

I. Introduction

1. In 2005, the Board reviewed the data available to it on licit trade in scheduled precursor chemicals and examined the information in correlation with diversion of and trafficking in precursors and the illicit manufacture of drugs. Such an exercise has many limitations, including the fact that, despite growing cooperation from Governments, the data on the licit trade in scheduled precursor chemicals are far from comprehensive.

2. In order to make the analysis more useful to competent national authorities, chapter II of the present report includes some information on patterns in licit trade in precursors, as known, and on the latest trends in trafficking in precursors, together with specific recommendations to Governments.

3. Chapter III highlights what has been done during the period under review by Governments and the Board to implement the relevant provisions of the United Nations Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances of 1988¹ but also, more specifically, to address the situations described in chapter II. In addition to treaty adherence, reporting under article 12 of the 1988 Convention, legislative and control measures and exchange of information, the Board has this year included in chapter III a review of activities under Project Prism and assessments of Operation Purple and Operation Topaz. Participating countries may find those assessments useful in their evaluation of the international initiatives.

4. Finally, based on those findings, the Board proposes, in chapter IV, a series of specific actions designed to facilitate the prevention of diversion of and trafficking in precursor chemicals and of illicit manufacture of drugs in the years to come.

5. Practical information for competent authorities on adherence to the 1988 Convention, the submission of information, seizure data, requests for pre-export notifications and the licit and illicit uses of scheduled substances is contained in annexes I-IX.

II. Extent of licit trade and latest trends in trafficking in precursors

6. The Board examines, on a regular basis, data furnished to it by Governments pursuant to Economic and Social Council resolution 1995/20 of 24 July 1995 or under the three international initiatives, Operation Purple, Operation Topaz and Project Prism. The objective is to determine, to the extent possible, patterns in licit trade in precursors. Any significant changes in those patterns observed, in particular sudden rapid increases in exports to a specific country or region, could be an indication that a substance may subsequently be diverted for illicit drug manufacture.

7. The paragraphs below also provide an overview of major trends in the diversion of and trafficking in precursors. For the analysis, consideration has been given to information 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, where they are available. The seizure data used are for the five-year period 2000-2004, as furnished by Governments pursuant to the provisions of article 12 of the 1988 Convention (see annex III).

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

1. Ephedrine and pseudoephedrine

Licit trade

8. From 1 November 2004 to 31 October 2005, the Board was informed under Project Prism of 1,893 individual shipments involving licit international trade in ephedrine and pseudoephedrine. Those consignments were exported by 21 countries and territories and were destined for nearly 100 importing countries and/or territories. According to information provided on form D, on substances frequently used in the illicit manufacture of narcotic drugs and psychotropic substances, for 2004, the total volume of licit trade in ephedrine was 526 tons, and that in pseudoephedrine was 1,207 tons. The large number and volume of

shipments reported indicate the magnitude of the control issues facing Governments.

Changes in global patterns of trade may indicate possible diversions

9. The Board has been able to identify, and rectify, a loopholes in the international drug control system, for example, the lack of an adequate mechanism for monitoring pseudoephedrine in Canada. During the late 1990s, it had been noted that licit exports of pseudoephedrine destined for Canada were increasing rapidly, reaching unprecedented record levels by 2001. At the same time, large amounts of pseudoephedrine, including pharmaceutical preparations containing that substance, originating in Canada were seized at illicit methamphetamine manufacturing sites in the United States of America. While the pseudoephedrine had been legally imported into Canada by established pharmaceutical companies, the Canadian authorities were not in a position, under the then existing national legislation, to subsequently monitor the sales of the pharmaceutical products manufactured from those imports. Upon the intervention of the Board, that loophole was closed by the Government of Canada, which established in 2003 a comprehensive regulatory framework for control of precursors, including the pharmaceutical products containing those substances. As a result, the volume of pseudoephedrine imported into Canada has now returned to the levels needed for legitimate purposes.

10. Traffickers now seem to be turning, once again, to a previous route, namely, through Mexico. It may be recalled that, in the first half of the 1990s, large quantities of ephedrine and pseudoephedrine originating in the Czech Republic and traded through Switzerland to Mexico had been diverted from licit trade into illicit channels, to be used for the manufacture of methamphetamine destined for the United States.² The Board noted that the amounts of pseudoephedrine imported by Mexican companies had grown rapidly over the past several years, increasing fivefold between 1998 and 2004. The actual amounts may even have been higher, since exports of pharmaceutical preparations containing that substance are often not monitored by the authorities. There is concern that some of those amounts, both of the raw material as well as of preparations, are again being diverted from licit trade into illicit channels, to be used

for the manufacture of methamphetamine destined mainly for the United States.

11. In view of the above, and as a series of suspicious shipments of pseudoephedrine destined for Mexico had been identified and subsequently stopped, the secretariat convened, in March 2005, a round-table consultation with representatives of the major exporting and trans-shipment countries and territories (China (including the Hong Kong Special Administrative Region (SAR) of China), Germany, India and Switzerland), as well as Canada, Mexico and the United States, to identify practical courses of action to prevent diversion of pseudoephedrine. That consultation was followed up by a meeting of the Project Prism Task Force held in Vienna in June 2005.

12. The voluntary measures agreed to at that meeting included the sending of pre-export notifications, by the competent authorities of certain key exporting countries, for pharmaceutical preparations containing pseudoephedrine destined for North America. Furthermore, Canada, Mexico and the United States agreed to develop a framework for conducting a subregional assessment of their licit requirements of pseudoephedrine in order to be able to identify orders exceeding licit requirements in a timelier manner in future. The Mexican authorities have now taken specific steps to prohibit brokers from importing pseudoephedrine and have reduced imports of the substance by one half on the basis of an estimate of actual licit requirements.

13. While the initiatives taken by the countries of North America are already showing some results, there are indications that global patterns of trade in pseudoephedrine are shifting again. For instance, noticeable increases in exports of pseudoephedrine to a number of countries in other regions have been observed over the past few years, notably to certain countries in Asia and Central and South America.

Trafficking

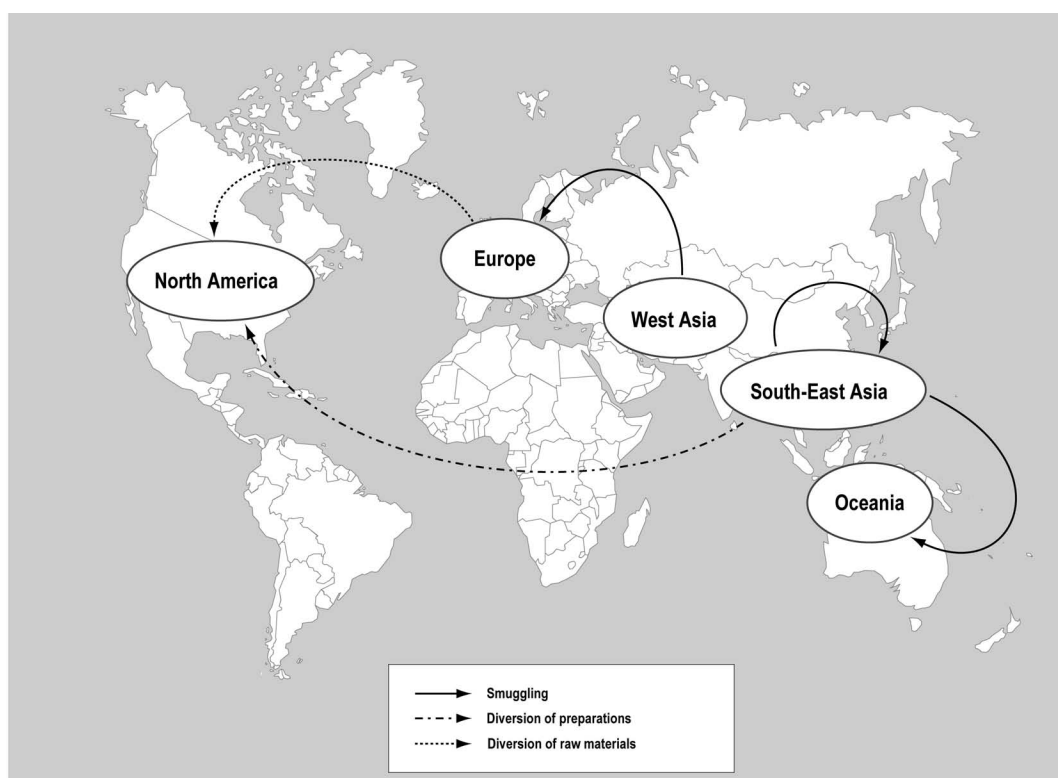
14. While the largest seizures of ephedrine and pseudoephedrine are reported primarily in countries in North America and South-East Asia, where the problem of illicit manufacture of methamphetamine is well documented, the Board is concerned that, during 2004, seizure reports indicating use in illicit manufacture were received from all regions. As is shown in figure I, traffickers are currently using

various methods to obtain ephedrine and pseudoephedrine in different regions. **The Board supports the emphasis of Project Prism on the need for regional operations to be launched and coordinated in order to counter specific approaches of traffickers. Licit international trade is also a source of the substances used in illicit drug manufacture. Governments need to identify mechanisms to ensure that those substances are not diverted from domestic distribution channels, while ensuring their availability for licit pharmaceutical uses.**

15. Traffickers seem to be turning to ephedra, the plant material from which ephedrine and pseudoephedrine are extracted and which is currently not under international control. That concern is

corroborated by a series of attempts to divert ephedra effected during 2005. The 15 shipments in question, totalling 933 tons, all originated in China and were destined for Germany, Mexico, the Netherlands and Sweden. In all those cases the authorities of China had provided pre-export notifications to importing countries and it was possible to stop the shipments in time. In three of the cases, inquiries by the competent authorities revealed that the consignments were ultimately to have been shipped to Mexico, a country that prohibits imports of the material. At the current stage it is not clear if traffickers are attempting to divert the substance in order to extract the raw material, but it is worth noting that in 2004 South African authorities dismantled a methcathinone laboratory that used ephedra as the starting material for the synthesis. The Board commends the efforts of the

Figure I
Trends in trafficking in ephedrine and pseudoephedrine, 2004-2005



Governments concerned, China in particular, for providing pre-export notifications to the importing countries, resulting in the identification of the attempts at diversion. **Governments should exercise vigilance with regard to trade in ephedra and inform the Board of any suspicious cases.**

Africa: attempts at illicit manufacture

16. During 2004, the competent authorities of South Africa dismantled 28 illicit laboratories manufacturing either methamphetamine or methcathinone. The number of such laboratories continued to increase in 2005. A further concern is that attempts to divert ephedrine and pseudoephedrine have been uncovered throughout Africa, in Angola, the Democratic Republic of the Congo, Kenya and Mozambique. In the largest case of 2005, Spanish authorities assisted the Board in stopping a shipment of 26 tons of pseudoephedrine ordered in their country, purportedly by a company in the Democratic Republic of the Congo.

17. The remaining consignments were identified and stopped on the basis of pre-export notifications or inquiries sent to the Board by the authorities of the exporting countries, namely, India and South Africa. **African countries should investigate and identify those responsible for placing such orders and determine whether the substances were to have been used for illicit manufacture in the region or whether they were to be smuggled elsewhere. There is also an urgent need to develop the capacity of both regulatory and law enforcement authorities in Africa to address the emerging precursor chemical threat.**

Americas: decisive action needed to curb methamphetamine manufacture

18. Illicit methamphetamine manufacture and abuse are major concerns in Canada and the United States. So-called "superlabs" (laboratories capable of manufacturing more than 5 kilograms (kg) of the substance in 24 hours) are regularly dismantled in the United States, in addition to a large number of small "kitchen laboratories". There is increasing evidence that many such illicit laboratories are fuelled by tablets and combination products containing pseudoephedrine.

19. Owing to interdiction efforts in the United States, it is believed that some traffickers have moved their operations to Mexico, with over 30 methamphetamine

laboratories dismantled during 2004. Initially, seizures indicated that traffickers were ordering pharmaceutical preparations containing pseudoephedrine in South-East Asia. As such exports were not being reported to the competent authorities concerned, no checks could be conducted to verify the legitimacy of the shipments.

20. At the same time, brokers in Mexico were also placing bulk orders for pseudoephedrine in Europe. Initially, three shipments from Switzerland, amounting to 7 tons of pseudoephedrine, were stopped. In total, 40 tons of the substance were stopped as a result of the round-table consultation being convened by the Board (see para. 11 above) in March 2005. Measures introduced after the meeting resulted in the stopping of four shipments from Germany and India to Mexico totalling nearly 20 tons.

21. As has been seen in the past, when adequate controls are introduced in one country, traffickers will immediately target other countries in the region where controls may not be as strong. Following the introduction of stricter controls in Mexico, attempts to divert 3,000 kg of ephedrine and 3,000 kg of pseudoephedrine through Belize and 350,000 pseudoephedrine tablets through Nicaragua were uncovered. **All Governments in the Americas should be vigilant with regard to pseudoephedrine diversion and should support the regional initiatives proposed by the Project Prism Task Force.**

Asia: seizures in decline but precursors still available

22. During 2004, authorities in the Philippines succeeded in dismantling a trafficking network operating through the country and, in addition to the 1,700 kg of pseudoephedrine seized during that investigation, a further 4,000 kg of ephedrine was seized in operations targeting illicit laboratories. No reports on the above-mentioned individual seizures have been provided under Project Prism and it is therefore not known what action has been taken in the countries concerned to identify the sources of the seized precursors and to determine whether other diversions may have taken place from those sources.

23. Elsewhere in Asia, ephedrine seizures continued to fall, with both India and Myanmar reporting their lowest ever seizures of the substance and the seizures reported by China remaining the same as those reported during 2003. **Governments are urged to provide real-time reports on individual seizures to**

the Board, in accordance with the provisions of Project Prism, so that the necessary backtracking investigations can be launched by the countries concerned. As there is no corresponding increase in seizures of other precursors for methamphetamine reported and as seizures and abuse of methamphetamine have shown only a slight decline in certain countries, traffickers may have found new methods and routes of diversion for the substance within the region.

Europe: one big, many small seizures, but a growing number of laboratories

24. Reports of seizures in Europe have increased over the last four years and 19 countries have now reported seizures of such substances. While seizures are generally not large, the authorities of Greece seized 1,100 kg of ephedrine being smuggled into the country concealed in a consignment of rice from Pakistan.

25. While no other case of that magnitude has been reported in Europe, ephedrine, and to a lesser extent pseudoephedrine, are increasingly being found in illicit laboratories in Europe, such as a laboratory dismantled in Slovakia, where authorities seized nearly 11 kg of ephedrine. **Governments in the European region should monitor the situation carefully in order to avoid the emergence of problems similar to those encountered in North America and South-East Asia.**

Oceania: smuggling of raw materials and pharmaceutical preparations

26. Australia consistently reports seizures of both ephedrine and pseudoephedrine in relation to the dismantling of illicit laboratories manufacturing methamphetamine. Furthermore, seizure reports from ports of entry to Australia indicate that traffickers in that country often use methods more commonly associated with trafficking in drugs rather than in precursors. For example, Australian authorities have discovered ephedrine and pseudoephedrine concealed in underwater breathing apparatus, decorative wall plaques, tiles and, during 2005, in the bases of statues imported from Viet Nam. **While the smuggling of concealed ephedrine and pseudoephedrine still appears to be isolated, authorities should be aware of the possibility of traffickers turning increasingly to such modi operandi in reaction to improved controls over licit trade.**

27. The authorities of New Zealand have also identified smuggling as a problem in relation to ephedrine and pseudoephedrine; however, there the smuggling mainly involves pharmaceutical preparations. The situation is becoming serious, with over 1.3 million tablets seized in 2003-2004 and again over 1 million tablets seized in 2004-2005. On the whole, tablets are smuggled to New Zealand from countries of South-East Asia. The competent authorities of Pakistan are investigating cases reported as coming from their country, as noted in the 2004 report of the Board on the implementation of article 12.³

2. 3,4-methylenedioxyphenyl-2-propanone, 1-phenyl-2-propanone and piperonal

Licit trade

28. The licit international trade in both 3,4-methylenedioxyphenyl-2-propanone (3,4-MDP-2-P) and 1-phenyl-2-propanone (P-2-P) is limited. During the period from 1 November 2004 to 31 October 2005, the Board was informed of five shipments of P-2-P, amounting to 2,500 kg. Only one report was received for 3,4-MDP-2-P. Piperonal, however, is a substance with more extensive licit uses and, during the same period, over 150 shipments, involving 3,800 tons, of the substance, have been reported.

Trafficking

29. The limited possibility of successfully diverting either 3,4-MDP-2-P or P-2-P from international trade has therefore forced traffickers to manufacture those substances clandestinely and to smuggle them to areas where they are used in the illicit manufacture of methylenedioxymethamphetamine (MDMA) and amphetamine or methamphetamine, respectively. **Successes against trafficking groups can only be achieved when the Governments intercepting smuggled consignments launch backtracking investigations. The authorities need to ensure that mechanisms are in place to launch such investigations so that the source of a seizure can be identified and the trafficking network dismantled.**

30. Seizures of both 3,4-MDP-2-P and P-2-P during 2004 were the largest ever reported. Those seizures remain small in relation to the amount of MDMA available in illicit markets throughout the world, however. Furthermore, very little information has

emerged during 2005 on new methods of diversion and the routes used for smuggling those substances, in particular into Europe.

31. While 3,4-MDP-2-P remains the chemical of choice in the illicit manufacture of MDMA, the Board noted that, during 2004, the competent authorities of China had seized over 13 tons of piperonal. Furthermore, a shipment of 4 tons of the substance from the Hong Kong SAR to Indonesia was stopped in 2005. The Board also noted that the Romanian authorities had seized nearly 2.5 tons of piperonal in 2004. While further details surrounding those seizures and stopped shipments have not yet been supplied, it is of concern that traffickers may be turning to this widely available substance for use as a precursor in the manufacture of 3,4-MDP-2-P, methylenedioxy-amphetamine (MDA) or MDMA.

Americas: increase in MDMA manufacture?

32. While MDMA was initially smuggled into North America from illicit laboratories located in Europe, such laboratories are now increasingly being uncovered in North America itself. While the laboratories uncovered in the United States have been small, the Government of Canada reported having seized nearly 1,500 litres of 3,4-MDP-2-P in 2004. Taking into consideration the profits that can be made from such illicit manufacture, it cannot be excluded that such seizures and the illicit manufacture of MDMA in the region will increase.

Asia: still a major source of precursors

33. The Government of China has made significant progress in identifying and dismantling trafficking networks responsible for the illicit manufacture of those precursors as well as smuggling them out of that country and into Europe, as indicated by the seizure of over 5 tons of 3,4-MDP-2-P and over 23 tons of P-2-P during 2004.

34. In September 2005, the competent authorities of China (including the Hong Kong SAR) and Indonesia launched a combined investigation that resulted in the interception of a consignment of 3 tons of 3,4-MDP-2-P being smuggled into Indonesia. That case highlights the particular importance of inter-regional operations.

35. It has been known since 2002 that the illicit manufacture of MDMA was taking place in Indonesia, when authorities dismantled an illicit laboratory in that country. The suspects involved in that laboratory who were able to avoid arrest were found to have set up a further MDMA laboratory, which Indonesian authorities identified and successfully dismantled in 2005. **As in other regions, the scenario of criminals continually setting up illicit laboratories is well documented and, within the scope of existing legislation, authorities should make efforts to prevent such recurring activities.**

Europe: still one of the main destinations

36. While Europe remains the major manufacturer of much of the MDMA seized throughout the world, very few seizures of the precursors required for its manufacture have been reported recently. The Governments of Belgium, Ireland, the Netherlands and Poland experienced successes in individual cases during 2004. Only Germany has reported intercepting two consignments, amounting to 570 kg, under Project Prism during 2005. **Traffickers have identified new methods and routes of diversion and Governments of European countries need to make additional efforts to locate and seize the precursors involved. It is expected that the region-specific operations planned under Project Prism will assist in those efforts.**

Oceania: successful dismantling of a large trafficking network

37. Australian authorities have consistently identified small-scale illicit laboratories manufacturing MDMA. During 2004 and 2005 those authorities were successful in dismantling a network that had been smuggling multi-ton consignments of precursors into the country. In the cases in question, the authorities seized 1,000 litres of a mixture of 3,4-MDP-2-P and piperonal. Further investigations resulted in an additional shipment of two tons of the mixture being identified and seized. A successful controlled delivery operation enabled the authorities to identify the traffickers.

38. While the composition of the mixture was initially unknown, forensic analysis identified it as a mixture of 3,4-MDP-2-P and piperonal. At the present stage it remains unclear whether the piperonal had been used as the starting point for the 3,4-MDP-2-P or

whether both substances were formed during an attempt to manufacture one or the other from, for example, safrole. **The Board commends the authorities concerned for using a controlled delivery and urges all Governments to make more use of that important investigative technique. The above-mentioned cases show the importance of having scientific support in investigations into precursor chemicals.**

3. Safrole and safrole-rich oils

Licit trade

39. During the period from 1 November 2004 to 31 October 2005, the Board was informed of 33 shipments of safrole, including safrole in the form of sassafras oil, amounting to 6.2 tons of the substance. The lack of information available on international trade in those substances was a key issue addressed under Project Prism and, during 2005, the Board, with the assistance of the Regional Office for Asia and the Pacific of the United Nations Office on Drugs and Crime (UNODC), conducted an analysis of the trade in safrole-rich oils exported from countries in South-East Asia but not detected through international control mechanisms as they are declared as “essential oils”.

40. In order to conduct the analysis, information was gathered on 23 cases, involving the export of safrole-rich oils from Cambodia, China and the Lao People’s Democratic Republic carried out through brokers in Viet Nam. The 23 shipments involved a total of 745 tons of safrole-rich oils and were destined for eight countries, namely, Brazil, China, Germany, Israel, Italy, Singapore, Switzerland and the United States. The competent authorities of the importing countries were requested to verify the legitimacy of each shipment. The exercise resulted in the identification of four possible diversions involving 192 tons of safrole-rich oils.

41. Under a three-month tracking operation carried out by the Customs Cooperation Council (also known as the World Customs Organization) (see para. 108 for details), 2 shipments of safrole and 51 shipments of isosafrole, totalling over 1,600 kg and over 5,600 kg respectively, were reported. While no attempted diversions were uncovered, the report identified shipments that required further attention and, more specifically, identified countries not in a position to send pre-export notifications for those substances

listed in Table I. **Safrole-rich oils are traded in multi-ton consignments, without control or monitoring. As they do not have a unique customs code under the Harmonized Commodity Description and Coding System (HS), controls are not applied uniformly. Sassafras oil should be treated the same way as safrole.**

Trafficking

42. While seizures of safrole were reported from all regions of the world, those seizures were small, with only China reporting seizures of over 100 kg of the substance. No additional background information was provided on the circumstances of the seizures. No seizures or stopped shipments have been reported during 2005 under Project Prism.

Africa: first MDMA laboratory in Northern Africa identified

43. Authorities of Egypt have, for the first time, reported dismantling an illicit laboratory manufacturing MDMA. While the Board has not yet received a list of the precursors seized at the site, it may be noted that Egypt was identified during the tracking operation of the World Customs Organization as a major importer of isosafrole. The Board has initiated inquiries with the Government of Egypt to determine whether any imports of isosafrole could be linked to the dismantled laboratory.

Asia: important sources of precursors located in the region

44. As reported earlier in this chapter, the competent authorities of China achieved notable successes in preventing precursors of MDMA from being used in illicit manufacture during 2004. In addition to the precursor chemicals mentioned above, the Chinese authorities also seized over 5.5 tons of safrole.

Europe: seizures of safrole

45. Seizures of safrole were reported by Latvia, Lithuania and Norway. **Governments in Europe should be on the alert to possible illicit use of safrole, or safrole-rich oils, in the illicit manufacture of 3,4-MDP-2-P.**

46. In a case involving common acids and solvents, the competent authorities of Austria, the Netherlands

and Romania launched backtracking investigations from a site where empty chemical containers from an illicit MDMA laboratory had been disposed of. The investigation resulted in the identification of a diversion involving 5,000 litres of acetone, 600 litres of hydrochloric acid and 850 litres of ethanol and the methods employed for diversion.

B. Substances used in the illicit manufacture of cocaine: potassium permanganate

Licit trade

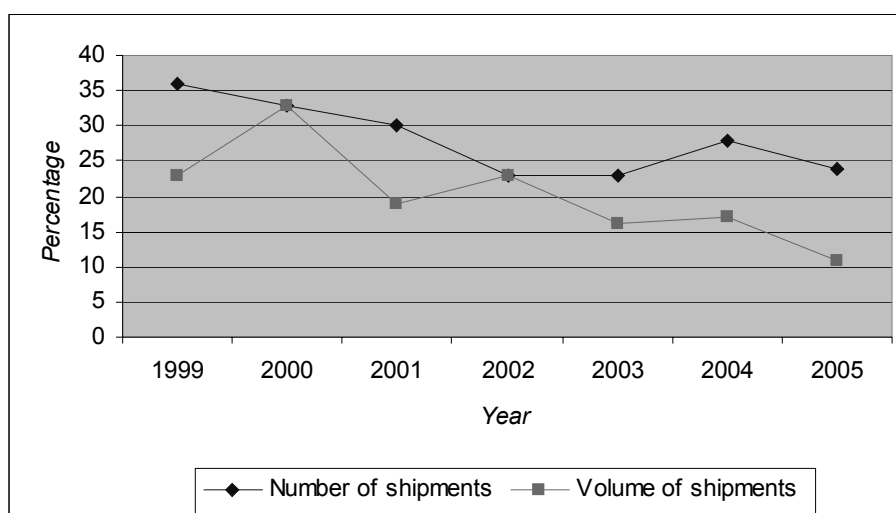
47. Most of the information available on potassium permanganate derives from Operation Purple. The simple system of pre-export notifications has been able to serve as a cornerstone for the monitoring of trade in the substance. From 1 November 2004 to 31 October 2005, the authorities of 20 exporting countries and/or territories provided 824 pre-export notifications for shipments of potassium permanganate to 87 importing countries and/or territories; the total amount of potassium permanganate involved was 27,200 tons:

48. One of the primary objectives of Operation Purple was to prevent diversions of potassium permanganate from licit trade for use in the illicit manufacture of cocaine in the Americas. Since the operation commenced, there has been a decline in both the number of shipments and the volume of potassium permanganate imported into the Americas (see figure II).

49. With the exception of Brazil, very few countries in South America now import the substance. A more detailed country-by-country analysis shows that further action may still be required in the region to ensure that diversion from regional markets is not taking place. **The Government of Brazil is vigilant as regards imports of the substance and during 2004-2005 requested that two shipments of potassium permanganate be stopped. Similar vigilance as regards domestic distribution channels should ensure that diversions are not occurring from that market.**

	1999	2000	2001	2002	2003	2004	2005
Global number of pre-export notifications	265	634	565	546	816	730	824
Global amount	9 045	15 530	21 102	13 909	27 256	22 517	27 200

Figure II
Number and volume of shipments of potassium permanganate to the Americas as a percentage of international trade, 1999-2005



50. With intensive monitoring of international trade in the Andean subregion, traffickers may start targeting other countries in regions not normally associated with the illicit manufacture of cocaine. The Board therefore decided that, in addition to the support it was already providing to Operation Purple, it would also start following up on shipments of potassium permanganate to countries not participating in the Operation. This activity now constitutes a major portion of the work the Board carries out under the Operation. In the six years that the Operation has been running, the volume of potassium permanganate being shipped to such countries has been increasing steadily.

Trafficking

Global: large number of stopped shipments

51. Action by the Board under Operation Purple has resulted in the identification of 30 shipments, totalling 1,230 tons, that were to be sent to 15 countries not participating in the Operation and that had to be stopped because there were concerns over the legitimacy of the orders. Furthermore, three participating authorities requested that six shipments to them, involving a total of 279 tons, be stopped as the legitimacy of the end-users could not be verified. As can be seen from figure III, the countries to which shipments were stopped were not countries where the substance was seized or where the illicit manufacture of cocaine took place.

Americas: potassium permanganate smuggled into areas where cocaine is manufactured

52. Authorities in Bolivia, Colombia, Ecuador and Peru reported seizures of potassium permanganate for 2004. The Colombian authorities were successful in seizing over 170 tons of the substance. It is important that they provided detailed information on individual seizures, allowing a better understanding of the precursor situation in the region.

53. In 2004, a seizure of 18 tons of potassium permanganate in Colombia was tracked back to a company in Mexico. Mexican authorities launched extensive investigations in their country to identify those responsible and, while no arrests resulted from the investigations, the traffickers were no longer able to make use of the front company established to divert the substance.

54. Concerns exist that traffickers may be diverting potassium permanganate to the Andean subregion through the Caribbean islands. A suspicious case involved, for example, a broker in the British Virgin Islands. **Governments in the Caribbean should be vigilant with regard to consignments of potassium permanganate.**

Asia: brokers seem to be a problem

55. During the period from 1 November 2004 to 31 October 2005, a total of 27 shipments to Asia were stopped at the request of the importing Government as it was not possible to verify the legitimacy of the consignee. In particular, the authorities of Bangladesh and the Islamic Republic of Iran have requested that five shipments, totalling 260 tons and eight shipments, totalling 581 tons, respectively, be stopped.

56. While the illicit manufacture of cocaine is not associated with Asia and only the Hong Kong SAR of China reported a small seizure of potassium permanganate during 2004, there is growing concern that traffickers may be targeting the region for the purpose of using it for diversion.

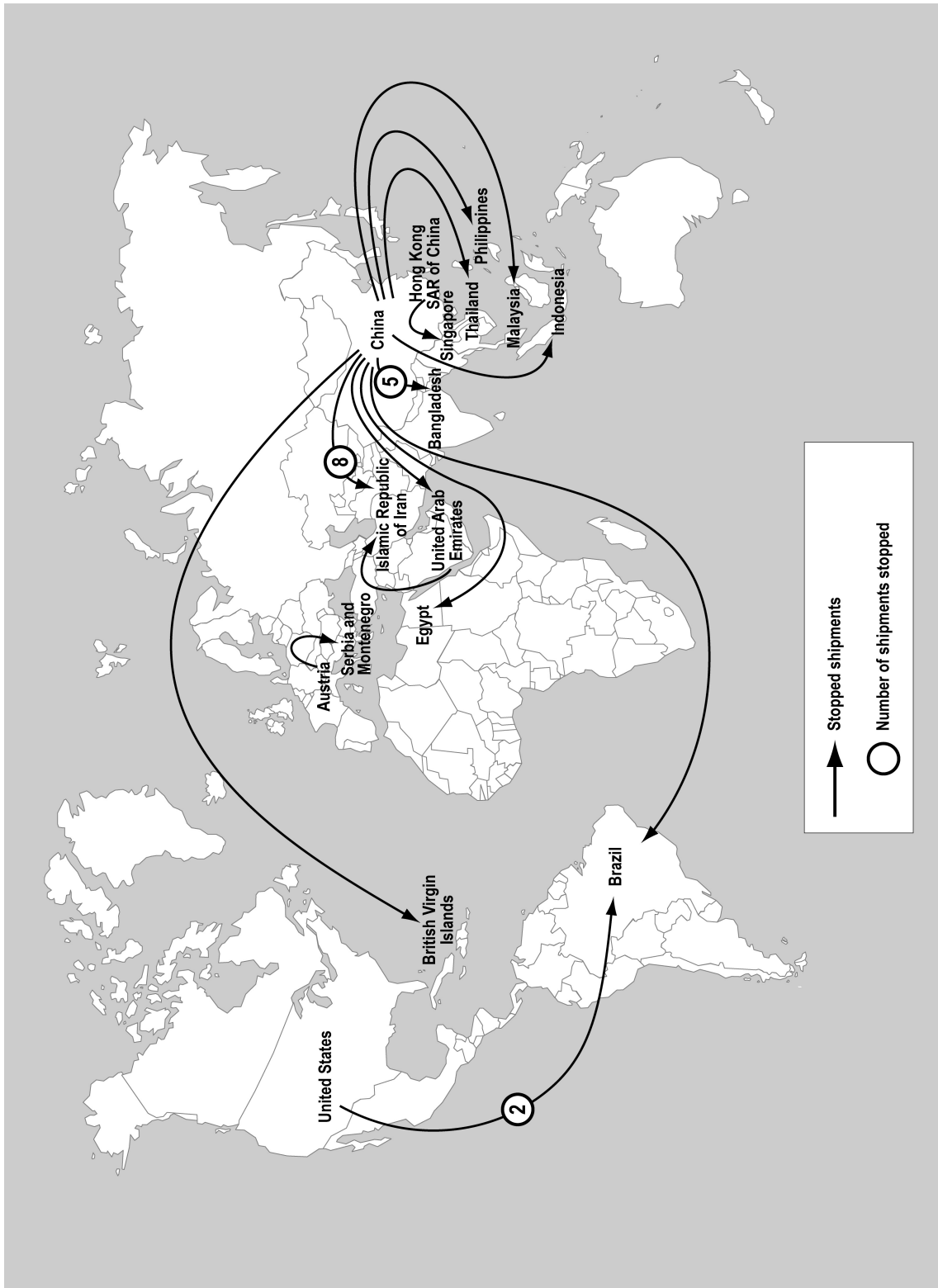
57. Problems have also been experienced with broker companies in Asia. Some broker companies have been placing orders for delivery to third countries without having actual clients in those countries, or only having clients for a portion of the total consignment.

C. Substances used in the illicit manufacture of heroin: acetic anhydride

Licit trade

58. During the period from 1 November 2004 to 31 October 2005, the authorities of 14 exporting countries provided over 1,300 pre-export notifications for shipments of acetic anhydride, in accordance with the standard operating procedures of Operation Topaz. Those consignments were destined for 48 importing countries and/or territories and the total amount of acetic anhydride involved was 331,000 tons.

Figure III
Trends in trafficking in potassium permanganate, 2004-20005



Patterns in international trade observed during the course of the Operation have remained stable and any variances in patterns were followed up on and legitimate reasons were found to exist.

59. Through the information provided on the pre-export notifications, the Board was able to map patterns in international trade and identified the focal points for such trade in terms of both the volume and the number of shipments. Furthermore, trans-shipment countries that play a major role in the licit trade of acetic anhydride, such as Belgium, the Netherlands and Singapore, were identified. As with potassium permanganate, the involvement of brokers makes physical tracking of the substance difficult as it is rarely shipped directly from the manufacturing country to the consumer country.

Trafficking

60. Action by the Board has resulted in the identification of six shipments, amounting to 556 tons, that were to be sent to four countries and were stopped. Furthermore, during 2004, 18 countries reported to the Board on form D that they had seized over 79 tons of acetic anhydride and 9 countries provided reports through Operation Topaz on 36 individual seizures.

61. During the period 2001-2005, 30 countries reported, either on form D or using the Operation Topaz investigation form, that they had made seizures of acetic anhydride in quantities of over 100 kg. A total of 94 individual seizures were reported to the Board in accordance with the standard operating procedures of Operation Topaz. Those cases were reported by 21 different countries and involved nearly 630 tons of acetic anhydride. Comparing the seizure information with the manufacture and trade information referred to above, the Board noted that eight of the countries seizing the substance (Afghanistan, Belarus, Bosnia and Herzegovina, Bulgaria, Myanmar, Panama, the Syrian Arab Republic and the former Yugoslav Republic of Macedonia) were neither manufacturers nor importers, and therefore the substance must have been smuggled into those countries.

62. Follow-up investigations into some of those cases revealed weaknesses in the international precursor control regime, which have since been rectified. Much work still needs to be done to identify the trafficking routes used to smuggle the acetic anhydride through the countries concerned.

Africa: authorities to be on the alert

63. While very few other shipments of acetic anhydride in international trade have been stopped, the competent authorities of Nigeria requested that a shipment of nearly 7 tons from Germany be stopped. An investigation has been launched to identify the end-user and to determine whether the substance was to be used for legitimate purposes.

64. As it is unlikely that the substance would be used for the illicit manufacture of heroin in Nigeria, as it was probably destined for use in another country, the Board commends the authorities for their efforts to verify the legitimacy of the shipment and urges other Governments to follow similar procedures when the need arises.

Asia: acetic anhydride in Afghanistan

65. The authorities of China, India and Turkey were successful in intercepting and seizing consignments of over 16 tons of acetic anhydride in 2004.

66. The lack of seizures reported by Afghanistan and the countries bordering it is, however, a cause for concern. Afghanistan has no licit requirement for acetic anhydride and does not import the substance. Furthermore, the Board has been informed, through informal mechanisms established under Operation Topaz, that at least 300 litres of the substance were seized in 2004 and a further 390 litres during 2005 in Kabul, indicating that the substance is being smuggled into the country. **The Board understands that the current situation in Afghanistan makes interdiction difficult and therefore calls upon the Governments of neighbouring countries to take additional measures in order to identify and intercept consignments of acetic anhydride smuggled into Afghanistan. Where possible, and within the scope of its mandates under article 12 of the 1988 Convention, the Board stands ready to assist those Governments.**

67. No seizures of acetic anhydride have been reported in any of the Central Asian republics since 2001. Should a "northern route" for acetic anhydride exist, it is likely that the Central Asian republics are transit countries and not source countries, as analysis of the trade data shows no acetic anhydride being shipped into the region and manufacture in Uzbekistan is closely monitored.

68. The total volume of seizures reported in Turkey shows a significant drop from 2001 to 1 November 2005 (see figure IV). The reason for the decline is not known, but it is possible that, given the successes of interdiction efforts in the country, traffickers have developed new routes and methods of diversion that have not yet been identified. **In 2004, the Government of Turkey reported 14 individual seizures,⁴ with valuable information on the methods and routes being used by traffickers operating between Europe and West Asia. Other Governments carrying out seizures of acetic anhydride are urged to make use of the information-sharing mechanisms established under Operation Topaz to disseminate such information.**

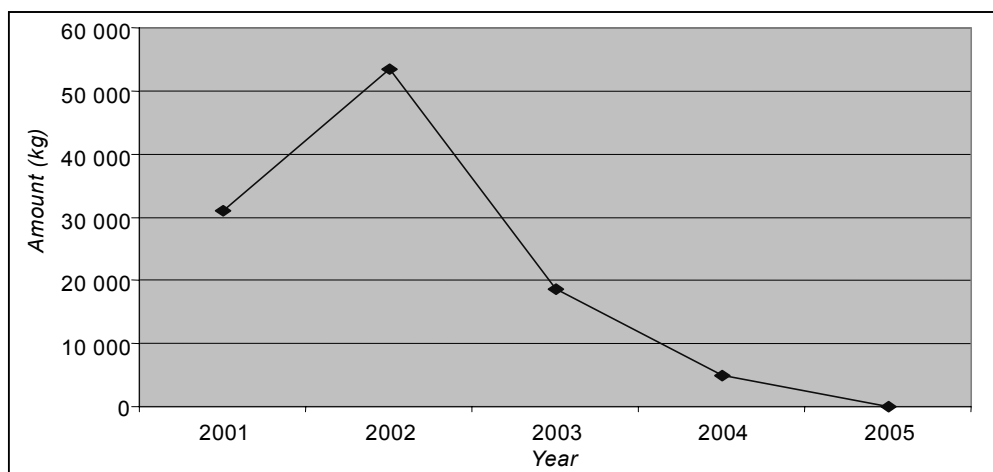
Europe: the largest seizures

69. Nine countries in Europe reported having seized acetic anhydride during 2004, with Belarus, Bulgaria and the Russian Federation all seizing over 1 ton of the substance. The seizures in the Russian Federation, totalling over 53 tons, were the largest reported in any

country. Those seizures are particularly important, as the Russian Federation had been identified as the source of some of the acetic anhydride seized in Turkey during 2003. At that time, successful controlled deliveries were carried out.

70. A successful backtracking investigation was launched into an intercepted consignment in Bulgaria. Bulgarian and Turkish authorities worked together on the case and determined that the consignment had been concealed in industrial air conditioners in Slovenia. Further investigations led to identification of the actual source of the acetic anhydride in South-East Asia. While South-East Asia has been identified as the source of some of the acetic anhydride seized in the Islamic Republic of Iran and Turkmenistan in the past, this was the first time that acetic anhydride seizures in Europe could be linked to that subregion. The above-mentioned seizure and the seizures during 2003 in Bosnia and Herzegovina of acetic anhydride from Mexico serve to show that traffickers are continually identifying new routes for their illicit trade.

Figure IV
Seizures reported in Turkey under Operation Topaz, 2001-2005



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

1. Lysergic acid diethylamide

Lysergic acid diethylamide laboratory dismantled in the Netherlands Antilles after controlled delivery operation

71. In 2003, the Netherlands and Slovakia identified diversions and made seizures of ergotamine, which was at the time allegedly being shipped to Suriname. The Czech authorities have since expressed concern over orders for ergocristine, a substance that is also a precursor of LSD but is not under international control, and requested the Board to assist in verifying the legitimacy of certain shipments of the substance. That scrutiny resulted in Panamanian authorities seizing 1 kg of the substance in early 2005. Following the seizure, a further order was received from the Netherlands Antilles. The shipment was followed to its destination and the laboratory was identified. **The Board invites Governments to exercise vigilance as regards shipments of ergot alkaloids, including related substitutes not under international control.**

2. Methaqualone

Africa: decline in manufacture in South Africa or rise in abuse of stimulants?

72. During 2004, the detection of methaqualone laboratories declined in South Africa in terms of both the number of illicit laboratories dismantled and the capacity of those laboratories. During that period, seven such laboratories were dismantled and 20 kg of anthranilic acid were seized. At the same time, detections of methamphetamine/methcathinone laboratories increased in the country. The Board is therefore attempting to determine whether the methaqualone laboratories have relocated outside the country or whether amphetamine-type stimulants have now replaced methaqualone as the drug of choice in the country.

Asia: authorities should remain vigilant as regards precursors of methaqualone

73. During 2004, the authorities of India reported having seized nearly 3 tons of anthranilic acid, nearly 3 tons of acetic anhydride and 2 tons of toluene. When those volumes are compared, it would appear likely

that the chemicals were to be used in the illicit manufacture of methaqualone. While India has been very successful in eradicating the illicit manufacture of methaqualone in the past, if the current supply channels are disrupted, traffickers in India may resume such illicit manufacture.

74. Following large seizures of methaqualone in Southern Africa that were believed to have originated in China, Chinese authorities seized 10 tons of *N*-acetylanthranilic acid, a direct precursor of methaqualone. **Asian authorities should remain particularly alert with regard to precursors of methaqualone.**

III. Action taken by Governments and by the Board

A. Adherence to the 1988 Convention

75. As at 1 November 2005, the 1988 Convention had been ratified, acceded to or approved by 177 States, as well as formally confirmed by the European Community (extent of competence: article 12). Currently 90 per cent of all States in the world are parties to the Convention. Since the 2004 report of the Board on the implementation of article 12 was issued, Angola, Cambodia, the Cook Islands, the Democratic Republic of the Congo, Liberia, Samoa and Switzerland have become parties to the Convention.

76. The rates of accession to the 1988 Convention by region are as follows (see annex I for details): Africa, 92 per cent; Americas, 100 per cent; Asia, 96 per cent; Europe, 95 per cent; and Oceania, 43 per cent. The Board remains concerned that Oceania is the only region in which less than half of the States are parties to the 1988 Convention.

77. The Board is pleased to note that, with the accession of Switzerland to the 1988 Convention, all of the world's major manufacturing, exporting and importing States are now parties to the Convention. The Board calls on the remaining 16 States⁵ to implement the provisions of article 12 and to become parties to the Convention without further delay.