely submission and continued accuracy of their estimates for certain precursors. That is necessary to ensure that the estimates can continue to be used to identify suspicious transactions involving those particular precursors. | (AR/2010/R9) (PRE/2011/P152) |
| The Board commends those Governments that make active use of the system of annual legitimate requirements and encourages all other Governments to make better use of this basic tool as both exporters and importers of 3,4-MDP-2-P, pseudoephedrine, ephedrine and P-2-P and preparations containing those substances. | (PRE/2015/P23) |
| The Board encourages Governments to regularly review their estimates of annual legitimate requirements, utilizing the most recent market data. The Board also calls upon Governments, especially those with significant trade (including re-export) in the four substances and their preparations (amphetamine-type stimulant substances, namely, 3,4-methylenedioxyphenyl-2-propanone (3,4-MDP-2-P), pseudoephedrine, ephedrine and 1-phenyl-2-propanone (P-2-P)), to exercise continuing vigilance to ensure that their estimates of annual legitimate requirements are commensurate with prevailing market conditions. | (PRE/2011/P24) (PRE/2012/P21) (PRE/2010/P19) (AR/2008/R12) (PRE/2007/P18) (PRE/2007/P49) (PRE/2007/P83) (AR/2007/R14) (PRE/2005/P104) (PRE/2005/P134) |
| INCB encourages all Governments to increase their efforts to establish realistic annual legitimate requirements, or review existing ones, and inform the Board accordingly. In preparing their annual legitimate requirements, Governments may wish to consider the Guide on Estimating Requirements for Substances under International Control, developed by INCB and the World Health Organization, as well as the document entitled “Issues that Governments may consider when determining annual legitimate requirements for ephedrine and pseudoephedrine”, available on the Board’s website. | (PRE/2015/P26) (PRE/2012/P132) (PRE/2010/P88) |
| INCB commends all Governments that have established realistic annual legitimate requirements or regularly review existing ones, thus providing the competent authorities of exporting countries with at least an indication of their needs and alerting authorities to any potential oversupply. | (PRE/2016/P29) |
| The Board encourages Governments to review the estimates they have furnished and to inform the Board of any changes or updates to ensure that the estimates published by the Board remain as accurate as possible. | (AR/2009/R11) (PRE/2015/P27) (PRE/2014/P61) (PRE/2009/P29) (PRE/2008/P26) (PRE/2008/P89) |
| The Board requests Governments that have not yet done so to inform it of the methodologies that they use for calculating their legitimate requirements for precursors of amphetamine-type stimulants. | (PRE/2008/P25) (PRE/2007/P18) (AR/2007/R14) (AR/2006/R11) (PRE/2006/P42) |</p>
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<td>All Governments are reminded of the need to <strong>share their methodologies for preparing estimates with each other</strong> and the Board so as to gradually improve the methodologies used.</td>
<td>(PRE/2012/P132)</td>
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<td>The Board encourages all countries that identify the diversion of <strong>precurors for amphetamine-type stimulants</strong> to <strong>re-evaluate their requirements</strong> for those substances and to inform the Board without delay about any such changes.</td>
<td>(AR/2012/R14)</td>
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<td>The Board welcomes [Governments reporting on their <strong>licit requirements</strong> for ephedrine and pseudoephedrine] and encourages all Governments concerned to continue to <strong>collect and analyse such data.</strong></td>
<td>(PRE/2004/P30)</td>
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<td>The Board encourages countries in <strong>West Asia</strong> to <strong>review both their estimates of annual legitimate requirements and their methods for calculating such estimates.</strong> Furthermore, the Board invites all Governments to <strong>inform it of the methodologies</strong> used for preparing their estimates.</td>
<td>(PRE/2011/P23) (AR/2010/R32)</td>
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<td>The Governments of importing countries in <strong>West Asia</strong> are urged to take appropriate measures to <strong>monitor the manufacture, distribution and export of preparations of ephedrine and pseudoephedrine</strong>, to ensure that the end-users are legitimate and to prevent accumulation of that substance in quantities exceeding their licit requirements.</td>
<td>(PRE/2006/P83)</td>
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