

II. Action taken by Governments and the International Narcotics Control Board

7. The present chapter provides information on action taken by Governments and the Board since its 2016 report on precursors.

A. Scope of control

8. On 16 March 2017, the Commission on Narcotic Drugs decided, in accordance with the Board's recommendation, to add NPP and ANPP, two precursors of fentanyl and of a few "designer" fentanyls, to Table I of the 1988 Convention. The decision was taken unanimously and became effective on 18 October 2017, 180 days after it was communicated by the Secretary-General to parties.

9. As has been common practice in the past, and pursuant to Economic and Social Council resolution 1992/29, INCB is working with the World Customs Organization to ensure that new, unique Harmonized System codes are established for the newly scheduled chemicals. However, given the cycle of the Harmonized System nomenclature, individual codes for the two chemicals will not be available before January 2022. Therefore, **INCB encourages Governments to adopt, on a voluntary basis, interim, discrete codes based on Harmonized System nomenclature,² in which both chemicals are currently covered by the generic code 2933.39.**

B. Adherence to the 1988 Convention

10. As at 1 November 2017, the 1988 Convention had been ratified, acceded to or approved by 188 States and formally confirmed by the European Union (extent of competence: article 12). There have been no changes since the publication of the Board's 2016 report on precursors, leaving nine States — five in Oceania, three in Africa and one in West Asia (see annex I)³ — that have yet to become parties to the Convention. To reduce the vulnerability of those States to precursor trafficking, **INCB again urges the nine States that have yet to become parties to the 1988 Convention to implement the provisions of article 12 and accede to the Convention without further delay.**

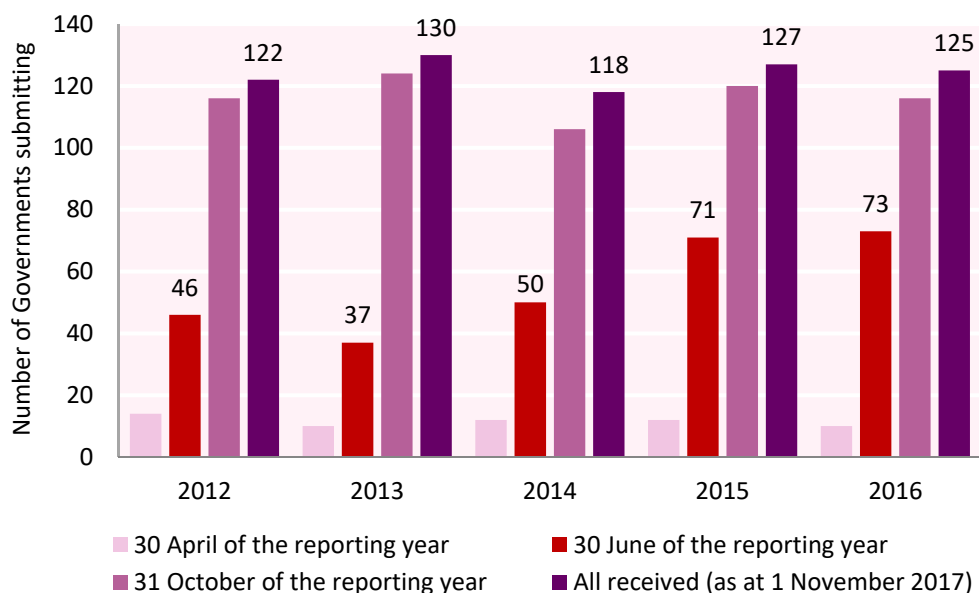
³ Equatorial Guinea, Kiribati, Palau, Papua New Guinea, Solomon Islands, Somalia, South Sudan, State of Palestine and Tuvalu.

C. Reporting to the Board pursuant to article 12 of the 1988 Convention

11. Under article 12, paragraph 12, of the 1988 Convention, States parties are required to submit annually to INCB aggregated information pertaining to the previous year on: seizures of substances in Table I and Table II of the Convention and, when known, their origin; any substance not included in Table I or Table II that is identified as having been used in illicit manufacture of narcotic drugs or psychotropic substances; and methods of diversion and illicit manufacture. The deadline for submission of the 2016 questionnaire (form D) was 30 June 2017, although INCB continued to encourage earlier submission (30 April) to facilitate its analysis and ensure sufficient time for any necessary clarification of the information provided.

12. As at 30 June 2017, 73 States parties had submitted form D for 2016, a rate slightly higher than last year and the highest in five years; as at 1 November 2017, the cut-off date for the present report, the number had increased to 125 (see figure I). In addition, seven States parties had submitted form D for the previous reporting cycle (calendar year 2015). INCB also noted that a number of States parties, as in the past, had submitted blank forms or incomplete information, a situation that continued to impact the Board’s analysis of regional and global precursor patterns and trends. For 2016, incomplete information was submitted by 52 States parties, corresponding to 42 per cent of all submissions. **Governments are reminded to submit a consolidated, completed form D, using the latest version⁴ of the form and submit it as soon as practically possible but no later than 30 June of the year following the reporting period.**

Figure I. Form D submissions by States parties to the 1988 Convention, by date of submission, 2012–2016



13. For the 2016 reporting cycle, 60 States parties to the 1988 Convention failed to report to the Board.⁵ Of those, 2 States parties (Gabon and Marshall Islands) have never submitted form D, and 28 States parties have not done so in the past five years (see table). Angola and Dominica resumed

submission after failing to submit form D for five years. Comprehensive information about the submission of form D by Governments is included in annex VII.

⁴ The latest version of form D is available, in the six official languages of the United Nations, on the INCB website.

⁵ The Holy See and San Marino did not furnish form D separately as their data are included in the report of Italy. Similarly, the data for Liechtenstein are included in the report of Switzerland.

Table. States parties failing to report as required under article 12, paragraph 12, of the 1988 Convention, 2016

Antigua and Barbuda ^a	Ethiopia	Niger ^a
Bahamas ^a	Gabon ^b	Niue ^a
Bangladesh	Grenada ^a	Norway
Barbados	Guinea ^a	Qatar
Belize	Guinea-Bissau	Rwanda
Benin	Haiti	Saint Kitts and Nevis ^a
Botswana ^a	Iran (Islamic Republic of)	Samoa
Burkina Faso ^a	Kuwait	Sao Tome and Principe ^a
Burundi	Kyrgyzstan	Sierra Leone ^a
Cambodia	Lesotho ^a	Suriname ^a
Cameroon	Liberia ^a	Swaziland ^a
Central African Republic ^a	Libya ^a	The former Yugoslav Republic of Macedonia ^a
Chad	Malawi ^a	Timor-Leste
Comoros ^a	Mali	Togo
Congo ^a	Marshall Islands ^b	Tonga ^a
Cook Islands ^a	Mauritania ^a	Uganda
Cuba ^a	Mauritius	Vanuatu ^a
Djibouti ^a	Micronesia (Federated States of)	Viet Nam
Dominican Republic	Nauru ^a	Yemen
Eritrea	Nepal	Zambia

Note: See also annex VII.

^a Government that failed to submit form D for any year during the period 2012–2016.

^b Government that has never submitted form D.

14. In 2016, 89 States parties provided the mandatory information on form D on seizures of substances in Table I or Table II of the 1988 Convention. (For details on the reported seizures of those substances, by region, see annex VIII.) However, only 62 parties provided information in enough detail to support the identification of weaknesses and emerging trends with a view to preventing future diversions. Such detail includes information about substances not in Table I or Table II (60 Governments, or 48 per cent of all 125 submitting States parties) and information on methods of diversion and illicit manufacture (35 Governments, or 28 per cent). INCB regrets that such information is often reported by the media or in national reports, included in official conference presentations and sometimes communicated through PICS, but is too often not included on form D. **INCB encourages Governments to include on form D all relevant details about seizures of substances listed in Table I and Table II and of alternate substances; in particular, information on origin, where known, and methods of diversion and illicit manufacture. INCB also encourages Governments to respond to its requests for clarification or confirmation regarding the seizure information provided on form D or taken from other sources, including official government websites.**

15. On form D for 2016, 16 countries reported 177 stopped shipments, a reflection of vigilance on the part of the competent

national authorities, although the majority of shipments were stopped for administrative reasons. Those shipments involved 13 different substances. The substances in Table I of the 1988 Convention most frequently involved in stopped shipments were acetic anhydride (32 shipments; including attempts to purchase the substance), potassium permanganate (14 shipments), phenylacetic acid (6 shipments), piperonal (5 shipments), pseudoephedrine (2 shipments) and ergotamine (1 shipment). The stopped shipments that were actual diversion attempts are discussed in the relevant subsections of chapter III below.

D. Legislation and control measures

16. In accordance with the provisions of article 12 of the 1988 Convention and the relevant resolutions of the General Assembly, the Economic and Social Council and the Commission on Narcotic Drugs, Governments are requested to adopt and implement national control measures to effectively monitor the movement of precursor chemicals. In addition, Governments are requested to further strengthen existing precursor control measures if any weaknesses are identified. The following changes in control measures have come to the attention of INCB since the publication of its last report on precursors.

17. Effective 1 July 2016, a decree of the Government of Georgia established implementing rules for the import and export of precursors in list IV of the Georgian law on narcotic drugs, psychotropic substances, precursors and narcological aid; import and export authorizations are now required for all substances in Table I and Table II of the 1988 Convention.

18. In Argentina, the Federal Council of Chemical Precursors was created, by Law No. 27283 of 20 October 2016, as an advisory body for the National Registry of Chemical Precursors (RENPRE), the competent authority. Among other things, the Council is mandated to analyse any issues related to substances listed under articles 24 and 44 of law 23737; assess precursor chemicals to be controlled; maintain a national map of production of, trade in and distribution of precursor chemicals; and propose new policies and improve control mechanisms on the production of, trade in and distribution of precursor chemicals. In November 2016, Argentina passed a bill criminalizing the intentional diversion of precursor chemicals.⁶

19. On 22 February 2017, the Drug Control Committee of the Government of Bangladesh cancelled the registration of all pseudoephedrine-based medicines with a view to curbing diversion from licit distribution channels into illicit methamphetamine manufacture. The measures became effective in May 2017, following a three-month transition period, and included the termination of all activities related to pseudoephedrine manufacture, trade and distribution.

20. On 16 March 2017, the Plurinational State of Bolivia implemented a new law, No. 913, on combating trafficking in controlled substances. Among other things, the law requires the implementation of a system of registration of controlled substances and permits the sale of seized precursor chemicals only to persons or companies authorized to carry out industrial activities.

21. In April 2017, the European Commission amended the European Union voluntary monitoring list of non-scheduled substances, the European Union equivalent of the limited international special surveillance list of non-scheduled substances. Further to a decision made at the meeting of the European Union Group of Experts on Drug Precursors in November 2016, the list is now divided into two parts: substances with known legal use and trade; and substances with no known legal use and trade beyond limited research and laboratory analytical purposes (i.e., so-called “designer” precursors or “made-to-order” precursors). The second part is to be further developed and to be used in conjunction with an amendment made to the European Union precursors legislation in December 2013, prohibiting the introduction of consignments of non-scheduled substances into the customs

territory of the European Union or their departure from it where there is sufficient evidence that those substances are intended for the illicit manufacture of narcotic drugs or psychotropic substances (the so-called “catch-all clause”).

22. Effective January 2017, the United States of America revised the regulations for the import and export of controlled substances, listed chemicals and tableting and encapsulating machines, and the regulations regarding the reports required for domestic transactions involving listed chemicals and tableting and encapsulating machines. The revision implements a broader presidential executive order to streamline the import and export process through electronic data transfer. Compliance with the revised regulations was required by 28 June 2017.

23. Switzerland introduced the mandatory registration of all operators involved in the trade in acetic anhydride and potassium permanganate above defined threshold levels, including brokers, in October 2017. Pharmaceutical preparations containing ephedrine and pseudoephedrine and a number of “designer” precursors of amphetamine-type stimulants were also placed under control.

24. A number of countries informed the Board of the implementation at the national level of recent scheduling decisions by the Commission on Narcotic Drugs. Those countries included El Salvador, Mexico and Switzerland, where NPP and ANPP were added to the list of controlled chemicals, effective 4 May 2017, 19 July 2017 and 1 October 2017, respectively.

25. In accordance with Economic and Social Council resolution 1992/29, information on the specific control measures applied to the substances in Table I and Table II of the 1988 Convention, as well as to additional chemicals under national control, are available on the secure website of INCB. To ensure that the INCB information package on the control of precursors is up to date at all times, **INCB encourages all Governments to inform it regularly of relevant changes to their national precursor legislation.**

26. Additional materials that were added in 2017 to the INCB secure website for competent national authorities included: Harmonized System classifications of selected non-scheduled chemicals used in the illicit manufacture of drugs; a precursor chemical information resource providing detailed technical information for about 120 chemicals used in the illicit manufacture of amphetamine-type stimulants and other drugs; and a compilation of all precursor-related recommendations made by the Board during the period 2000–2016.

27. In March 2017, the Commission on Narcotic Drugs adopted resolution 60/5, entitled “Increasing international coordination relating to precursors and non-scheduled

⁶ Law No. 27302 of 8 November 2016. It repeals several articles of Law No. 23737, which contains basic provisions on drugs.

precursor chemicals used in the illicit manufacture of narcotic drugs and psychotropic substances”. In the resolution, the Commission invited States to take a range of voluntary measures and to enhance cooperation among Governments and with INCB to address the issue of non-scheduled precursor chemicals used in the illicit manufacture of narcotic drugs and psychotropic substances. Such measures could include: improved cooperation with and information-sharing by relevant industrial sectors on suspicious orders and transactions; adopting measures authorizing the suspension of suspicious consignments; sharing the names of frequently diverted non-scheduled chemicals with INCB for possible inclusion in the limited international special surveillance list of non-scheduled substances; and compiling lists of non-scheduled chemicals with no known legitimate uses but known to be used for illicit drug manufacture. **INCB welcomes the adoption of the resolution, which reflects a number of items that it has repeatedly highlighted as critical in addressing the challenges of non-scheduled chemicals, including “designer” precursors.**

E. Submission of data on licit trade in, uses of and requirements for precursors

28. In accordance with Economic and Social Council resolution 1995/20, INCB requests the provision, on form D, of data on licit trade in, use of and requirements for substances in Table I and Table II of the 1988 Convention. Provision of those data is on a voluntary and confidential basis and allows INCB to help Governments to prevent diversion by cross-checking data from trading partners.

29. The number of Governments submitting data on licit trade was similar to previous years: as at 1 November 2017, the Governments of 117 States parties had provided information on licit trade in substances in Table I or Table II of the 1988 Convention and 114 had furnished data on licit uses of and/or requirements for one or more of the substances in Table I or Table II of the 1988 Convention (see annex IX). The Governments of Angola, Fiji, Iraq and Paraguay submitted licit trade data for the first time in five years. **INCB commends those Governments that have provided comprehensive licit trade data for substances in Table I or Table II of the 1988 Convention. The data are important for understanding patterns of regular trade, with a view to facilitating the identification of suspicious activity and preventing diversion of those substances.**

30. Voluntary provision of licit trade data also gives some indication of the volume of trade from and to Taiwan Province of

China. As INCB has previously noted,⁷ a number of countries regularly report such trade on form D, thus providing evidence of the Province’s role as a major exporter of precursors, although pre-notifications of its exports are not provided through the PEN Online system. Based on available information, Taiwan Province of China accounted for 6.5 per cent of all pseudoephedrine exports reported on form D during the period 2012–2016. In that period, on average, 12 countries reported imports from Taiwan Province of China on their form D; nearly 70 per cent of all imports were reported by the Syrian Arab Republic (see para. 54 below).

31. Analysis and understanding of licit trade are complicated by the fact that shipments of chemicals under international control traded within countries that are part of regional customs unions, such as the European Union single market, are not reported through the PEN Online system or on form D. **Relevant competent national and regional authorities should devise effective mechanisms to adequately monitor the movement of precursors within their customs union borders and ensure the legitimate ultimate end use of those precursors.**

F. Annual legitimate requirements for imports of precursors of amphetamine-type stimulants

32. In its resolution 49/3, the Commission on Narcotic Drugs requested Member States to provide to the Board annual estimates of their legitimate requirements for certain substances frequently used in the manufacture of amphetamine-type stimulants, namely 3,4-MDP-2-P, pseudoephedrine, ephedrine and P-2-P, and, to the extent possible, preparations containing those substances that could be easily used or recovered by readily applicable means. The information is provided each year on form D, in the section entitled “Licit uses and needs”, and can be updated by Governments and provided to the Board at any time during the year.

33. The number of Governments that have provided at least one estimate continued to increase, as did the number of estimates. Since the publication of the Board’s 2016 report on precursors, three Governments submitted estimates of their legitimate requirements for the first time: the Government of Fiji submitted an estimate for ephedrine preparations (1 kg); the Government of Seychelles submitted estimates for ephedrine preparations (1 kg) and pseudoephedrine preparations (1 kg); and the Government of the Sudan submitted estimates for the annual legitimate requirements for ephedrine preparations (50 kg), pseudoephedrine raw material (1,500 kg) and

⁷ E/INCB/2011/4, para. 31, and E/INCB/2012/4, para. 32.

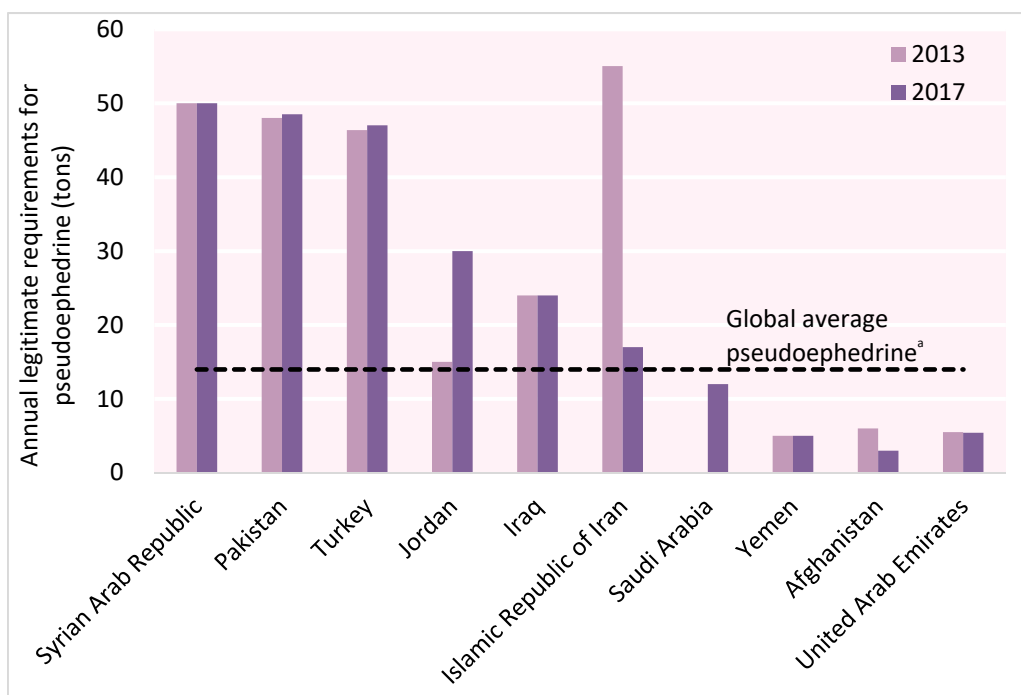
pseudoephedrine preparations (3,000 kg). The Government of the Sudan also confirmed that ephedrine raw material and 3,4-MDP-2-P did not need to be imported into the country. The above submissions brought the total number of Governments providing estimates of annual legitimate requirements to 166. The estimates of annual legitimate requirements submitted by Governments as at 1 November 2017 are listed in annex II, and are regularly updated on the Board’s website.

34. Since the Board’s last report on precursors, the most significant update regarding the estimated annual legitimate requirements was the reduction of the estimate for pseudoephedrine from 49 to 0 tons by Bangladesh (see para. 19 above). Other notable updates were reported by Italy and Zimbabwe. Italy revised its annual legitimate requirement for the import of pseudoephedrine preparations from 0 to 10 tons. The Government of Zimbabwe revised its annual legitimate requirement for the import of pseudoephedrine (to be used in the manufacture of pharmaceutical products) from 150 to 400 kg. INCB is also in the process of clarifying the proposed significant revisions of estimates provided by the authorities of

Honduras, India and South Africa, in particular with regard to ephedrine and pseudoephedrine and their preparations. The Government of China decreased its estimates for ephedrine (from 60 to 24 tons) and for pseudoephedrine (from 200 to 86 tons).

35. An area that has for some time⁸ been of concern to INCB and the authorities of a number of exporting countries are pre-export notifications and the unusually high estimated annual legitimate requirements for imports of pseudoephedrine by some countries in West Asia (see figure II and para. 84 below). Although several Governments have reduced their estimates in recent years, the annual legitimate requirements in a number of countries in the region continue to be between 1.5 and 3.5 times larger than the global average. Between 2013 and 2017, Jordan was the only country in the region recording a major increase in its estimated requirements. **INCB wishes to commend Governments, in particular those of Afghanistan and Iran (Islamic Republic of), that have made efforts to more accurately estimate their import requirements, and urges all others to carefully assess whether estimates and actual imports meet national needs, so as to prevent any diversion.**

Figure II. Annual legitimate requirements for combined bulk and pharmaceutical preparations containing pseudoephedrine for selected countries in West Asia, 2013 and 2017



Note: Totals include annual legitimate requirements for pseudoephedrine both in bulk and in the form of pharmaceutical preparations.
^a Global average of annual legitimate requirements for pseudoephedrine for Governments requiring a minimum of 10 kg in 2017

⁸ For example, E/INCB/2011/4, para. 23.

36. Operation “Missing links” (see para. 56 below) was designed in part to address concerns by the authorities of exporting countries and INCB about the final destination of ephedrine and pseudoephedrine shipped to or through conflict areas, in particular in North Africa and the Middle East.

37. Over the years, the estimates of annual legitimate requirements have proved to be an effective tool for Governments in assessing the legitimacy of shipments of precursor chemicals. Nevertheless, there have been some persistent challenges related to the use of annual legitimate requirements as a precursor control tool, as a result of which they have not yet been used to their full potential (see box below).

Box. Challenges related to the use of annual legitimate requirements as a precursor control tool

- A total of 35 States parties to the 1988 Convention have not yet provided any estimates to the Board; 46 per cent of those States parties are from Africa, 20 per cent are from Oceania, 17 per cent are from the Americas, 11 per cent are from Asia and 6 per cent are from Europe.
- A number of Governments, including Governments of major trading countries, have provided only some estimates of the annual legitimate requirements and have not provided estimates for all four substances and their preparations.
- While many Governments update their estimates of annual legitimate requirements annually to reflect changing market conditions, some have not done so for years. In 2017, more than 100 countries and territories reconfirmed or updated the annual legitimate requirement for at least one of the four substances and their preparations, and almost half of those countries and territories reconfirmed or updated the annual legitimate requirements for all relevant substances. However, some estimates date back to 2006 and have never been updated.
- A number of Governments appear to have built in a “safety margin” of significant proportions when establishing their requirements and actually import significantly less than their estimated annual legitimate requirements.
- In other cases, Governments report on form D imports of amounts of certain substances that are much larger than the estimated annual legitimate requirements.
- In some cases, Governments indicate on form D the use of a substance or a number of substances for specific purposes; however, they do not provide any indication regarding the estimated amounts required.

38. To more accurately establish their estimates, Governments may refer to 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”. Both are available on the Board’s website.

39. **The Board invites all Governments to establish and regularly review all estimates of annual legitimate requirements, taking into account the prevailing market conditions, and inform the Board of any changes. Furthermore, the Board invites Governments to list specific needs and uses for each substance and to clearly indicate if there is no need for those substances by inserting a value of “zero”. In cases where the proposed imports exceed the estimated annual legitimate requirements of the substance in question, the Board invites Governments of the**

exporting countries to obtain an explicit confirmation through PEN Online from the authorities of the importing country regarding the legitimacy of the planned shipment, or to contact INCB, as necessary.

G. Pre-export notifications and utilization of the Pre-Export Notification Online system

40. Pre-export notifications are at the core of the system of monitoring international trade in substances in Table I and Table II of the 1988 Convention. In order for the pre-export notification system to be effective, Governments must formally invoke article 12, subparagraph 10 (a), to make it mandatory for the authorities of exporting countries to send pre-export notifications. Although not a treaty-mandated requirement, Governments should also register with the Board’s automated

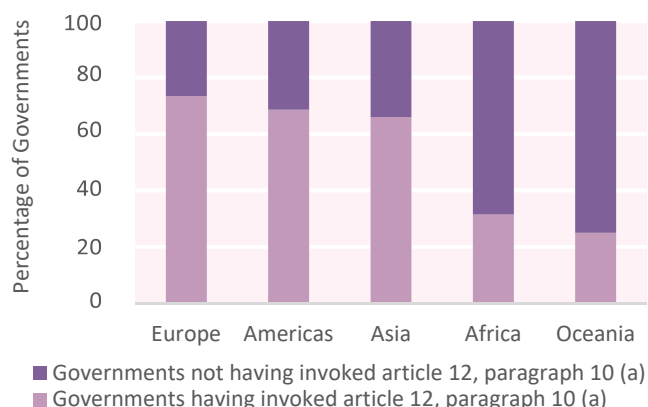
online system for the exchange of pre-export notifications, PEN Online, to ensure that they receive information in real time about all relevant planned shipments of chemicals destined for their territory, before those shipments leave the exporting country.

1. Pre-export notifications

41. As at 1 November 2017, 112 States and territories had formally requested pre-export notifications pursuant to article 12, subparagraph 10 (a), of the 1988 Convention. There have not been any new requests since the publication of the Board’s 2016 report on precursors (see annex X).

42. Whereas in Europe, Asia and the Americas, approximately two thirds of Governments have officially requested pre-export notifications, the percentage of Governments in Africa and Oceania having invoked article 12, subparagraph 10 (a), remains low (see figure III). Those Governments therefore run the risk of not receiving pre-export notifications at all and being vulnerable to traffickers of precursor chemicals.

Figure III. Governments having invoked article 12, subparagraph 10 (a), of the 1988 Convention, by region (as at 1 November 2017)



43. INCB would once again like to remind Governments that registration with the PEN Online system does not automatically invoke article 12, subparagraph 10 (a), or vice versa, and reminds importing Governments that exporting authorities are not obliged to send notifications unless the importing party has officially requested such notifications.

2. Pre-Export Notification Online system

44. The PEN Online system, launched by INCB in March 2006, is an automated, cost-free tool that enables Governments

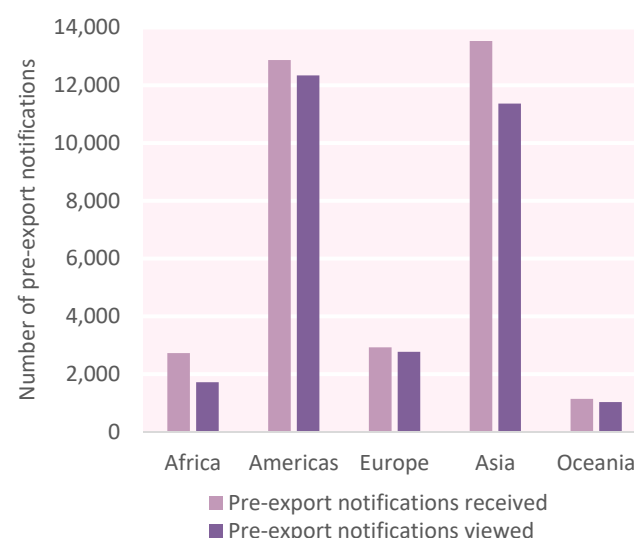
⁹ Angola, Antigua and Barbuda, Botswana, Cameroon, Central African Republic, Comoros, Democratic People’s Republic of Korea, Democratic Republic of the Congo, Djibouti, Dominica, Equatorial Guinea, Fiji, Gabon, Guinea, Guinea-Bissau, Guyana, Kiribati, Lesotho, Liberia, Malawi,

to communicate in a timely manner, monitor international trade in scheduled substances and rapidly identify suspicious shipments.

45. During the reporting period, four additional Governments (Kuwait, Maldives, South Sudan and Timor-Leste) received authorized access to the PEN Online system, bringing the total number of registered Governments to 157. **The Board encourages the Governments that have not registered with the PEN Online system⁹ to do so without delay.** In particular, the Board has noted that, whereas in the Americas, Europe and Asia, almost all Governments have registered with the system, only 59 per cent (32 Governments) and 31 per cent (5 Governments) in Africa and Oceania, respectively, have registered.

46. Since the publication of the Board’s 2016 report on precursors, approximately 34,000 pre-export notifications have been submitted using the PEN Online system. The Board is pleased with the level of active utilization of the system by registered Governments with regard to the viewing of pre-export notifications received, although improvements in that regard could be made by users in countries in Africa and Asia, where only about 60 per cent and 80 per cent, respectively, of pre-export notifications received are viewed (see figure IV). **Governments are furthermore encouraged to make additional use of the reply function in the system to provide timely feedback to the exporting authority in order to ensure a continuous chain of monitoring through the system.**

Figure IV. Number of pre-export notifications received and viewed, by region, 1 November 2016–1 November 2017



Mauritania, Monaco, Mongolia, Mozambique, Nauru, Niger, Palau, Papua New Guinea, Saint Kitts and Nevis, Samoa, San Marino, Sao Tome and Principe, Somalia, Swaziland, the former Yugoslav Republic of Macedonia, Togo, Tonga, Turkmenistan, Tuvalu and Vanuatu.

47. In monitoring notifications communicated through the PEN Online system, INCB noted a large proportion of objections relating to the import authorization number not being included on the pre-export notification form. To avoid unnecessary administrative objections and delays in shipments, **INCB recommends that the authorities of exporting countries include all available details, including authorization numbers, in the relevant sections of the PEN Online pre-export notification form. Where necessary, Governments are also encouraged to initiate bilateral meetings to discuss the issue, or seek INCB support to establish contacts where they do not exist.**

48. INCB wishes to remind Governments that shipments dispatched without pre-export notifications are at greater risk of being diverted, in particular those shipments destined for countries that do not have in place a control system based on individual import permits. Information on the systems of authorization that Governments apply to the import (and export) of substances in Table I and Table II of the 1988 Convention is available in the Board's information package on the control of precursors, which is accessible to competent national authorities on the Board's secure website.

49. In its last report on precursors, INCB raised concerns over the integrity of controls on a Government's territory. Those concerns related specifically to territories where conflict, unresolved territorial disputes or other circumstances hinder the exercise of effective governmental control and to the risk of such territories being exploited by traffickers for the diversion of chemicals.¹⁰

50. The situation also creates difficulties for the authorities of exporting countries, as they will often be unable to send a pre-export notification to an officially recognized counterpart who has both the legal authority and the de facto capacity to provide adequate oversight and assurance regarding a shipment's end purpose or destination.

51. Such a situation occurs regularly in relation to proposed exports to northern Cyprus and the Kurdistan region in Iraq. According to PEN Online data, a substantial amount of pharmaceutical preparations containing pseudoephedrine is exported from Jordan to the Kurdistan region of Iraq. The competent national authorities in Iraq have objected (and continue to object) to all shipments to that region. However, pharmaceutical preparations are not under international control and not all countries have followed the recommendations contained in various resolutions of the Commission on Narcotic Drugs and implemented legislation to treat preparations containing ephedrine and pseudoephedrine

in the same manner as the precursors they contain. Therefore, INCB is not in a position to assess the actual scale of such preparations being traded and any discrepancies with actual needs, although from data shared voluntarily through the PEN Online system, traded amounts are in the range of several tons. In the absence of clear national regulations, such as those in States members of the European Union, where preparations were added to category 4 of the European Union precursors legislation in December 2013, competent national authorities may face difficulties objecting to exports, even when they are suspicious.

52. In 2016, Indian authorities stopped a shipment of 500 kg of pseudoephedrine to northern Cyprus on the grounds of lack of recognition of the territory by the Government of India.

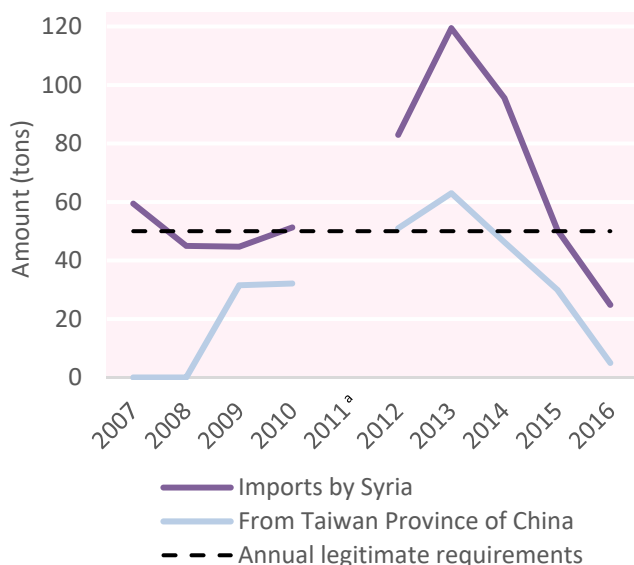
53. Given Governments' limited ability to interact with, and INCB's limited ability to respond to communications relating to, territories whose status is unclear, contested or, at any given time, not effectively within the scope of control of a recognized entity's competent national authorities, there are serious risks that trade will proceed without any oversight or assurance about its end purpose or destination. A heightened risk would be present in cases where both the importing company and the exporting company are located in areas beyond the relevant competent authorities' control. At the same time, there is also restricted capacity to support States in complying with the objectives of the 1988 Convention and ensuring the availability of substances in Table I and Table II for legitimate purposes in all regions of the world, irrespective of their status.

54. Another country that has been of concern to INCB and exporting countries in this context is the Syrian Arab Republic, in particular because of its previously thriving pharmaceutical industry and the impact of the lasting conflict on that industry, as well as on the competent authorities' ability to effectively control the trade in precursors in their territory. While imports of pseudoephedrine into the country largely matched the estimated annual legitimate requirements before 2011, they reached an all-time high in 2013 (see figure V). Taiwan Province of China was the major exporter of pseudoephedrine to the Syrian Arab Republic and accounted, on average, for 50 per cent of reported amounts during the period 2012-2016. The decline in the amount imported since 2013 is a result of increased awareness by exporting countries and a series of measures taken by the Government of the Syrian Arab Republic, including a temporary moratorium, from late 2015 to mid-2016, on the approval of pseudoephedrine imports.¹¹ INCB understands that the moratorium was renewed twice in 2017.

¹⁰ E/INCB/2016/4, paras. 207–210.

¹¹ E/INCB/2016/4, para. 30.

Figure V. Imports and estimated annual legitimate requirements for imports of pseudoephedrine reported by the Government of the Syrian Arab Republic on form D, 2007–2016



^a No form D submitted for 2011.

H. Activities and achievements in international precursor control

1. Project Prism and Project Cohesion

55. Project Prism and Project Cohesion are the two INCB platforms for international cooperation in matters related to chemicals used in the illicit manufacture of drugs, specifically synthetic drugs (Project Prism) and heroin and cocaine (Project Cohesion). During the reporting period, the INCB Precursors Task Force, which leads the two projects, coordinated the following initiatives:

(a) Operation “Missing links”, which was designed to address concerns by the authorities of exporting countries and INCB about the final destination of precursors of amphetamine and methamphetamine shipped to or through conflict areas, in particular in North Africa and the Middle East, as well as to close intelligence gaps concerning the types and sources of chemicals used in the illicit manufacture of fake “captagon” tablets;¹²

(b) Operation “Follow me”, which is aimed at facilitating and enhancing the exchange of operational information on identified and suspected diversion attempts and trafficking in acetic anhydride among countries that have been targeted recently by acetic anhydride traffickers;

(c) A global survey to identify the sources and modi operandi used by traffickers to obtain illicitly manufactured fentanyl, fentanyl analogues, other opioid-type new psychoactive substances, and related precursors, which was conducted jointly with the INCB New Psychoactive Substances Task Force.

56. Operation “Missing links” was launched in October 2016 and concluded in mid-January 2017, followed by an eight-week post-operational consolidation period. Thirty-seven countries and territories and four international organizations participated; three countries made use of the possibility to submit samples from 65 “captagon” seizures for detailed forensic profiling to the laboratory of the German Federal Criminal Police. The Operation also benefited from the German liaison officers’ network, which facilitated communication on the ground.

57. With regard to licit trade monitoring, the authorities of participating countries recorded no irregularities in international trade in the target chemicals and destinations and no indications of diversions during the operational period. Forensic profiling and seizure information suggested, for the first time, the availability of recently scheduled (APAAN) and non-scheduled (P-2-P methyl glycidic acid derivatives) chemicals for the illicit manufacture of the active ingredient in fake “captagon” tablets. **INCB wishes to commend all Governments that participated in the Operation and encourages continued vigilance and enhanced sharing of information that may help to further elucidate the modi operandi of traffickers engaged in acquiring precursor chemicals for and illicitly manufacturing fake “captagon” tablets.**

58. Operation “Follow me” was preceded by a closed, operational meeting that was convened in March 2017 and provided an initial platform for informal information-sharing among all interested countries affected by one or more recent incidents involving acetic anhydride. The Operation and the related information exchange, in which INCB assumed a coordinating role, have improved knowledge of current modi operandi of traffickers and helped to establish links between incidents that otherwise appeared to be isolated cases. They have also helped to identify loopholes in national precursor control systems, especially in relation to the procedures for granting or refusing registration of precursor operators. At the practical, operational level, a number of challenges have been highlighted, including issues related to: (a) information ownership; (b) cooperation and information-sharing between regulatory and law enforcement authorities; (c) legal

¹² The term “fake ‘captagon’” is used to refer to what is available today on the illicit market in countries in the Middle East. The composition of the product has nothing

in common with Captagon, the pharmaceutical product that was available from the early 1960s and contained the substance fenethylline.

constraints, limited capacity and/or limited willingness to investigate incidents, including shipments objected to through the PEN Online system, before they become criminal cases; and (d) legal constraints regarding the bilateral sharing of information before an investigation is concluded. These challenges need to be addressed by Governments in order to prevent diversions and allow for related criminal activities to be fully investigated and prosecuted.

59. With regard to the global illicit fentanyl survey mentioned in paragraph 55 (c) above, from among the 58 countries and territories for which information was provided, one or more relevant precursor chemicals were reported as having been encountered in 11 countries (Canada, Colombia, the United States and 8 countries in Europe). Chemicals included NPP and ANPP, as well as their precursors, substitutes and other necessary chemicals.

60. Additional information on trends and findings of the operations and the survey are discussed in the relevant sections of chapter III of the present report.

61. As in the past, Project Prism and Project Cohesion focal points were alerted to major trends in precursor trafficking, diversions and attempted diversions, *modi operandi* and newly emerging precursors by means of special alerts. During the reporting period, seven alerts were issued and disseminated. They related to the interim and final results of Operation “Missing links”, trafficking in acetic anhydride, the identification in Lebanon of a non-scheduled chemical for use in the illicit manufacture of fake “captagon”, the identification of masked derivatives of amphetamine-type stimulants (see paras. 116 and 142 below) and the suspension of the granting of import authorizations for pseudoephedrine and related substances by the authorities of the Syrian Arab Republic.

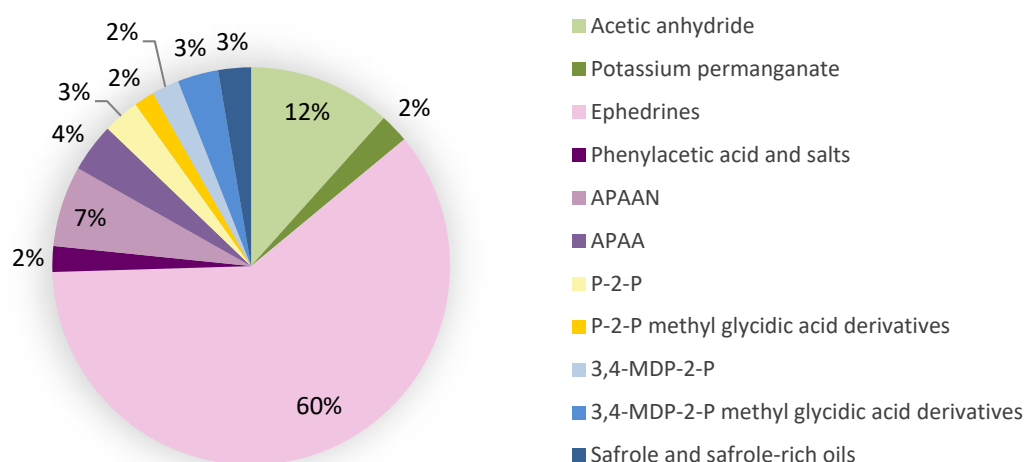
2. Precursors Incident Communication System

62. PICS, which is available in English, French, Russian and Spanish, continues to provide registered users with a free platform for the exchange of real-time information on incidents involving substances in Table I and Table II, as well as substances not under international control. Incidents include seizures, shipments stopped in transit and dismantled illicit laboratories. A growing number of users include details in the free text fields of the system about *modi operandi* and other operationally relevant information. In several cases, INCB has established direct contact between competent authorities to exchange information on specific incidents and has also issued alerts on new trends and specific incidents (see para. 61 above).

63. Since the publication of the last report on precursors, the number of registered PICS users has grown to nearly 480,¹³ the number of agencies to more than 240 and the number of Governments to 104. The number of incidents communicated through PICS had reached nearly 2,050 as at 1 November 2017, an increase of more than 300 since the last report. Those incidents had involved more than 60 different countries and territories.

64. Since the launch of PICS in March 2012, incidents involving nearly 200 different substances (substances in both Table I and Table II of the 1988 Convention, and non-scheduled chemicals) have been communicated through the system. To date, the substances most frequently mentioned have been ephedrine and pseudoephedrine (60 per cent), followed by acetic anhydride (12 per cent) and APAAN (7 per cent) (see figure VI). Chemicals not under international control, including substances on the limited international special surveillance list of non-scheduled substances, have accounted for 44 per cent of all references to substances.

Figure VI. References to substances in the Precursors Incident Communication System, selected substances, 2012–2017



¹³ Governments that have not yet registered PICS focal points for their relevant national authorities involved in

precursor control may request an account by writing to pics@incb.org.

65. During the reporting period, there were several examples where information shared through PICS helped to build cases involving what would otherwise have appeared as isolated incidents.¹⁴ To further enhance the operational value of PICS and facilitate the launching of investigations in the countries concerned, **INCB wishes to remind PICS users to share actionable information, such as routing information (source, transit and destination), company information, relevant documentation and the names used to disguise the identity of chemicals.**

¹⁴ For further details about PICS and the minimum action for sharing information about precursor incidents through the system, see E/INCB/2015/4, box 3 (p. 11).