

participation of the other international bodies is important for the continuing success of the operation. The Board trusts that, with the full support of those bodies, further trafficking networks will be identified and their activities stopped during 2004.

III. Analysis of data on seizures of, and the illicit traffic in, precursors and trends in the illicit manufacture of drugs

A. Overview

69. The analysis presented below provides an overview of major trends in the diversion of and trafficking in precursor chemicals. In the analysis of available data, consideration has been given to information provided by the law enforcement and regulatory authorities, not only on seizures, but also on known cases of diversion and attempted diversion, on stopped or suspended shipments in international trade and on the illicit manufacture of drugs. The findings of investigations that have been undertaken are also considered.

70. The present report contains data on seizures of substances in Tables I and II of the 1988 Convention for the years 1998-2002; the data were furnished by Governments under the provisions of article 12 of the 1988 Convention (see annex III). Typical uses of those substances in the illicit manufacture of narcotic drugs and psychotropic substances are described in annex VII.

71. Seizures of almost all the substances in Tables I and II of the 1988 Convention have been reported for 2002, the exception being *N-acetylanthranilic acid*, which is used in the illicit manufacture of methaqualone. On the basis of the available information, the following observations can be made:

(a) With any order for, in particular, precursors for amphetamine-type stimulants such as P-2-P and 3,4-MDP-2-P, which have specialized licit uses, the Government of the country from where the order is placed should carry out a thorough review to establish the intended end-use and the volumes required for such purposes, including by conducting physical checks of the importing company and consignees to ensure the

reported end-use is consistent with the reported activities of the company involved;

(b) Links are increasingly being uncovered between the networks smuggling drugs and those smuggling precursors, including the use of similar modus operandi to conceal consignments to avoid detection by customs authorities. Intelligence on networks involved in trafficking in drugs should be reviewed, together with those trafficking in precursors, by appropriate international and regional bodies such as Interpol, the World Customs Organization, the Colombo Plan Bureau, Europol, CICAD, the European Anti-Fraud Office (OLAF), the South Asian Association for Regional Cooperation and the Southern African Development Community to identify common links and to plan appropriate operations to stop such activities;

(c) Shipments stopped in international trade because of irregularities or suspicions are not receiving the same attention that would be afforded to a seizure of the same substance. Governments are urged to ensure that stopped shipments receive the necessary attention, as such a case can provide a valuable source of intelligence and, most importantly, may be the only method whereby persons who place multiple orders in different countries can be identified and prosecuted, in order to prevent diversions elsewhere;

(d) Traffickers are increasingly turning to pharmaceutical preparations as a source of the precursors that they require, not only ephedrine and pseudoephedrine, for the stimulant, methamphetamine, but also ergometrine, ergotamine and lysergic acid, for the hallucinogen lysergic acid diethylamide (LSD). While some Governments do not place pharmaceutical preparations under the same controls and monitoring mechanisms as the raw materials, there is now an urgent need to ensure that adequate mechanisms are in place to monitor shipments of such preparations in international trade, in order to prevent diversions from that source; and

(e) The international operations currently under way continue to show the utility of real-time exchange of information, not only with regard to licit shipments in international trade, but especially with regard to seizures. Where countries have such mechanisms in place, controlled deliveries can be utilized more effectively and smuggled consignments can be identified and intercepted. Where such mechanisms do

not yet exist, Governments should consider establishing a national focal point, or central national authority, through which all information on both licit and illicit consignments can be channelled.

B. Trends in the illicit traffic in precursors and other chemicals and the illicit manufacture of drugs

1. Substances used in the illicit manufacture of amphetamine-type stimulants

Ephedrine and pseudoephedrine

Seizures

72. During 2002, the authorities of China achieved notable successes in countering the illicit manufacture of methamphetamine in their country, seizing over 3 tons of ephedrine during the year. Elsewhere in the region, India, Myanmar and the Philippines also reported seizures of the substance for 2002. The Board has noted, however, that seizures of ephedrine have been falling in this region since 1999 and, at the same time, a corresponding decrease has been noted in the total volume seizures of methamphetamine in the region (see figure VIII).

73. It is possible that traffickers have identified new sources of the precursors they require, or are using different precursors such as P-2-P or phenylacetic acid, and that illicit manufacture may have been relocated to areas where law enforcement authorities do not have the same focus on the large-scale illicit manufacture and subsequent smuggling of methamphetamine. Such a scenario could be supported by the seizure of over 4 tons of ephedrine in the Philippines during July 2003, when authorities of that country located three warehouses being used to illegally store the substance and subsequently dismantled four clandestine laboratories manufacturing methamphetamine. The ephedrine seized had, in each case, been repacked in 25-kilogram bags, which had been relabelled. This may indicate that the ephedrine had been smuggled into the country. The Board is pleased to note that, following these successful cases, the law enforcement authorities of the Philippines are continuing with investigations and have, in accordance with the activities to be carried out under Project Prism mentioned in chapter II above, launched backtracking

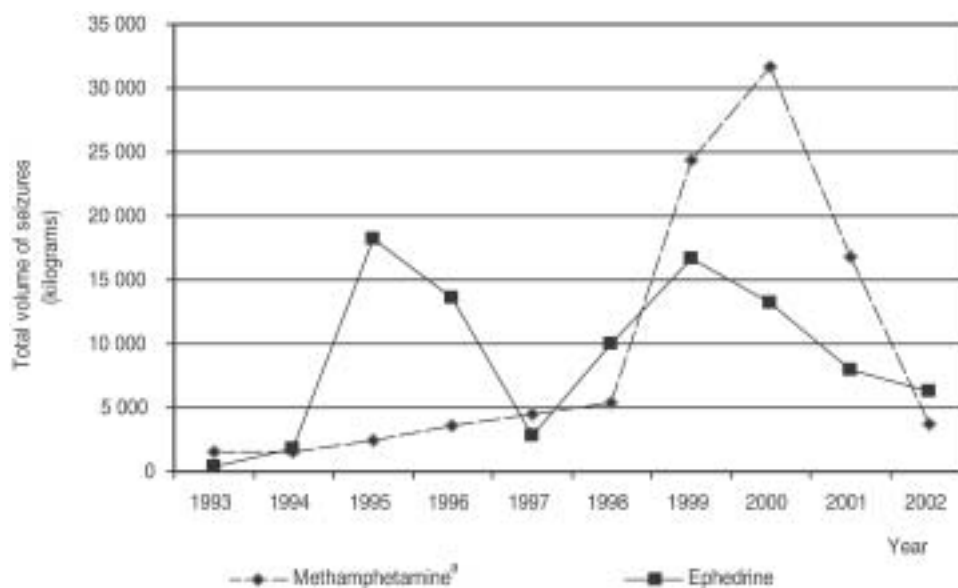
investigations to identify the actual source of the seized ephedrine.

74. The Board has also taken note that during 2003 Indian authorities dismantled a major network responsible for diversions of the substance from domestic distribution channels. In the case in question, authorities seized 1 ton of ephedrine in Chennai and, in the ensuing follow-up investigations, made an additional seizure of 1 ton of the substance in New Delhi. Follow-up investigations identified the company responsible for the diversion and an audit of the company's records showed that 2.6 tons of ephedrine had already been diverted prior to the two seizures. The Board trusts that further investigations into the diversion, as well as backtracking investigations into seizures, will recover the ephedrine in question, or a portion thereof, and identify the area where the substance was to have been used in the illicit manufacture.

75. The cases described above show that there is an urgent need for Governments of countries in Asia to monitor closely trends in the illicit manufacture of methamphetamine in the region, using all available means, including forensic analysis of seized samples to identify the precursors actually used in illicit manufacture, in order for the authorities to be able to effectively address changing trends.

76. In the Americas, Mexican authorities reported for 2002 their largest seizure of pseudoephedrine ever: over 3 tons of the substance. In a recent case, 4.2 million tablets containing pseudoephedrine (the equivalent of over 250 kg of pseudoephedrine) were seized when an attempt was made to "mis-declare" (falsely declare) the consignment from Hong Kong SAR of China. The seizure reported by Mexico was made at the same time as other seizures effected during March and April 2003, with two consignments, each consisting of 8 million pseudoephedrine tablets (the equivalent of over 500 kg of pseudoephedrine each), being seized in the United States, and a similar shipment, consisting of 4.8 million tablets (the equivalent of nearly 300 kg of pseudoephedrine), being seized in Panama. In each case, the shipment had been declared as "medicines" and had been shipped under a trade name. The consignments had been shipped from Hong Kong SAR and were transiting the United States en route to Mexico.

Figure VIII
Seizures of methamphetamine and ephedrine in Asia, 1993-2002



^a Seizure data for methamphetamine obtained from the annual reports questionnaire submitted by Governments to the United Nations Office on Drugs and Crime.

77. The above-mentioned cases highlight a situation that exists in some countries, where preparations are not placed under the same monitoring system as the raw materials. Since the cases were uncovered, the Board has noted that the competent authorities of Hong Kong SAR of China have taken steps to prevent similar shipments from taking place without pre-export notification, and other Governments have been requested, through Project Prism, to introduce measures to ensure that pharmaceutical preparations containing ephedrine and pseudoephedrine in international trade are properly monitored.

78. The above-mentioned seizures also show that diversions of pharmaceutical preparations containing ephedrine and pseudoephedrine are expanding beyond North America, where such diversions have been the main source of pseudoephedrine used in illicit manufacture for a number of years.²¹ Recently, customs authorities in the United Kingdom seized nearly 2 million ephedrine tablets (the equivalent of over 55 kg of ephedrine) which had been shipped from Guinea. Subsequent investigations determined that the shipment had originally been shipped from Pakistan to

the United Kingdom, where it was repacked and exported to Guinea. The re-export of the tablets to the United Kingdom is not believed to be linked to illicit manufacture; however, it is an elaborate tax fraud scheme to place the tablets on the United Kingdom market without paying the required duties, and traffickers can easily make use of similar schemes in their diversion attempts. The Board urges the competent authorities of Pakistan to launch investigations into the export of pharmaceutical preparations from their country to ensure that similar diversions to other countries have not taken place.

79. Further seizures of pharmaceutical preparations containing ephedrine or pseudoephedrine have been reported by other countries in Europe (Bulgaria, 14,000 tablets; Finland, 12,000 tablets; and Norway, 44,000 tablets). It has been noted that European countries, namely, the Netherlands and the United Kingdom, were the source of some of the ephedrine preparations seized by Australian authorities when attempts were made to smuggle consignments into the country, primarily through postal parcels. The Australian authorities have also identified a new

method of smuggling ephedrine, with four consignments, each consisting of 20 bath towels impregnated with ephedrine, being seized at Perth airport. The fact that traffickers are using methods more commonly associated with drug smuggling than with chemical smuggling indicates how effective controls over those materials in international trade are proving to be in preventing such diversions.

80. During 2001, a large seizure of ephedrine in Australia was identified as having been smuggled out of Yugoslavia, concealed in a consignment of tiles.²² The Board therefore noted with interest that, during 2002, Austrian authorities seized over 200 kg of ephedrine from Austria en route to Yugoslavia. Investigations carried out at that time identified a network responsible for diverting the substance from Switzerland to Austria, where the consignment was repacked in 1-kilogram packs and smuggled into Yugoslavia. The quick response by the authorities in Yugoslavia to the information provided by the Austrian authorities resulted in the seizure of equipment that could be used in the illicit manufacture of methamphetamine, as well as chemicals not under international control. Investigations are continuing to determine whether any links exist between the individuals involved in the consignment seized in Australia in 2001 and the consignment seized in Austria in 2002.

81. The Board has also taken note of a significant increase, during 2002, in seizures of ephedrine reported by Ukraine, where a total of over 1 ton of the substance was seized, the majority of which had been smuggled out of the Russian Federation. Furthermore, the authorities of Belarus have seized small amounts of ephedrine being smuggled from Hungary into the Russian Federation. The Board has requested the Governments of the countries concerned to launch joint backtracking investigations to identify the actual source of the seized substance. These and some of the other trafficking routes uncovered during the period 2002-2003 are shown in figure IX.

82. Following major diversions of tablets containing pseudoephedrine from Canada to the United States during 2001 and 2002, the Government of Canada introduced legislation in January 2003 to prevent the diversion of precursor chemicals (see chapter II above). Immediately prior to that legislation entering into force, traffickers in that country made a series of

attempts to divert ephedrine to Canada with orders placed in China, Germany, India, the Netherlands and the United Kingdom. In each of those cases, a false letter of no objection, purportedly issued by Health Canada, was submitted with the order. The six orders were for over 6 tons of the substance. However, due to the working mechanisms already in place to verify the legitimacy of shipments of ephedrine in international trade, all the shipments were stopped, with the exception of 300 kg exported from the Netherlands. The authorities of that country were, however, able to stop the shipment of a further order for nearly 3 tons that had been received later.

83. With legislation in place, further attempts by traffickers in Canada were detected; however, they had altered their modus operandi, with authorizations being requested for the export of four shipments, each containing 1,800 kg of pseudoephedrine, from Canada to France and Greece. The orders had been made using the names of bona fide companies in the respective countries, but upon receipt of the pre-export notifications sent by the Canadian authorities, it was determined that none of the companies had placed the orders and, in the case of France, a false import authorization had been supplied to the Canadian authorities. The Board notes the effectiveness of the control measures recently introduced in Canada. The Board urges other Governments that have not yet implemented controls to do so as soon as possible in order to prevent traffickers from targeting their countries for diversion attempts.

84. With the exception of the above-mentioned cases involving Canada, fewer attempted diversions of ephedrine and pseudoephedrine were reported during 2002: German authorities stopped a shipment of 200 kg of ephedrine to Albania, and Indian authorities stopped a shipment of 150 kg of ephedrine to Nigeria.

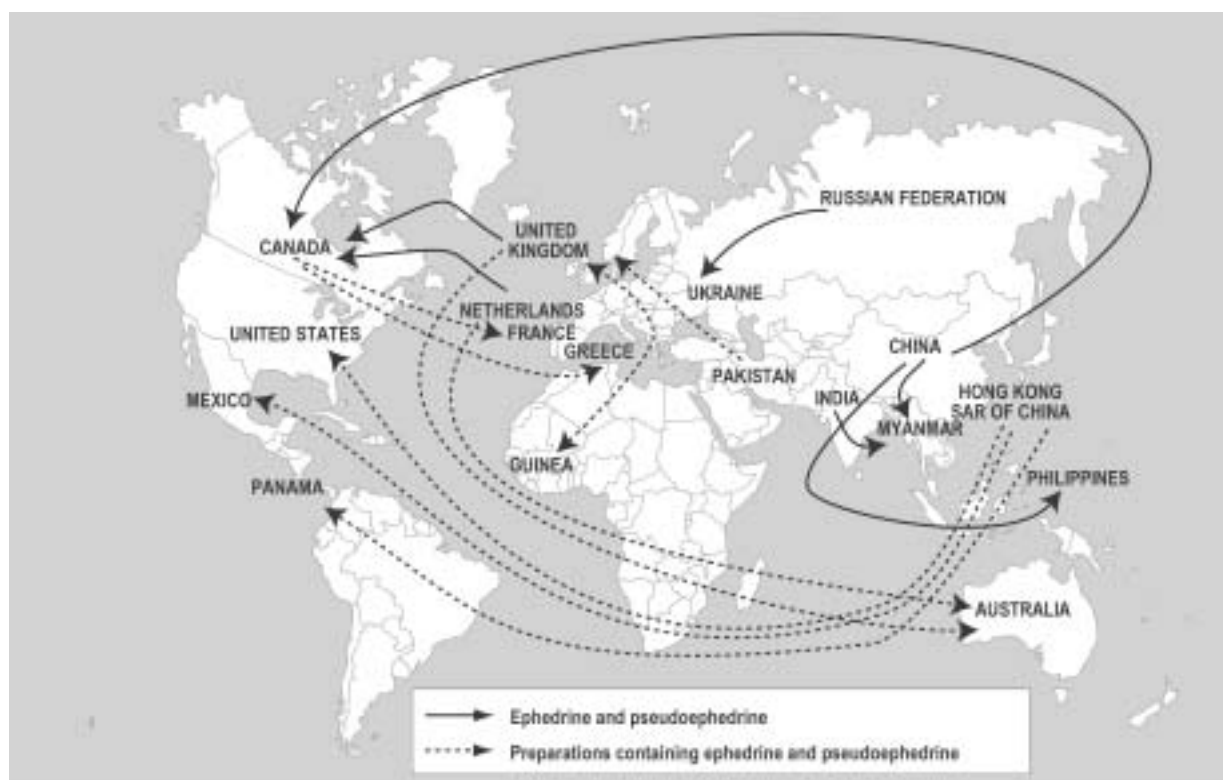
*3,4-methylenedioxyphenyl-2-propanone and
1-phenyl-2-propanone*

Seizures

85. Seizures of both 3,4-MDP-2-P and P-2-P were lower during 2002 than had been reported in previous years. The record seizures reported in 2000 and 2001 were attributable to large consignments intercepted while being smuggled into Belgium and the Netherlands. Seizures of those substances remained low during 2003, with the authorities of the

Figure IX

Routes used for trafficking in and attempted diversions of ephedrine and pseudoephedrine, identified through successful action by competent national authorities, 2002-2003



Netherlands reporting two seizures, one of over 7 tons of 3,4-MDP-2-P and the other of over 500 litres of P-2-P. At the same time, the black market prices for 3,4-MDP-2-P and P-2-P have remained constant, showing that traffickers are still able to obtain the substance and that traffickers are possibly using alternative routes for smuggling the substances into Europe, as was the case in 1999,²³ when authorities of Slovakia intercepted a smuggled consignment of 3,4-MDP-2-P en route from the Port of Constantia, Romania, to Western Europe. Governments should be aware that the substances may be entering through other seaports, and information on new modus operandi uncovered should be disseminated as quickly as possible to other customs authorities, utilizing available mechanisms such as the Project Prism network and the World Customs Organization Customs Enforcement Network.

86. The modus operandi employed by traffickers in the above-mentioned smuggling cases are highly

developed, with, in many cases, the substances being substituted for vegetable or mineral oil in, for example, heating pans and lava lamps. To effectively counter such professionally organized smuggling, backtracking law enforcement investigations are essential to identify those responsible for the consignment and, ultimately, the diversion. The Board is therefore pleased to note that the authorities of the Netherlands are sharing technical information relating to these seizures with the competent authorities of China. The Board trusts that the backtracking investigations in China will identify the networks currently involved in this smuggling and stop their activities.

87. Ongoing investigations in these cases in the Netherlands have further highlighted the global nature of trafficking in precursor chemicals, with Malaysia being identified as the country from which some of the 3,4-MDP-2-P seized in the Netherlands had been smuggled. Subsequent investigations in Malaysia

identified the person responsible for shipping the 3,4-MDP-2-P from Malaysia to the Netherlands and also determined that the individual had recently been arrested in Australia for smuggling methylenedioxy-methamphetamine (MDMA), also from Malaysia, into that country. The Board has requested the authorities in Malaysia to launch investigations to identify the source of the 3,4-MDP-2-P smuggled out of that country.

88. Small-scale manufacture of MDMA has reportedly been detected in South Africa for a number of years; however, during 2002, authorities in that country seized over 1 ton of 3,4-MDP-2-P. The substance was seized in a warehouse, not in an illicit laboratory, so it is not clear whether it was to be used in the illicit manufacture in South Africa or whether it was to be shipped elsewhere in the world, as in the above-mentioned case involving Malaysia.

89. While the illicit manufacture of amphetamine-type stimulants has not been reported in Turkey in the past, the competent authorities of that country have dismantled a large laboratory for the illicit manufacture of amphetamine, as well as a tableting operation. The traffickers were allegedly manufacturing counterfeit Captagon tablets for illicit markets in West Asian countries, primarily Jordan and the Syrian Arab Republic; however, forensic analysis revealed that the active ingredient of the tablets was amphetamine and not fenetylline, the active ingredient in licitly manufactured Captagon tablets. The Board notes that the traffickers involved in the illicit laboratory used P-2-P that they had manufactured themselves from substances included in the limited international special surveillance list of non-scheduled substances, which is maintained by the Board. All Governments are reminded that the special surveillance list contains, in addition to a list of 26 substances, guidelines for implementing a monitoring mechanism to identify and prevent diversions of non-controlled substances, and Governments that have not implemented the recommendations are urged to do so as soon as possible.

Stopped shipments in international trade

90. The possible expansion of the illicit manufacture of amphetamine-type stimulants in West Asia is a matter of further concern to the Board, as in 2003 large orders for both 3,4-MDP-2-P and P-2-P were placed by companies in the Islamic Republic of Iran and Jordan. The orders, for 3.6 tons of 3,4-MDP-2-P and 42 tons of

P-2-P, were stopped at the Board's request, as both substances have specific licit uses and orders for licit requirements are not normally of that magnitude. The competent authorities of the importing countries are conducting follow-up investigations to identify who was responsible for placing the orders in question. These and some of the other routes used by traffickers in the period 2002-2003 are shown in figure X.

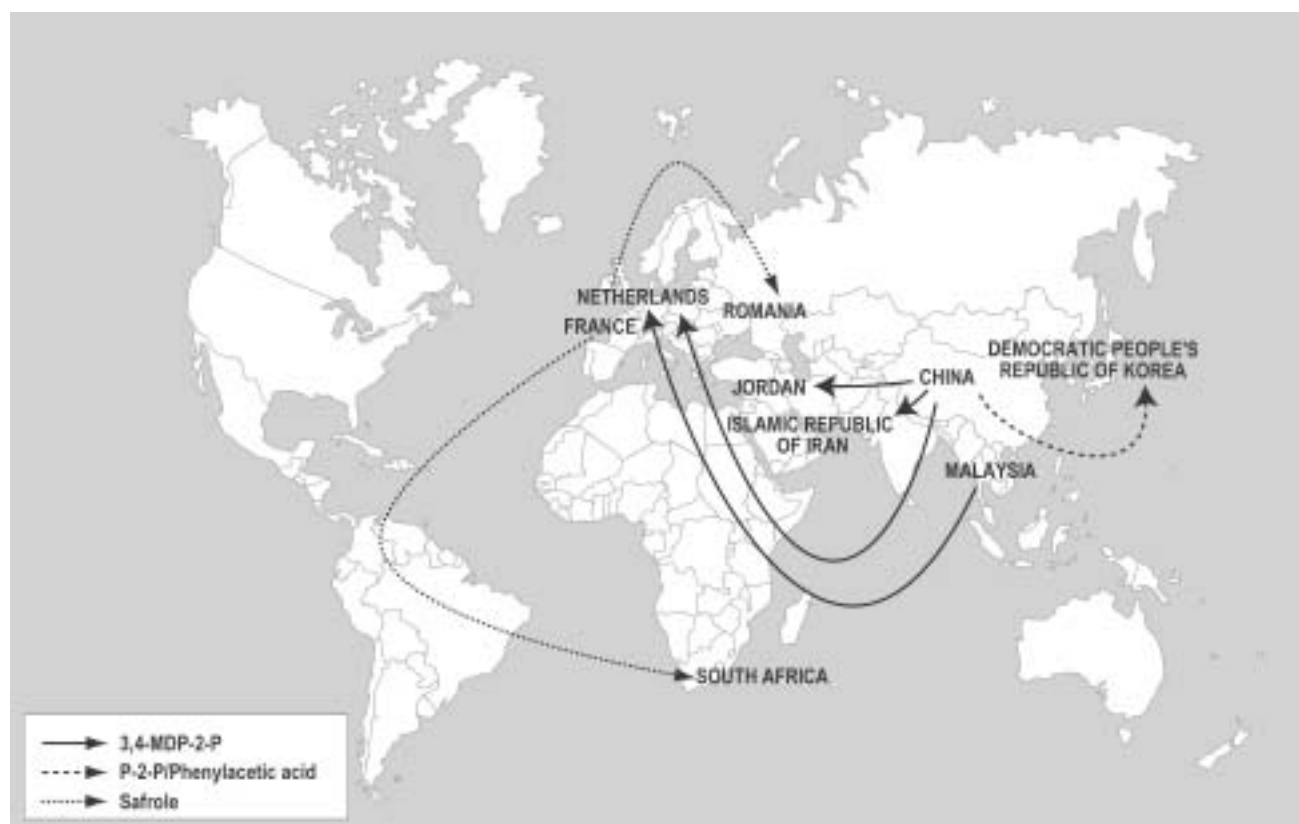
91. As it becomes increasingly difficult for traffickers to obtain the substances they require in countries where illicit drug manufacture takes place, other countries where such illicit manufacture does not normally take place will be targeted, as highlighted above. Therefore, when orders for such chemicals are received, Governments are urged to conduct thorough investigations to determine whether the company ordering the substance has a licit requirement, for what purpose the substance is to be used and the actual amount required for each reported use. Furthermore, Governments should take steps to prevent the accumulation of a large amount of such chemicals, as such stocks can easily become the target of diversion attempts.

92. Elsewhere in Asia, the diversion of a shipment of 50 tons of phenylacetic acid and 100 tons of acetic anhydride, immediate precursors of P-2-P, was prevented when the Government of the Democratic People's Republic of Korea informed China, the exporting country, that the company purportedly placing the order from the Democratic People's Republic of Korea was unknown to the authorities.

93. With more effective controls over ephedrine and pseudoephedrine, the traditional precursors for methamphetamine in South-East Asia, being introduced throughout the region, especially in the manufacturing countries China and India, traffickers are attempting to divert other chemicals for illicit manufacture, P-2-P and phenylacetic acid being the chemicals of choice. Reports have been received from Governments in the region that phenylacetic acid is increasingly being diverted in the region for illicit manufacture. This information is supported by sporadic reports of actual seizures in Myanmar that have been made since 1999.²⁴ Governments in the region are urged to maintain the same standard of vigilance over phenylacetic acid as is currently being exercised over ephedrine, in order to prevent major diversions of this

Figure X

Routes used for trafficking in and attempted diversions of 3,4-MDP-2-P, P-2-P and safrole, identified through successful action by competent national authorities, 2002-2003



substance from taking place and, where appropriate, to put in place mechanisms to monitor the manufacture and distribution of the substance at the national level.

Safrole, including safrole in the form of sassafras oil

Seizures

94. During 2002, Romanian authorities have informed the Board of seizures of *safrole* totalling nearly 2 tons, accounting for almost all of the substance seized during the year. The Board has noted that the law enforcement authorities effecting the seizures launched appropriate backtracking law enforcement investigations to determine the source of the seized substance and discovered that all the seized safrole had been part

of a shipment “legally” imported into Romania from the Netherlands in 1998. The safrole was purportedly to be used for the legal manufacture of 3,4-MDP-2-P in Romania for export to the Republic of Moldova.

95. As mentioned above in relation to P-2-P and 3,4-MDP-2-P, while safrole can be used to manufacture 3,4-MDP-2-P, it is essential that when such an end-use is reported the authorities concerned carry out further investigations to determine whether there is a legitimate requirement for the end-product in the country of final destination. For the seizure in question, it is improbable that a company in the Republic of Moldova would have a licit requirement for over 650 kg of 3,4-MDP-2-P, which could have been manufactured from the seized safrole. 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, as in the example above, the “end-product” is another controlled chemical.

96. As only a few controlled deliveries in international trade are carried out by Governments, especially with regard to the precursors for amphetamine-type stimulants, the Board is pleased to note that, following a successful controlled delivery between France and South Africa in 2001,²⁵ the authorities of those countries in 2003 again made use of this investigative technique. The case in question involved a shipment of 40 kg of safrole in the form of sassafras oil, and the controlled delivery resulted in the identification of a network that had been diverting small amounts of safrole over an extended period of time in South Africa for use in the illicit manufacture of MDMA. The Board has noted that further investigative methods, including financial investigations, are being utilized to completely dismantle the network and prevent future diversions of the substance.

97. Of particular importance in the above-mentioned case was the fact that the traffickers were “legally” exporting the safrole from France to South Africa by making use of the Harmonized System code for an essential oil (3302.90) and not the specific code for safrole (2932.94). Participants in Project Prism are addressing such cases of diversion, as shown in chapter II above, and the Board trusts that all Governments will apply the devised mechanisms and procedures to help identify and prevent diversions of the substance and other safrole-rich oils from international trade.

98. A further controlled delivery, involving 150 kg of safrole in the form of sassafras oil, was also carried out by Belgian and German authorities. The controlled delivery led to the seizure of 150 litres of P-2-P and laboratory equipment, in addition to the safrole. Of particular importance in this case was the fact that the original order had been placed over the Internet. With traffickers increasingly making use of the Internet, the Equipment Working Group of Project Prism has focused on diversions using the Internet. Governments are urged to fully support the activities of the Working Group in developing intelligence and identifying the traffickers currently using this tool to divert controlled chemicals.

2. Substances used in the illicit manufacture of cocaine

Potassium permanganate

Seizures

99. The Board noted the success experienced by law enforcement authorities in Colombia during 2002, when nearly 80 tons of potassium permanganate were reported to have been seized, the highest total volume of that substance seized in Colombia since 1998. That clearly indicates that the authorities concerned have remained vigilant in their activities to prevent the illicit manufacture of cocaine.

100. That increase in the volume of potassium permanganate seized is, however, also a cause for concern as, following the launch of Operation Purple in 1999, a steady decline in such seizures in Colombia had been noted, indicating that that substance was no longer available in such amounts as before in the region. That was supported by evidence from forensic analysis which also indicated that traffickers were no longer able to obtain the amounts of potassium permanganate they required for use in the illicit manufacture of cocaine. The increase in reported seizures of potassium permanganate may indicate that traffickers are able once again to obtain large amounts of the substance, possibly by diverting it from domestic distribution channels, either in Colombia or elsewhere in the region, and smuggling it into the areas where the illicit manufacture of cocaine takes place, as is the case with acetic anhydride used in the illicit manufacture of heroin. It is therefore particularly important for the authorities effecting the seizures to make every effort to launch backtracking law enforcement investigations in order to identify the source of the seized substance.

101. The Board trusts that, in particular, the authorities of Colombia, which reported having seized nearly 40 tons of potassium permanganate already during 2003, will utilize the mechanisms established under Operation Purple to verify the legitimacy of individual transactions to also share information on any seizures so that proactive steps can be taken in other countries to intercept, in particular, smuggled shipments.

102. The success of Operation Purple in preventing diversions of potassium permanganate was further highlighted by attempts by traffickers to manufacture

the substance themselves from manganese ore mined in Colombia. In the period from October 2002 to July 2003, seven such laboratories were dismantled in Colombia; in the largest laboratory, which was uncovered in July 2003, nearly 1 ton of potassium permanganate was seized.

103. While illicit domestic manufacture of potassium permanganate may be able to supply a small portion of the amount actually required by traffickers, results of the analysis of cocaine samples referred to in paragraph 100 above have also indicated that it is possible that a substitute chemical for potassium permanganate is being used by traffickers. In this connection, the Board has noted that seizures of sodium hypochlorite (also known as "leja" in the region), a possible substitute for potassium permanganate, are the highest ever reported, with Colombia seizing over 10 tons of the substance and Peru seizing nearly 60 tons. The Board trusts that appropriate investigations have been launched to identify the source of this and any other non-controlled substitutes currently being used in illicit manufacture so that appropriate steps can be taken to prevent future diversions.

104. The Board, which has repeatedly expressed its concern over diversions of controlled chemicals through trans-shipment points, is pleased to note that the authorities of Panama reported a seizure amounting to 350 kg of potassium permanganate during 2003. Given the importance of Panama as a trans-shipment point in the region and in view of the possibility of potassium permanganate being increasingly smuggled into the Andean subregion, the Board urges the authorities of that country, as well as others in the region, to fully develop intelligence relating to that seizure, in order to detect similar shipments being smuggled through the country.

Stopped shipments in international trade

105. During 2003, 20 shipments, containing a total of nearly 900 tons of potassium permanganate, were stopped in international trade, as there were reasons to believe that the orders were part of attempts by traffickers to divert potassium permanganate into the illicit traffic.

106. The first phase of Operation Purple initially focused on identifying and preventing diversions of

potassium permanganate from international trade to the Americas. After a number of shipments to that region were stopped in 1999,²⁶ very few cases were uncovered where traffickers had attempted to divert the substance directly to that region. As mentioned in chapter II above, during 2003, there was an increase in the number of shipments to that region and, with that increase in reported trade, three attempted diversions were uncovered (two to Brazil and one to Mexico), involving a total of over 300 tons of potassium permanganate. For the orders placed in Brazil, traffickers had used the names of legitimate companies with licit requirements for potassium permanganate; for the order purportedly placed in Mexico, the competent authorities found that the company did not exist.

107. The Board is pleased to note that, in each of the above-mentioned cases, the competent authorities of China, the country in which the orders were received, were able to stop the shipments in time and, furthermore, to provide copies of the documents relating to the orders within 24 hours of the shipments being stopped, thereby enabling follow-up investigations to be initiated in the countries from where the orders were placed.

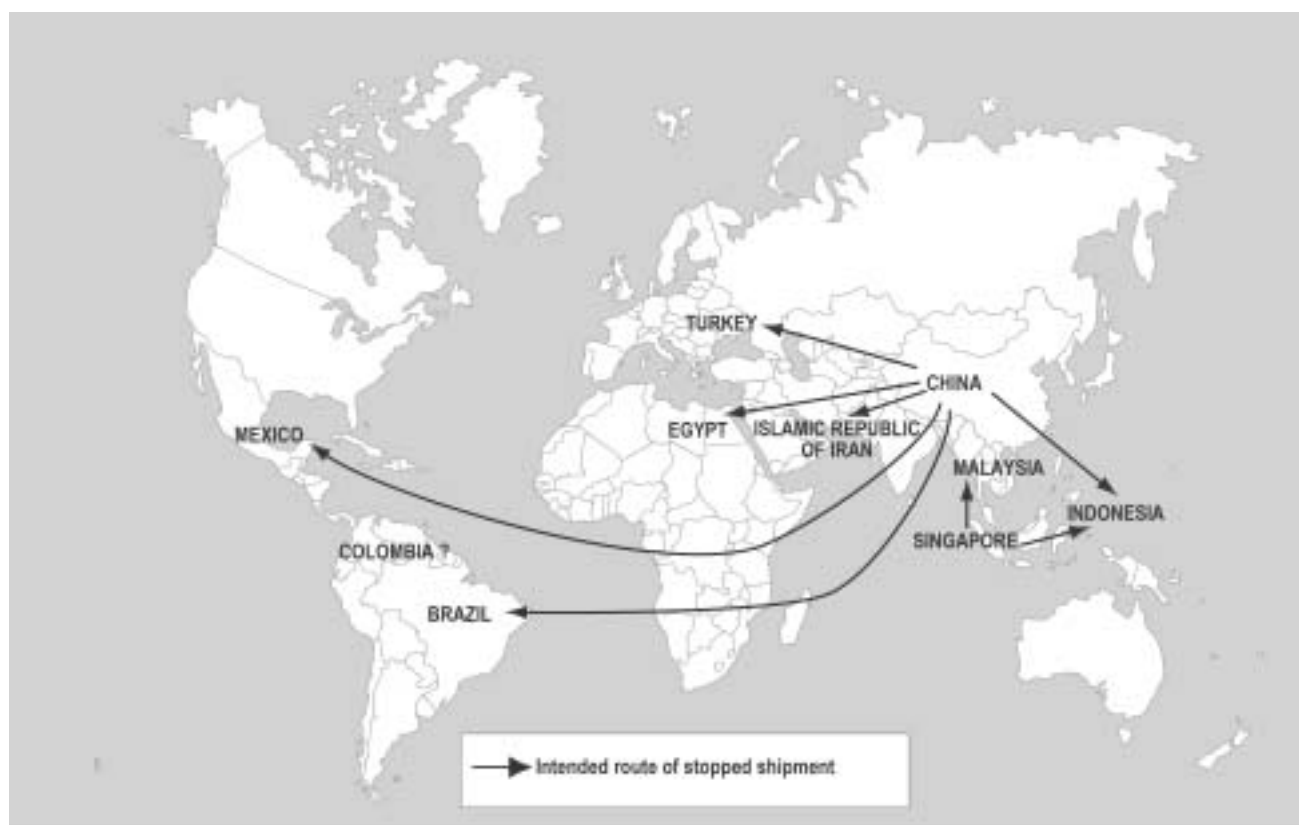
108. The discovery of a diversion attempt by the Mexican authorities is particularly important, as that country had been identified by Colombian authorities as the source of some of the potassium permanganate smuggled into Colombia during the period 2000-2001.²⁷ The Board trusts the law enforcement authorities of Mexico are working closely together with the regulatory authorities to identify those responsible for placing the orders and to determine whether or not those responsible had diverted any earlier consignments, either from international trade or domestic distribution channels.

109. The three attempted diversions involving Brazil and Mexico referred to in paragraph 106 above were the only cases reported in the Americas during 2003. As previously reported,²⁸ traffickers have been targeting countries in other regions not usually associated with the illicit manufacture of cocaine or the diversion of the chemicals required in that process. Traffickers are particularly focusing on countries not participating in the operation; such diversion attempts were uncovered during 2003 in Egypt, Indonesia, the Islamic Republic of Iran, Malaysia and Turkey. As there is no illicit manufacture of cocaine in those

countries, monitoring of the domestic distribution of potassium permanganate may not be as comprehensive as for other controlled chemicals, such as those used in the illicit manufacture of amphetamine-type stimulants or heroin. Therefore, once potassium permanganate is legally imported into the country concerned, traffickers might divert it from licit domestic trade, relabel and falsely declare the shipment and smuggle it into the Andean subregion. A further 17 cases, involving over 870 tons of potassium permanganate, have been identified, the majority of the orders being received from countries in Asia; Governments in the region should thoroughly investigate each stopped shipment to identify those responsible for placing the orders. The routes along which traffickers have attempted to divert potassium permanganate are shown in figure XI.

110. It has only been possible to prevent the diversion of those shipments through the effective application of the working mechanisms and standard operating procedures of Operation Purple by the exporting country (or countries), and through the verification of the legitimacy of individual shipments in international trade by the authorities of the importing countries and their timely response to pre-export notifications. While the stopped shipments indicate that Operation Purple has been successful in preventing diversions, it has become imperative that law enforcement backtracking investigations, as required under Operation Topaz, are launched into not only seizures and interceptions, but also such stopped shipments. This investigative technique, which is successfully being used under Operation Topaz, is essential if the criminal networks

Figure XI
Routes of stopped shipments of potassium permanganate in international trade, identified through successful action by law enforcement authorities, 2002-2003



responsible for diversions and attempted diversions are to be identified and dismantled. The Board therefore urges the Steering Committee of Operation Purple to devise appropriate working mechanisms and focus on investigations of this nature under that operation, so that it can continue to adequately address the most recent efforts by traffickers to divert potassium permanganate.

3. Substances used in the illicit manufacture of heroin

Seizures

111. During 2002, law enforcement authorities in Asia were particularly successful in intercepting and seizing consignments of smuggled acetic anhydride, with authorities in China and Turkey each seizing over 36 tons of the substance and authorities in India and Myanmar each seizing around 3 tons. With regard to the seizures in Turkey, the Board is pleased to note that the law enforcement authorities of that country are making use of both backtracking investigations and controlled deliveries to identify and dismantle the networks involved in the diversion and subsequent smuggling of acetic anhydride.

112. Those interceptions and seizures effected by Turkey indicate that traffickers are currently smuggling acetic anhydride mainly from Serbia and Montenegro and the Russian Federation, with smaller amounts being smuggled from the Syrian Arab Republic and Ukraine.

113. In countering the smuggling from Serbia and Montenegro to Turkey, a significant breakthrough was made during 2003, when a network diverting acetic anhydride to Bosnia and Herzegovina and Serbia and Montenegro, to be smuggled into Turkey, was identified. The investigations in question were initiated in relation to a diversion of 65 tons of acetic anhydride from Slovakia to Serbia and Montenegro and an attempted diversion of 20 tons of the substance to Bosnia and Herzegovina during 2001.²⁹ In January 2002, Turkish authorities seized over 10 tons of acetic anhydride, which could be linked to the diverted consignments from Slovakia. Investigators from Slovakia, Serbia and Montenegro and Turkey were brought together at a round-table consultation that the Board convened in March 2003; together they were able to identify the entire network, which ranged from Slovakia through Serbia and Montenegro and

Slovakia to Turkey. Turkish authorities have prosecuted those persons identified in their country; the Board trusts that similar prosecutions will take place in Serbia and Montenegro and Slovakia. As specific case meetings will now be convened to coordinate investigations similar to the one referred to above, under Operation Topaz, the Board urges the Governments concerned to fully utilize those forums to address the diversion and smuggling of acetic anhydride.

114. Concerning the Russian Federation, the Board notes that the law enforcement authorities of that country are working well with their Turkish counterparts. During December 2002, a successful controlled delivery of 3.5 tons of acetic anhydride was carried out between the two countries. In a load of timber, the centre of the timber had been hollowed out to conceal acetic anhydride containers. As that *modus operandi* had also been used for a number of consignments smuggled out of Serbia and Montenegro, mechanisms established under Operation Topaz were used to distribute an alert to all participants in the operation informing them of that method of smuggling. The Board trusts that the World Customs Organization is ensuring that such *modus operandi* are also brought to the attention of customs authorities in countries not participating in the operation.

115. While it had been thought that the acetic anhydride seized in Turkey had been diverted from countries in Europe, in a new development over 35 tons of acetic anhydride were seized in Bosnia and Herzegovina during 2003 and a further 63 tons may have been diverted in Serbia and Montenegro, after having been exported from Mexico. While the shipments had been exported as acetic anhydride from Mexico, the Mexican authorities were not informed of the exports and, consequently, no pre-export notifications were sent to the authorities concerned. The Board notes that the Mexican authorities have subsequently carried out an audit of the company involved and are now ensuring that all shipments of acetic anhydride are properly authorized and notified before allowing an export to proceed.

116. For 2002, Ecuador, Colombia and the United States reported seizures of acetic anhydride in the Americas; however, during 2003, the authorities of Panama also seized three consignments of acetic anhydride amounting to over 600 kg. In the largest of

the cases, maritime authorities seized 500 kg of acetic anhydride en route from the United States to Panama; in a smaller case, 8 litres were seized when a Colombian national attempted to smuggle the substance to Colombia in vodka bottles. As in the cases involving ephedrine referred to in paragraphs 79-80 above, traffickers are using methods previously used for smuggling drugs to smuggle precursors, in an attempt to avoid international controls. The trafficking route used during the period 2002-2003 are shown in figure XII.

117. In a significant development, in 2003, seizures of acetic anhydride were reported for the first time in Afghanistan. The first of those cases involved nearly

11 tons of the substance, which was seized during January 2003 in a deserted farmhouse in Nangarhar Province. Photographs taken at the time of the seizure clearly show that the acetic anhydride had been smuggled into Afghanistan, purportedly out of China, concealed in drums of petroleum jelly. Inside those drums were smaller drums, labelled "Hydrogen Peroxide", which contained the acetic anhydride. The smaller drums were purportedly from the Republic of Korea. A second seizure in Afghanistan also took place in Nangarhar Province, with authorities seizing over 3 tons of acetic anhydride during March 2003. It has not, however, been possible to obtain further information on the circumstances surrounding that seizure.

Figure XII

Routes used for trafficking in acetic anhydride, identified through successful action by law enforcement authorities, 2002-2003



118. The seizure of 11 tons of acetic anhydride in Afghanistan was reportedly effected during a military operation. As it was not possible to secure the scene indefinitely nor to transport the seized substance to a secure location, the entire consignment was destroyed in situ. Photographs of the seizure now constitute the only evidence remaining from which investigators can work. This serves to highlight the difficulties encountered in obtaining the information required to launch appropriate follow-up investigations in Afghanistan. As mentioned in chapter II above, the Board would, nonetheless, urge those playing key roles in the region to make every effort to utilize the offer of the members of the Operation Topaz task force, namely, Germany, the United Kingdom and the United States, to provide assistance and expertise for investigations to identify the source of seized acetic anhydride and ultimately prevent the illicit manufacture of heroin in the region.

119. Finally, the Board is concerned that, while other countries in Asia, in addition to Afghanistan and Turkey, also report seizures of acetic anhydride, they have not yet provided information on the methods or routes used by traffickers to divert those substances from licit trade into the illicit traffic. As the countries reporting such seizures are participating in Operation Topaz, the Board urges the relevant authorities to fully utilize the mechanisms established under the operation to report seizures or interceptions and, where appropriate, to initiate backtracking investigations to identify the source of the seized substance.

Stopped shipments in international trade

120. The follow-up investigations mentioned above regarding acetic anhydride seized in Turkey clearly show that traffickers are targeting Serbia and Montenegro as both a point of diversion from licit trade as well as a location from which consignments are smuggled. The Board is, therefore, pleased that the authorities of that country, in addition to participating in the operational meetings mentioned above, have played an important role in identifying and preventing an attempted diversion of acetic anhydride from international trade during 2003.

121. The case in question involved an order received in the Czech Republic for 20 tons of acetic anhydride that had been placed by a company in Serbia and Montenegro. The authorities of Serbia and Montenegro

were able to determine that the company placing the order was acting as a broker and the shipment was actually to be delivered to a company in Pristina, Kosovo, Serbia and Montenegro. Further inquiries, through the United Nations Mission in Kosovo and also using the mechanisms established under Operation Topaz, established that the company had no licit requirement for the substance and the owner of the company denied placing the order. The authorities of the Czech Republic subsequently stopped the shipment.

122. The fact that no further attempted diversions from international trade were uncovered in the period 2002-2003 is a clear indication of the importance of backtracking law enforcement investigations, especially with regard to acetic anhydride, if the points of diversion, as well as those responsible, are to be identified. The Board urges all law enforcement authorities effecting seizures or intercepting consignments of the substance to provide all available information as soon as possible to the central national authority of the respective country, should the country be participating in Operation Topaz.

4. Substances used in the illicit manufacture of other narcotic drugs and psychotropic substances

Methaqualone

Seizures

123. Following the dismantling in 2002 of large facilities for the illicit manufacture of methaqualone in India and South Africa,³⁰ it appears that traffickers may now be attempting to start illicit manufacture in other regions, as 5 tons of anthranilic acid and 5 tons of *ortho*-toluidine were seized by customs authorities at the port of Varna, Bulgaria, during 2003. *Ortho*-toluidine is a non-controlled substance frequently used in the illicit manufacture of methaqualone; when ordered together with anthranilic acid, it is a clear indication that the substances are to be used in the illicit manufacture of methaqualone.

124. Comprehensive follow-up investigations launched by Bulgarian authorities showed that the shipment in question had been exported from India to Turkey and then sent on to Bulgaria, where it was relabelled, before it was to be shipped back to Turkey. The shipment was seized prior to the re-export taking place

and the intended routing after Turkey has not yet been discovered. The exporter in India has, however, been identified and the Board has requested the competent authorities of that country to launch investigations to identify the persons responsible for placing the original order and, in particular, for paying for the substances, as it is possible that similar consignments may have been ordered and shipped to different destinations.

Methcathinone

Seizures

125. Illicit manufacture of methcathinone has been reported in the Russian Federation and other Eastern European countries. During 2002, however, such illicit manufacture was reported in South Africa for the first time. The competent authorities of that country reported that between January and September 2003, 16 methcathinone laboratories were dismantled and over 40 kg of methcathinone were seized. Investigations into those illicit laboratories revealed that ephedrine was being used as the precursor and sodium dichromate, rather than potassium permanganate, was being used as the oxidizing agent. The laboratories were small-scale operations and the ephedrine was diverted in the form of pharmaceutical preparations bought over-the-counter at pharmacies. The Board trusts that the authorities concerned will introduce appropriate mechanisms in order to identify and prevent any attempts at large-scale illicit drug manufacture or diversion of precursor chemicals into the illicit traffic.

Phencyclidine

Seizures

126. The competent authorities of Ukraine reported having dismantled a laboratory illicitly manufacturing phencyclidine, the first such laboratory reported outside of the United States. The laboratory had been using piperidine, a substance in Table II of the 1988 Convention, in the manufacturing process and one litre of that substance was seized. Of particular concern to the Board is the fact that the traffickers involved were following a complex synthesis procedure that resulted in phosgene and hydrogen cyanide being formed as by-products; both of those substances are included in schedule 3 of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons

and on Their Destruction.³¹ The presence of such toxic substances at an illicit laboratory serves as a reminder that the dismantling of such laboratories is dangerous, as many of the chemicals encountered are toxic or caustic. The Board therefore urges the authorities involved in activities such as identifying and dismantling illicit laboratories and dumping sites to exercise the utmost caution and, where possible, to ensure that specially trained teams are available for such activities.

Notes

¹ United Nations, *Treaty Series*, vol. 1582, No. 27627.

² *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2001 on the Implementation of Article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988* (United Nations publication, Sales No. E.02.XI.4).

³ Information for this country was previously provided by the Russian Federation.

⁴ This information is requested on a voluntary basis in accordance with Economic and Social Council resolution 1995/20, in which the Council, inter alia:

(a) Urged Governments to inform the Board on a regular basis of the quantities of substances listed in Table I of the 1988 Convention that they had imported, exported or trans-shipped, and encouraged them to estimate their annual licit needs (para. 8);

(b) Requested the Board to collect information pursuant to paragraph 8 above, and to further develop and strengthen its database in order to assist Governments in preventing diversion of substances listed in Table I of the 1988 Convention (para. 9);

(c) Encouraged Governments to consider strengthening, where necessary, the working mechanisms to prevent diversion of substances listed in Table II of the 1988 Convention, as described in the resolution (para. 13).

⁵ Austria, Belgium, Denmark, France, Germany, India, Italy, Portugal, Singapore, Switzerland, the United Kingdom and the United States of America.

⁶ Australia, Belgium, Colombia, the Czech Republic, France, Germany, Hungary, Ireland, Italy, Japan, Mexico, the Netherlands, the Philippines, the Republic of Korea, Singapore, South Africa, Spain, Sweden and Switzerland.

- ⁷ Hungary, Japan, Malaysia, Mexico, the Philippines, the Republic of Korea, Saudi Arabia, Spain and Turkey.
- ⁸ Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.
- ⁹ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 1999 on the Implementation of Article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988* (United Nations publication, Sales No. E.00.XI.3); *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2000 on the Implementation of Article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988* (United Nations publication, Sales No. E.01.XI.4).
- ¹⁰ The task force is composed of members representing the major geographical regions, namely China, the Netherlands, South Africa and the United States, as well as the European Commission, Interpol and the World Customs Organization as competent international bodies. The Board, through its secretariat, guides the task force within the scope of its treaty mandates.
- ¹¹ Representatives of the following countries and territories participated in the work of the Chemicals Working Group: Australia, Belgium, Brazil, Canada, China, Hong Kong SAR of China, Czech Republic, France, Germany, India, Mexico, Netherlands, South Africa and United States. Representatives of the following intergovernmental and regional bodies also participated: the European Commission, Interpol, the United Nations Office on Drugs and Crime and the Board (through its secretariat).
- ¹² Such codes are set up by the World Customs Organization for specific commodities to facilitate the collection of trade data and the compilation of trade statistics. At the request of the Board, the World Customs Organization has also set up specific Harmonized System codes for all 23 substances in Tables I and II of the 1988 Convention; the codes are widely utilized by competent national authorities in compiling their trade statistics for submission to the Board.
- ¹³ Representatives of the following countries participated in the work of the Equipment Working Group: China, Germany, India, Netherlands, Slovakia, South Africa, Thailand, United Kingdom and United States. Representatives of the following intergovernmental and regional bodies also participated: the European Commission, Europol, Interpol, the United Nations Office on Drugs and Crime and the Board (through its secretariat).
- ¹⁴ A detailed description of how Operation Purple developed, its activities and the results achieved in phase I are presented in the 1999 report of the Board on the implementation of article 12 of the 1988 Convention. The activities undertaken during the initial stages of phase II are presented in the 2000 report of the Board on the implementation of article 12 of the 1988 Convention. The objectives of the operation, the procedural details and its results can further be found in the report on phase I of the Operation prepared by the Steering Committee.
- ¹⁵ The competent authorities of the following States and territories participate in Operation Purple: Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, China, Hong Kong SAR of China, Colombia, Czech Republic, Ecuador, Germany, Greece, India, Italy, Mexico, Netherlands, Peru, Slovakia, Slovenia, South Africa, Spain, Ukraine, United Kingdom, United States, Uruguay and Venezuela. Furthermore, Interpol, the United Nations Office on Drugs and Crime and the World Customs Organization support Operation Purple in their respective areas of responsibility.
- ¹⁶ The following States and territories are participating in the operation: Afghanistan, Argentina, Austria, Belgium, Brazil, Bulgaria, China, Hong Kong SAR of China, Colombia, Czech Republic, Denmark, France, Finland, Germany, Greece, India, Iran (Islamic Republic of), Ireland, Israel, Italy, Kazakhstan, Kyrgyzstan, Mexico, Myanmar, Netherlands, Norway, Pakistan, Romania, Russian Federation, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Tajikistan, Thailand, the former Yugoslav Republic of Macedonia, Turkey, United Arab Emirates, United Kingdom, United States and Uzbekistan.
- ¹⁷ Including the following: Austria, Belgium, China, Czech Republic, Germany, India, Mexico, Netherlands, Singapore, Spain, Switzerland, United Arab Emirates, United Kingdom and United States.
- ¹⁸ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2002 on the Implementation of Article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988* (United Nations publication, Sales No. E.03.XI.4), para. 51.
- ¹⁹ *Ibid.*, para. 52.
- ²⁰ The consultation was attended by the authorities of Austria, Bosnia and Herzegovina, the Czech Republic, France, the

Netherlands, Romania, Serbia and Montenegro, Kosovo (Province of Serbia and Montenegro), Slovakia, Slovenia, the former Yugoslav Republic of Macedonia, Turkey, the United Kingdom and the United States.

- ²¹ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2002 ...*, paras. 97 and 98.
- ²² *Ibid.*, paras. 93 and 94.
- ²³ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2000 on the Implementation of Article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988* (United Nations publication, Sales No. E.01.XI.4), para. 124.
- ²⁴ *Ibid.*, para. 116.
- ²⁵ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2002 ...*, para. 116.
- ²⁶ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 1999 on the Implementation of Article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988* (United Nations publication, Sales No. E.00.XI.3), paras. 44-45.
- ²⁷ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2001 ...*, para. 64.
- ²⁸ *Ibid.*, paras. 72-74.
- ²⁹ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2002 ...*, para. 89.
- ³⁰ *Ibid.*, paras. 119 and 120.
- ³¹ United Nations, *Treaty Series*, vol. 1974, No. 33757.