

77. In view of the fact that there is no licit trade of acetic anhydride to Afghanistan and only very limited trade in the substance to the surrounding countries, it is believed that the acetic anhydride being used in illicit heroin manufacture in Afghanistan is smuggled through neighbouring countries and not diverted in the region. While the Governments of countries in the region must continue to monitor licit trade to prevent diversions, it is essential that, at the same time, they enhance their capacity to identify and intercept smuggled consignments of acetic anhydride to and through their countries. The Board urges the Governments concerned to make full use of the mechanisms established under Operation Topaz, including the provision of technical support and training, to enhance existing law enforcement capacity, especially for customs authorities and border guards.

78. The Board assisted Governments in identifying nine attempts to divert acetic anhydride from international trade and also played a role in the launching of backtracking investigations in three significant cases. The Board reiterates the utility of operational case meetings, which bring together the investigators of a specific case, or series of cases, from all countries concerned to identify steps required for further investigations and to arrest and prosecute those responsible for the diversion and/or smuggling.

79. The Government of Austria hosted such a meeting during 2004. At that meeting, significant progress was made in identifying the methods used by traffickers in Bosnia and Herzegovina to divert acetic anhydride and in compiling criminal cases for the prosecution of those involved. The Board encourages other Governments to organize such meetings where necessary and stands ready to assist in that regard pursuant to article 12 of the 1988 Convention.

80. The Board is satisfied with the overall progress made under Operation Topaz in developing synergies between law enforcement and regulatory authorities. As noted above, however, such complementary activities need to be strengthened under Operation Purple. The Board therefore suggests that the steering committees of the two international operations examine ways in which current activities can be harmonized and best practices identified for implementation at the international level by all participating Governments.

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

#### **A. Overview**

81. The analysis presented below provides an overview of major trends in the diversion of and trafficking in substances frequently used in the illicit manufacture of drugs. In the analysis of the available data, consideration has been given to information provided by 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 the investigations undertaken are also considered.

82. The present report contains seizure data for the five-year period 1999-2003 furnished by Governments under the provisions of article 12 of the 1988 Convention (see annex III).

83. Seizures of all of the substances in Tables I and II, with the exception of isosafrole and piperonal, both substances used in the illicit manufacture of MDMA (Ecstasy), have been reported for 2003 by 43 Governments, and seizures of 65 non-controlled chemicals have been reported by 22 Governments. As the information relating to non-controlled substances is essential to the revision of the adequacy and propriety of the current lists of substances in Tables I and II of the 1988 Convention, as well as to the maintenance of the limited international special surveillance list of non-scheduled substances, the Board encourages Governments to ensure that mechanisms are in place to record information on all chemicals found to be used in the illicit manufacture of drugs and not only those scheduled under the 1988 Convention.

84. On the basis of the available information, the following observations can be made:

(a) Informal working groups should be utilized as much as possible to address cases of mutual concern and to identify appropriate courses of action to be implemented. The utility of such groups has been demonstrated by Operation Topaz, and, more recently,

to address specific regional concerns under Project Prism. Given the regional variations observed in trafficking trends, the exchange of case-specific information can bring significant results in identifying and terminating illicit operations;

(b) The Board reminds all Governments that, by properly investigating stopped shipments, valuable intelligence can be gathered that may lead to the identification of traffickers as effectively as a controlled delivery or the dismantling of illicit drug manufacturing laboratories would. Shared information on stopped shipments is also essential in order to prevent diversions elsewhere. The Board therefore urges authorities to treat stopped shipments such as those described above not as completed cases but rather as the starting point for further investigations;

(c) Effective networks are now in place for the monitoring of shipments of precursors in international trade; however, similar networks still need to be established to assist investigators in launching backtracking investigations and controlled deliveries of precursor chemicals. Those investigative techniques should be run on a real-time basis with seizures of precursors being afforded the same efforts that would be applied to seizures of drugs;

(d) Real-time operational intelligence and other information on the licit trade and traffic in precursors has proved essential to the identification and prevention of diversions. The Board therefore encourages Governments to ensure that appropriate mechanisms are in place for reporting such information under the three international operations under way;

(e) There is little concrete evidence currently available on the substances actually used in the illicit manufacture of MDMA (Ecstasy) and its analogues. More information is therefore needed on the substances used and their origins based not only on investigative reports and seizures, but in particular on the chemical profiling of seized samples of the final drug and the precursors involved. That is becoming more important as traffickers, especially those manufacturing MDMA, are increasingly using precursors from illicit sources, where profiles identifying a specific chemical or route may be found to exist;

(f) With customs officers and border guards being expected to take an increasingly active role in the interdiction of precursors, it is essential that the

necessary training and equipment be provided to ensure that they are capable of assessing risks accurately and making the appropriate decisions. In that connection, as stopped shipments or seizures are often made where no scientific support is readily available, basic equipment, such as testing kits and basic safety equipment, should be made available to officers.

## **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

85. Authorities in Asia and the Pacific, as well as North America, have made notable progress in addressing the trafficking in ephedrine and pseudoephedrine in those regions, where the illicit manufacture of methamphetamine is of major concern. More importantly, analysis of seizure data indicates that Governments in specific regions are now working in a coordinated manner to seek practical solutions to the common problem of chemical diversion. Those more coordinated efforts appear to be, in part, attributable to the activities launched under Project Prism. The Board trusts that all Governments will continue to support that important initiative.

86. In particular, the Board has noted that Canada has, for the first time, provided comprehensive seizure information for 2003. That information made possible, for the first time, an overview of trafficking trends in the region of North America. Furthermore, the 8 tons of pseudoephedrine seized by the Canadian authorities during 2003 constitute the largest seizure reported by any Government for that year. Mexico also reported during 2003 its largest ever seizures of pseudoephedrine: nearly 4 tons. At the same time, the seizures of the substance reported by the United States for 2003 are the lowest reported by that Government since 1999.

87. The large seizures of pseudoephedrine in Canada can be attributed to the enactment of necessary legislation in the country, which has enabled law enforcement authorities to take action against traffickers identified through tracking and backtracking

investigations as having imported large quantities of the substance into Canada to be smuggled into the United States prior to the enactment of the legislation. Successful initiatives in the United States have addressed domestic illicit manufacture of methamphetamine through, among other things, controlled deliveries of consignments smuggled out of Canada. The Mexican authorities are now also experiencing success in identifying and dismantling illicit operations, as reflected in increased reports of seizures of pseudoephedrine.

88. Successes have also been noted in South and South-East Asia, where, during the past few years, illicit methamphetamine manufacture in Myanmar has been fuelled by ephedrine diverted from domestic distribution channels in China and India and subsequently smuggled into Myanmar. For 2003, however, Myanmar has reported its lowest ever seizures of ephedrine, whereas India has reported its highest (over 2.2 tons of the substance) and China has reported the highest seizures of the substance since 2000 (5.8 tons). In addition to the control mechanisms that both China and India have in place to prevent diversions from domestic distribution channels, regional efforts have helped the three Governments concerned to identify practical working mechanisms for preventing cross-border trafficking in precursors. The Board trusts that those Governments will continue with their working-level tripartite meetings and that further successes will be reported in those regions.

89. The Board has also taken note of increased reports of trafficking activities in South-East Asia and Oceania. For example, in 2003 Australia reported its largest ever seizures of pseudoephedrine. In 2004, a joint operation involving the Australian and Philippine authorities resulted in the seizure of 1.5 tons of pseudoephedrine in the Philippines. The substance had been imported from China to the Philippines and was to be smuggled into Australia in individual consignments of 500 kg using light aircraft. The Board is pleased to note that the competent authorities of China have been fully involved in the investigation, and backtracking investigations to identify those responsible for the diversion have been launched in accordance with the standard operating procedures of Project Prism.

90. Reports from those regions show that traffickers are employing methods more commonly associated

with the smuggling of drugs than with the smuggling of precursors. In one case, a network responsible for smuggling 750 kg of pseudoephedrine from Thailand to Australia was dismantled when Australian authorities found the pseudoephedrine concealed in decorative wall plaques.

91. The Board has also received reports that, during 2003, customs authorities in New Zealand seized over 1 million pharmaceutical preparations containing ephedrine or pseudoephedrine, which had been smuggled into the country from Asia. The Board understands that such seizures continue to be made during 2004 and urges the authorities concerned to utilize the mechanisms established under Project Prism to initiate backtracking investigations into those cases in order to prevent further diversions from those sources.

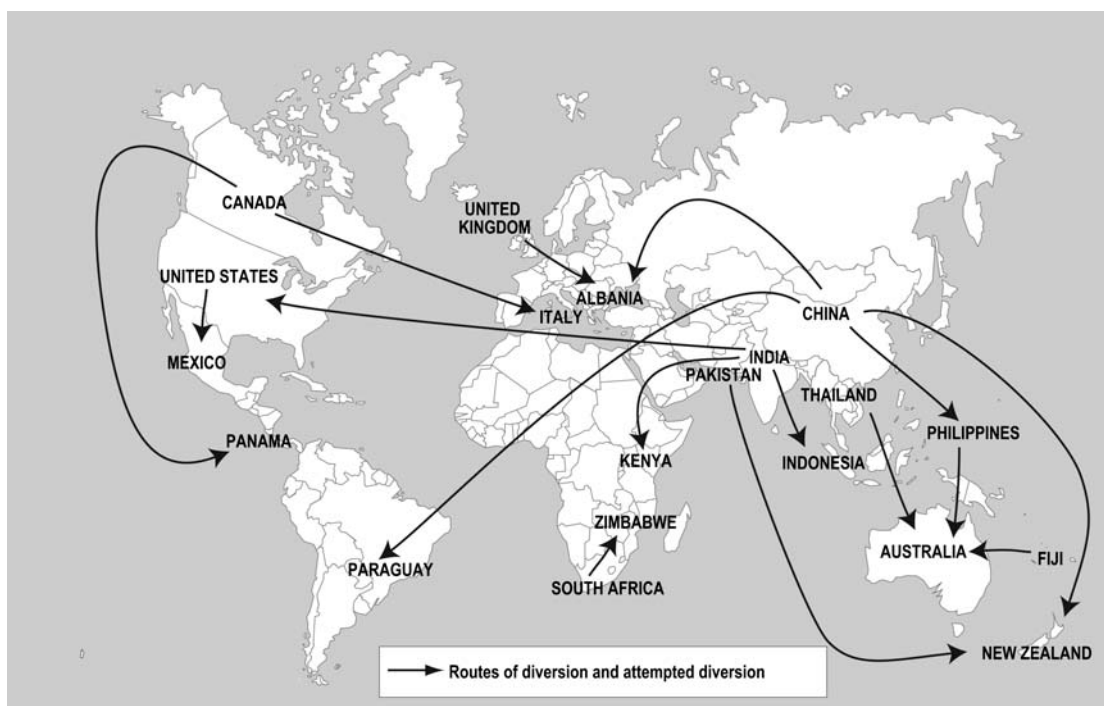
92. In that regard, the Board understands that some of the pharmaceutical preparations seized in New Zealand originated in Pakistan. It is therefore pleased to note that the competent authorities of Pakistan have responded to a request from the Board and have launched extensive investigations into the export of such pharmaceutical preparations from their country to ensure that such preparations have not been diverted to other countries.

93. While the above-mentioned seizures have mainly been made through the identification of smuggled consignments in international trade, some reports have also been received of seizures at illicit drug laboratory sites. In two cases, the competent authorities of Fiji, in cooperation with authorities from Australia and New Zealand, dismantled an illicit methamphetamine laboratory and Cambodian authorities dismantled a clandestine site that had initially been suspected of being used for illicitly manufacturing methamphetamine but was subsequently identified as a tableting operation.

#### Stopped shipments in international trade

94. While the seizures of ephedrine and pseudoephedrine are mainly restricted to countries where the illicit manufacture of methamphetamine takes place, the identification of suspicious orders in international trade provides valuable information on the methods and routes used by traffickers to divert the substances they require. Some of the routes uncovered during 2004 are shown in figure III below.

Figure III  
**Routes used for trafficking in and attempted diversions of ephedrine and pseudoephedrine, identified through successful action by competent national authorities, 2003-2004**



95. Following the above-mentioned successes of Canadian law enforcement authorities in seizing large quantities of pseudoephedrine, the application of the country's new regulations by the regulatory authorities has also led to the uncovering of diversion attempts that have subsequently been prevented. In the largest of the cases, following attempts to divert four shipments of pseudoephedrine from Canada to France and Greece during 2003,<sup>22</sup> a case was uncovered during 2004 involving an attempt to divert 1 ton of pseudoephedrine to Italy. Three further cases were uncovered when the competent authorities of Panama requested the Canadian authorities to stop three shipments of pharmaceutical preparations containing pseudoephedrine amounting to a total of 600,000 tablets (the equivalent of 100 kg of pseudoephedrine) and the final two cases were uncovered when orders were placed in Canada for 75 kg of ephedrine and 25 kg of

pseudoephedrine for delivery to Cambodia and the competent authorities of Cambodia established that the company placing the order did not exist.

96. The competent authorities of India were successful in preventing diversions of such substances. Four large cases were uncovered in 2004. In three of the cases, one involving a shipment of 6 tons of ephedrine to Kenya and two further orders from a company in Indonesia, traffickers used falsified import documents. A further intended export of 4 tons of pseudoephedrine from India via the United States to Mexico was found to be a diversion attempt when investigations determined that 80 per cent of the customers claimed by the importer did not exist. All four shipments were stopped.

97. The competent authorities of China also prevented diversions of ephedrine from international

trade during 2004, with shipments to Albania, New Zealand and Paraguay being stopped. Orders from Albania for 500 kg of ephedrine and from Paraguay for 19 tons of the substance were stopped when it was discovered that the supporting import authorizations had been forged.

98. Traffickers in Albania also attempted to divert 250 kg of ephedrine from the United Kingdom. Upon investigation, the competent authorities of Albania confirmed that the order was a diversion attempt and the shipment was stopped.

99. In a new development following the emergence of methcathinone abuse in Southern Africa, an attempt to divert 100 kg of ephedrine, an immediate precursor of methcathinone, was uncovered in South Africa when the substance was ordered for delivery to Zimbabwe. The shipment was stopped prior to the identification of the suspects or the laboratory involved. It is therefore unclear whether the illicit drug laboratory was located in Zimbabwe or whether the substance was to have been smuggled back into South Africa to laboratories already existing in that country.

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

Seizures

100. Seizures of 3,4-MDP-2-P and P-2-P reported during 2003 were limited. Only the Netherlands reported large seizures of both substances, totalling nearly 5.5 tons of 3,4-MDP-2-P in three cases and 6 tons of P-2-P in two cases. The seizures were made at storage facilities or when attempts were made to smuggle the consignments into the country.

101. The volume of 3,4-MDP-2-P seizures for 2003 was the lowest reported since 1998; other than the Netherlands, only Estonia reported seizures of the substance during 2003. The latter case is particularly noteworthy as the seizure of 3,4-MDP-2-P was made at an MDMA (Ecstasy) laboratory and, in addition to the precursor, 26,000 MDMA tablets and 60 litres of liquid MDMA were also seized. More importantly, the authorities of Estonia, in cooperation with their counterparts from the Russian Federation, launched backtracking investigations to identify the source of the seized 3,4-MDP-2-P. That investigation led to the identification and dismantling of a laboratory illicitly manufacturing 3,4-MDP-2-P in the Russian Federation

and the seizure of an additional 430 litres of the substance in early 2004.

102. From the information provided by the Russian authorities, the case involved 3,4-MDP-2-P that was being manufactured from safrole in the form of sassafras oil that had been smuggled into the Russian Federation from Viet Nam via China. Unfortunately, all markings had been removed from the actual containers and no supporting documentation was found, so further backtracking investigations were not undertaken.

103. The above-mentioned case shows that traffickers in Europe may be manufacturing 3,4-MDP-2-P. The Board warned in its report for 2003 on the implementation of article 12<sup>23</sup> that, as a result of the successes achieved by the authorities of Belgium and the Netherlands in intercepting smuggled consignments of 3,4-MDP-2-P, traffickers might use alternative routes for smuggling the substance into Europe. That proved true during 2004. While no interceptions have been reported in Belgium or the Netherlands, authorities in Ireland have seized 4,500 litres of 3,4-MDP-2-P and 4,500 litres of P-2-P that had been smuggled from China into Ireland via the Netherlands. The shipment was to be broken down into smaller consignments and smuggled back into the Netherlands for use in illicit drug manufacture.

104. A similar case has also been reported by the competent authorities of Poland following the seizure of a consignment of 4,680 litres of P-2-P from China that had been smuggled into that country. The Board notes with appreciation that, using the reporting mechanisms established under Project Prism, the Polish authorities initiated backtracking investigations with the competent authorities of China, which led to the arrest of traffickers.

105. A successful backtracking investigation was also launched by the competent authorities of Serbia and Montenegro following the seizure of over 3 tons of phenylacetic acid, an immediate precursor of P-2-P. No arrests were made at the time of the seizure, but the packaging was used to identify the manufacturer in China and the batch numbers were used by the competent authorities in China to identify the consignee of the original consignment. It was determined that the substance had been illegally imported into Serbia and Montenegro by a criminal network.

106. The competent authorities of the Netherlands have also reported seizing a shipment of 48 kg of phenylacetic acid from Ghana that was being smuggled through their country to Ukraine. At the same time, Ukrainian authorities have reported dismantling an illicit laboratory manufacturing precursors and, while no phenylacetic acid was found at the scene, the full list of the chemicals seized shows that P-2-P, and possibly methamphetamine, could have been manufactured.

107. The possibility of P-2-P being illicitly manufactured in the region is supported by further seizure data. Apart from the large seizure of P-2-P reported in the Netherlands, smaller seizures were also reported in 2003 in Germany and Lithuania and, while no additional details have been provided on the Lithuanian seizure, German authorities have informed the Board that 50 litres of the substance were intercepted when an attempt was made to smuggle the consignment from Lithuania on a ferry to Germany. Furthermore, the P-2-P seized was of low quality, which may be an indication of manufacture of the substance at a clandestine laboratory.

108. With illicit precursor manufacture being identified in the Russian Federation and Ukraine and with such manufacture possibly taking place in Lithuania, the Board urges Governments in Europe to take steps, especially by launching backtracking investigations, to identify and dismantle such operations. Governments are also reminded that, while many of the "pre-precursors" are not controlled, the Board has established the special surveillance list of non-scheduled substances, including guidelines for its use, which will be of assistance in identifying such illicit operations.

#### Stopped shipments in international trade

109. In its report for 2003 on the implementation of article 12,<sup>24</sup> the Board urged Governments of countries in South and South-East Asia to be vigilant concerning phenylacetic acid. With more effective controls over ephedrine and pseudoephedrine, traffickers were attempting to divert other chemicals for use in illicit manufacture, P-2-P and phenylacetic acid being the chemicals of choice.

110. The Board therefore notes with satisfaction that Governments of countries in South and South-East Asia have introduced appropriate control mechanisms

and, as a result, have identified an attempt to divert 20 tons of phenylacetic acid from China to India, as well as two cases involving attempts to divert 2 and 4 tons of P-2-P, respectively, from China, via the Hong Kong Special Administrative Region (SAR) of China, to Viet Nam.

111. The competent authorities of China have also been successful in preventing the diversion of 5 tons of 3,4-MDP-2-P from China to Guinea. Of particular importance in the case was the fact that the exporting company in China was the same company responsible for smuggling P-2-P from China into Poland in the case mentioned above. With such cases, the identification of complete networks becomes possible in the exporting country and in the importing country; through such activities investigators are given a unique opportunity to identify them.

#### *Safrole and the safrole-rich oils*

##### Seizures

112. For 2003, Romanian authorities have again reported the largest seizure of safrole: nearly 1.9 tons. The seizure was made on the basis of intelligence-led investigations that had been launched following a similar seizure in 2002.<sup>25</sup> The safrole had been imported from the Netherlands, with false documentation being submitted with the order to secure the export, and was to be used in Romania for the illicit manufacture of isosafrole and 3,4-MDP-2-P. To address this method of diversion, Governments are urged to send copies to the Board of all pre-export notifications of the precursors of amphetamine-type stimulants. Using the information maintained by the Board on its database, a threat analysis of each individual shipment can be performed and, if necessary, follow-up investigations can be initiated in the countries concerned.

113. Australia also reported its largest ever seizure of safrole for 2003, when an attempt was made to smuggle over 400 litres of the substance into the country by declaring it as "white oil", an industrial oil used in the manufacture of cosmetics. Together with the safrole, authorities found methylamine, a non-controlled substance used in the illicit manufacture of MDMA and methamphetamine. The Board is pleased to note that, through proper follow-up investigations into the interception, an illicit MDMA laboratory in the country was identified and dismantled.

114. The United States also reported the dismantling of six illicit MDMA laboratories during 2003, along with the seizure of over 100 litres of safrole. In that regard, the Board has noted that safrole appears to be the precursor of choice in North America for illicit manufacture of MDMA, as opposed to 3,4-MDP-2-P, which is used in Europe. The Board intends to look more closely into the matter to determine what role the availability, both commercial and criminal, of the two substances plays in traffickers' decisions as to what substance to use.

#### Stopped shipments in international trade

115. The Board welcomes the fact that, in accordance with the standard operating procedures of Project Prism, the competent authorities of China are now sending pre-export notifications for safrole in the form of sassafras oil. In 2004, those notifications resulted in the suspension of a shipment of over 1.5 tons of sassafras oil to Canada, which was subsequently released upon completion of the legal requirements.

116. Apart from that single inquiry, no suspicious shipments in international trade or any seizures have been reported for safrole or safrole-rich oils during 2004. As that substance is the precursor for isosafrole, 3,4-MDP-2-P and piperonal, as well as MDMA itself, the Board is concerned at the lack of information relating to its actual use in illicit manufacture. Governments have to make additional efforts to monitor trade in the substance in order to identify and prevent diversion attempts. The Board also trusts that, in addition to the tracking operation described in chapter II above, Governments will ensure that mechanisms are in place to enable the real-time reporting of any seizure information that may be used to determine where and how traffickers are diverting the substance.

## 2. Substances used in the illicit manufacture of cocaine

### *Potassium permanganate*

#### Seizures

117. Through the reporting mechanisms established under Operation Purple, the Board is aware that the Governments of Colombia, Panama and Peru seized at least 42 tons of potassium permanganate during 2003. The Board notes, however, that, of those three

countries, only Peru has submitted annual seizure data to the Board for that year. The Board wishes to remind all Governments that the reporting of seizures is an obligation under the 1988 Convention. That information is essential for the Board to assist Governments in identifying which chemicals are being diverted and from where they are being diverted. The Board can then assist the Governments concerned in developing appropriate means to prevent diversions from international trade and domestic distribution channels. That is especially relevant in the Andean subregion, as the essential chemicals used in the illicit manufacture of cocaine are, for the most part, not manufactured in the subregion and are therefore either imported or smuggled from other areas.

118. The Board notes that, during 2004, no seizures of potassium permanganate were reported by any Governments in the region under Operation Purple (see chap. II above). Many Governments continue to make valuable resources available to ensure the success of Operation Purple in preventing diversions of potassium permanganate for use in the illicit manufacture of cocaine. As can be seen from the cases presented below, successes are being achieved through those operational activities. The Board calls upon participating Governments in the region, as well as the Operation Purple Steering Committee, to identify appropriate measures to exchange essential information under the operation.

119. The Board notes that, of the 11 countries reporting seizures of potassium permanganate during 2003, 2 are in Asia (Azerbaijan and China), 4 are in the Americas (Brazil, Ecuador, Peru and the United States) and 5 are in Europe (Germany, Italy, Romania, Spain and Ukraine). The seizures of potassium permanganate outside of Latin America are too small to be useful in the illicit manufacture of cocaine and are therefore more probably related to the illicit manufacture of methcathinone (ephedrone) through the oxidation of ephedrine or pseudoephedrine.

120. In its report for 2003 on the implementation of article 12, the Board expressed concern at the possibility of traffickers identifying a substitute chemical for potassium permanganate.<sup>26</sup> At that time, the Governments of Colombia and Peru reported record seizures of sodium hypochlorite (also known as *leja* in the region), which is a suitable substitute for potassium permanganate. The Board notes that seizures of sodium

hypochlorite in Peru fell from a high of nearly 60 tons in 2002 to just over 9 tons in 2003. The lower seizures reported may be a result of appropriate measures introduced regarding the domestic distribution of the substance.

#### Stopped shipments in international trade

121. During 2004, 15 shipments, amounting to over 640 tons of potassium permanganate, were stopped as there was reason to believe that the orders may have been attempts by traffickers to divert the shipments in question into the illicit traffic. As was noticed in the past two years, the majority of those shipments were to countries in Asia, namely, Bangladesh, Indonesia, the Islamic Republic of Iran, Malaysia, Taiwan Province of China and Turkey. Only one diversion attempt to Latin America was uncovered and, as in past years, that shipment had been ordered by a company in Brazil. Companies in Egypt and Romania had placed the other orders that were stopped. In each case, it was possible to identify the suspicious orders as a result of the supplying of, and responding to, pre-export notifications. The Board wishes to commend the efforts of the Governments concerned in both the exporting and importing countries.

122. The information provided to the Board by the above-mentioned Governments on the shipments in question gives valuable insight into the modus operandi of traffickers. For example, in some of the cases the companies identified as the importers were legitimately established and had bona fide requirements for potassium permanganate. However, when approached by the competent authorities, they denied having placed the orders in question. Further analysis has shown that one company in an exporting country was involved in eight of the shipments. That suggests that traffickers may have used employees of the company concerned who are providing details on customers. Fictitious orders were then submitted using that company's name. The competent authorities of the country concerned have been informed and have been requested to launch investigations into the matter.

123. A different modus operandi was noted with the cases involving Brazil and Romania. In Brazil, a company with a licit requirement for potassium permanganate and the authorization to import the substance purportedly placed two orders with different brokers in Europe. The import authorization supplied

to one of the brokers was found to have expired and that order was stopped. In the second case, the competent authorities of Romania have launched investigations to determine why a company with a licit requirement and authorization for 6 tons of potassium permanganate placed an order for 12 tons of the substance. The shipment has been suspended while further investigations are being carried out to determine for what reason the excess amount was ordered.

124. The possibility of diversions being facilitated in such ways raises two important issues for competent authorities to address. Firstly, when a pre-export notification appears with the name of a well-known company with a licit requirement for the substance, the notification should not be responded to before actually checking with the company concerned whether it had actually placed the order. Secondly, when such a diversion attempt is detected, full investigations should be launched by the authorities in both the importing and exporting countries to determine how and from whom the order was received.

125. The Board notes that, in addition to the above cases involving potassium permanganate, attempts to divert acetone and methyl ethyl ketone (MEK), both controlled under Table II of the 1988 Convention, have also been uncovered. Two shipments involving 250 tons of acetone and MEK were stopped between South Africa and Costa Rica, as the company in Costa Rica was not authorized to import either substance. Two shipments, involving 350 tons of acetone and 150 tons of MEK, were stopped between South Africa and Greece as the purported importer in Greece denied placing the orders in question.

126. The Board notes that an increasing number of Governments are now supplying and responding to pre-export notifications for solvents in Table II that are traded in large volumes throughout the world. Furthermore, the above-mentioned cases also show that traffickers are using the same methods to divert those substances as they use for substances in Table I with more limited trade. The Board therefore urges all Governments to launch intelligence-driven investigations into diversion attempts and stopped shipments, focusing on identifying those responsible as well as the sources of the finances utilized. In particular, the mechanisms and procedures established under Operation Purple should be extended to provide

guidelines and best practices for those types of investigation and, where required, technical assistance should be provided, as with Operation Topaz. The Board trusts that the Steering Committee of Operation Purple will give these matters the attention they require during 2005.

### **3. Substances used in the illicit manufacture of heroin**

#### *Seizures*

127. The seizures of acetic anhydride during 2003 were similar to those reported to the Board during 2002; however, in a significant new development, the largest seizures were reported in Bosnia and Herzegovina following successful action by the authorities of that country in identifying and intercepting smuggled and diverted consignments.

128. The Board is aware, through Operation Topaz, of continuing successes in Bosnia and Herzegovina during 2004, with authorities seizing over 42 tons of acetic anhydride imported into their country in two shipments from the Netherlands. Following a request by the Board, the competent authorities of Bosnia and Herzegovina launched further investigations to verify the legitimacy of the shipments, and it was discovered that false import authorizations had been submitted with the orders in the Netherlands. The Board is pleased to note that the Public Prosecutor's Office in Bosnia and Herzegovina has brought criminal charges against those responsible for the diversion.

129. A further 34 tons of acetic anhydride in Bosnia and Herzegovina in February 2004 had purportedly been imported into the country from Panama. Investigations are also under way to determine if 6.5 tons of acetic anhydride seized in Serbia and Montenegro may not have been part of the same consignment. Elsewhere in the region, Bulgarian authorities have reported seizures of four separate consignments of acetic anhydride, amounting to over 1,700 litres of the substance, that were being smuggled to Turkey.

130. The Board commends the efforts of the authorities concerned in preventing these diversions and will continue to work closely with the authorities concerned to ensure that appropriate mechanisms are in place to address the issue in future.

131. Large seizures of acetic anhydride were also reported in China and Turkey: 15 tons of the substance were seized in China and 9.7 tons were seized in Turkey. The Board notes with interest that the reports from Turkey indicate that the seizures were effected at storage facilities or laboratories in the country or while the shipment was in transit to the Islamic Republic of Iran, with no significant cases being reported at the major border crossings in the west of the country, as had been the case in previous years. At the same time, Belarus, Bulgaria, Romania, the Russian Federation, the former Yugoslav Republic of Macedonia and Ukraine have successfully intercepted smuggled consignments and have all reported seizures of over 250 kg of the substance.

132. The seizure of 370 litres of acetic anhydride reported by the authorities of the former Yugoslav Republic of Macedonia is of particular interest. The substance was being smuggled from Albania, through their country, to Greece, from where it was to have been taken to Turkey and exchanged there for heroin. While barter trade between traffickers has been reported for different drugs, for example, MDMA (Ecstasy) and for cannabis, this is the first report received of acetic anhydride being exchanged for heroin.

133. In addition to the above-mentioned trafficking routes, a further route was uncovered by the authorities of the Russian Federation. Following a backtracking investigation into a seizure of nearly 6 tons of acetic anhydride in 2002, it was determined that the shipment had been smuggled from the United States, through the Netherlands and the Russian Federation, where it was seized, and that the purported end-user was in Kazakhstan. Investigations are still continuing in the countries concerned to determine if that route, or other similar routes, may have been utilized more extensively by traffickers. Details of the route and others uncovered during 2003 and 2004 are presented in figure IV.

134. While the above-mentioned shipment was seized while reportedly en route to Central Asia, no actual seizures of acetic anhydride have been reported from that important region or from the neighbouring countries of Afghanistan. In Afghanistan itself, the Board has been informed of successes achieved in the country with authorities dismantling heroin laboratories. Furthermore, during 2004 the Afghan

authorities seized 375 litres of acetic anhydride together with 675 kg of ammonium chloride and 75 kg of sodium bicarbonate. As those substances are used in the conversion of opium to morphine and the subsequent purification of heroin base, that information supports evidence of heroin manufacture in Afghanistan. Unfortunately, the acetic anhydride was not in the original containers, nor were any documents found relating to the substance, so no intelligence could be gathered as to the possible source and no backtracking investigations were initiated.

135. Tests of the chemicals seized in Afghanistan were conducted in situ utilizing test kits specially developed by the Laboratory and Scientific Section of the United Nations Office on Drugs and Crime to identify both the controlled and non-controlled chemicals used in heroin manufacture. The availability and use of such test kits is essential for remote areas or areas where access to analytical laboratories is limited. The Board encourages Governments to make chemical test kits available to customs officers. Although the results of such a test cannot replace an analytical report from a laboratory, the test can prevent unnecessary delays to licit trade while also giving officials reasonable grounds to detain a shipment.

136. Finally, the Board notes the steps taken by the Indian authorities to prevent diversions of the substance, as well as the stringent measures introduced by industry to self-regulate trade in the substance. The Board urges the Steering Committee of Operation Topaz to examine the Indian model closely and determine whether similar steps can be introduced in other countries participating in the operation.

#### Stopped shipments in international trade

137. While few attempts to divert acetic anhydride from international trade have been uncovered since Operation Topaz began, seven such attempts, involving nearly 1,900 tons of the substance, were uncovered during 2004. Investigations are currently ongoing with some of the cases to determine whether they were actually diversion attempts. In other cases intelligence-led investigations have been launched to identify those responsible for placing the orders.

138. Traffickers may now be targeting the world's largest exporter of the substance, the United States. In the largest of the above-mentioned cases, an order for 750 tons of acetic anhydride was received in the United

States, purportedly from the exporting company's subsidiary in Singapore. Upon investigation by the competent authorities of Singapore, the purported importing company denied placing the order. In a second case, a shipment of 500 tons from the United States to Belgium was cancelled, although the reason for the cancellation is not known. Both shipments have been stopped and investigations are under way.

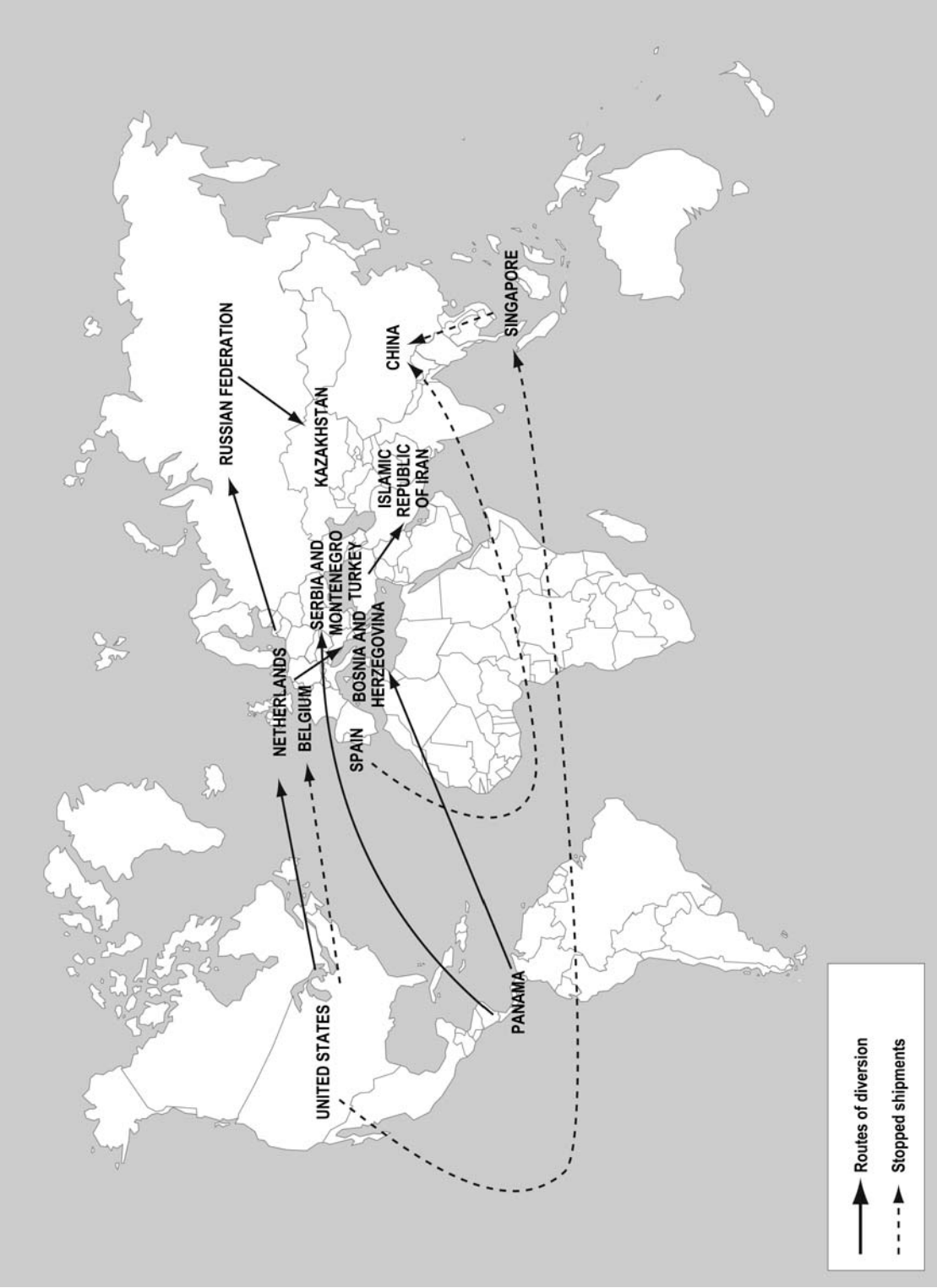
139. A similar case has been reported between Singapore and China, in which the order was arranged through a broker in Hong Kong SAR. The order, for 40 tons of acetic anhydride, was cancelled at the request of the broker, but again no reason for the cancellation was provided.

140. In another case brought to the attention of the Board, the competent authorities of Germany stopped a shipment of 500 tons of acetic anhydride to Serbia and Montenegro at the request of the authorities of that country as the order had been placed under unusual circumstances and an unusual end-use for the substance had been reported to the Ministry of Health.

141. The Board has noted that, in each of the above-mentioned cases involving stopped shipments, brokers had placed the orders. While the activities of brokers have been closely examined under Operation Purple, their activities have not been scrutinized under Operation Topaz. The Board therefore requests the Steering Committee of Operation Topaz to work with participating countries to make a comprehensive evaluation of the role brokers are playing in the diversion and subsequent smuggling of acetic anhydride.

142. The Board has also noted that, with the exception of the cases involving China and Singapore, the real-time information received, which is essential to launch backtracking investigations, was from Europe. Governments in participating countries outside Europe are reminded of the standard operating procedures for Operation Topaz that require participating Governments to provide the co-chairs, and the Board, with information on individual seizures as soon as possible. Such information is essential if international or regional trafficking groups are to be identified and dismantled, as evidenced by the current successes in Europe. The Board trusts that, during 2005, Governments concerned, especially those through which acetic anhydride is smuggled into Afghanistan, will ensure that mechanisms are in place to facilitate such reporting.

Figure IV  
Cases of diversion or attempted diversion of acetic anhydride, identified through  
successful action by law enforcement authorities, 2003-2004



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

##### *Gamma-hydroxybutyric acid*

143. Seizures for 2003 of *gamma*-butyrolactone (GBL), which is used in the illicit manufacture of *gamma*-hydroxybutyric acid (GHB), were the highest ever reported, with over 2,300 litres of the substance being seized. Those seizures were reported by the Governments of Australia, Finland, France, Germany, South Africa, Spain, Sweden and the United States. All countries, with the exception of France, had reported such seizures in previous years. The problem of the use of GBL in illicit manufacture does not, therefore, appear to be spreading beyond the countries that had initially reported misuse of the substance.

144. The record amounts seized during 2003 are attributable primarily to seizures in Australia, which amounted to nearly 1,200 litres; however, Germany, South Africa and Spain have also reported their largest seizures (621 litres, 200 litres and 153 litres, respectively). It is not clear at the present stage whether the larger seizures are indicative of increasing abuse of the final product or of improved action by law enforcement authorities in identifying diversions of the substance for use in illicit manufacture.

##### *Lysergic acid diethylamide*

##### Seizures

145. During 2003, authorities in Slovakia seized 6 kg of ergotamine that was to have been diverted for use in the illicit manufacture of lysergic acid diethylamide (LSD). The substance had purportedly been ordered by a company in Spain and follow-up investigations determined that 10 kg had initially been legally imported from the Czech Republic. Four kilograms were allegedly diverted by a national of the Netherlands and possibly smuggled to that country.

146. At the same time, the Netherlands authorities identified a network attempting to divert ergotamine when a consignment of 5 kg of the substance was intercepted en route from Slovenia, through the Netherlands, to Suriname. The consignment had been declared as "pharmaceuticals". The actual destination of the substance is not yet known.

147. The competent authorities of the Russian Federation have also reported seizing over 12 kg of ergotamine. While more information is not currently available on the seizure, the Board has requested the authorities concerned to launch investigations to determine if any links can be established between the three cases.

148. While the attempted diversion of LSD precursors and the dismantling of LSD laboratories are unusual, during 2004, authorities in the United States dismantled such a laboratory when the person involved in establishing the laboratory was arrested while trying to purchase ergotamine from Viet Nam. Other chemicals and equipment required to manufacture the substance were also seized.

##### *Methaqualone*

##### Seizures

149. The illicit manufacture of methaqualone still persists in South Africa. Authorities in that country seized 7,200 litres of acetic anhydride and 450 kg of anthranilic acid during 2003. A further 550 kg of anthranilic acid were seized in 2004. The uncovered laboratories appear to have been operating on a smaller scale than those previously encountered. In fact, from the information available to the Board, it now appears that large-scale manufacture of methaqualone is taking place mainly in China.

150. For example, 4 tons of methaqualone powder and over 100 million methaqualone tablets seized in South Africa during 2003 had been illicitly manufactured in China. The Board understands that the syndicate involved in the illicit manufacture of the methaqualone in China has been dismantled. Details on the case have not yet been received. The Board urges the Chinese and South African authorities to conduct a joint investigation into the cases. Such a combined investigation is essential, as methaqualone powder and tablet presses seized during 2004 in South Africa also allegedly originated in China.

##### Notes

<sup>1</sup> United Nations, *Treaty Series*, vol. 1582, No. 27627.

<sup>2</sup> *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic*

*Substances: Report of the International Narcotics Control Board for 2003 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.04.XI.4).

<sup>3</sup> 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 present resolution (para. 13).

<sup>4</sup> *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2003 ...*, para. 19.

<sup>5</sup> Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

<sup>6</sup> *Official Journal of the European Union*, L 47, 18 February 2004.

<sup>7</sup> *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2003 ...*, para. 37.

<sup>8</sup> Date of entry into force of the 1988 Convention: 11 November 1990.

<sup>9</sup> Afghanistan, Andorra, Antigua and Barbuda, Belize, Bhutan, Burundi, Cameroon, the Central African Republic, Chad, the Comoros, Croatia, Djibouti, Dominica, Grenada, Guinea, Guinea-Bissau, Guyana, Iraq, Lesotho, the Libyan Arab Jamahiriya, Maldives, Mali, Mauritania, Mozambique, the Niger, Oman, Qatar, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Sao Tome and Principe, Seychelles, the Sudan, Suriname, Swaziland, the former Yugoslav Republic of Macedonia, Tonga, Trinidad and Tobago, Zambia and Zimbabwe.

<sup>10</sup> Project Prism was launched at the International Meeting on Amphetamine-type Stimulant Precursors, which the Board convened in Washington, D.C., in June 2002. Operational activities commenced in January 2003.

<sup>11</sup> The task force is composed of members representing the major geographical regions, namely, China, the Netherlands, South Africa and the United States of America, 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.

<sup>12</sup> Representatives of the following States and territories participated in the work of the Chemicals Working Group: Australia, Belgium, Brazil, Canada, China, Hong Kong Special Administrative Region (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: United Nations Office on Drugs and Crime, the Board (through its secretariat), European Commission and Interpol.

<sup>13</sup> Representatives of the following States participated in the work of the Equipment Working Group: China, Germany, India, Netherlands, Slovakia, South Africa, Thailand, United Kingdom of Great Britain and Northern Ireland and United States. Representatives of the following intergovernmental and regional bodies also participated: United Nations Office on Drugs and Crime, the Board (through its secretariat), European Commission, European Police Office (Europol) and Interpol.

<sup>14</sup> The following States and territories responded to the circular letter on safrole and safrole-rich oils: Argentina, Armenia, Ascension Islands, Australia, Bahrain, Belgium, Brazil, Brunei Darussalam, Bulgaria, Cambodia, Canada, China, Hong Kong SAR of China, Macao SAR of China, Colombia, Czech Republic, Ecuador, Egypt, France, Germany, Greece, Guatemala, Hungary, Iran (Islamic Republic of), Ireland, Israel, Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Lebanon, Luxembourg, Madagascar, Malaysia, Maldives, Mauritius, Netherlands, Nigeria, Peru, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Rwanda, Saint Vincent and the Grenadines, Singapore, Slovakia, Slovenia, Spain, Sweden, Syrian Arab Republic, Tajikistan, Thailand, Tristan da Cunha, Turkey, Turks and Caicos Islands, Uganda, United Kingdom, United States, Uruguay, Uzbekistan and Vanuatu.

<sup>15</sup> 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 Organization has 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.

<sup>16</sup> The States and territories responding to the letter were: Argentina, Armenia, Ascension Islands, Australia, Austria, Bahrain, Belgium, Benin, Bosnia and Herzegovina, Brazil, Brunei Darussalam, Bulgaria, Cambodia, Cameroon, Canada, Chile, China, Hong Kong SAR of China, Macao SAR of China, Colombia, Costa Rica, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, Estonia, France, Germany, Greece, Guatemala, Haiti, Hungary, Iran (Islamic Republic of), Ireland, Israel, Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Lebanon, Lithuania, Luxembourg, Madagascar, Malaysia, Maldives, Malta, Mauritius, Netherlands, Nigeria, Peru, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Rwanda, Saint Vincent and the Grenadines, Singapore, Slovakia, Slovenia, Spain, Sweden, Syrian Arab Republic, Tajikistan, Thailand, Tristan da Cunha, Turkey, Turkmenistan, Turks and Caicos Islands, Uganda, United Kingdom, United States, Uruguay, Uzbekistan, Vanuatu and Zambia.

<sup>17</sup> *Report of the International Narcotics Control Board for 2004* (United Nations publication, Sales No. E.05.XI.3).

<sup>18</sup> 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 (United Nations publication, Sales No. E.00.XI.3). 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 (United Nations publication, Sales No. E.01.XI.4). 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.

<sup>19</sup> 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, Romania, Russian Federation, Slovakia, Slovenia, South Africa, Spain, Turkey, Ukraine, United Kingdom, United States, Uruguay and Venezuela. Furthermore, the United Nations Office on Drugs and Crime, Interpol and the World Customs Organization support Operation Purple in their respective areas of responsibility.

<sup>20</sup> The participating States and territories are: 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, Serbia and Montenegro, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Tajikistan, Thailand, the former Yugoslav Republic of Macedonia, Turkey, Turkmenistan, United Arab Emirates, United Kingdom, United States and Uzbekistan.

<sup>21</sup> Those States and territories were: Austria, Belgium, China, Hong Kong SAR of China, Czech Republic, Germany, India, Japan, Mexico, Netherlands, Republic of Korea, Russian Federation, Singapore, Spain, Switzerland, United Kingdom and United States.

<sup>22</sup> *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2003 ...*, para. 83.

<sup>23</sup> *Ibid.*, para. 85.

<sup>24</sup> *Ibid.*, para. 93.

<sup>25</sup> *Ibid.*, para. 94.

<sup>26</sup> *Ibid.*, para. 103.