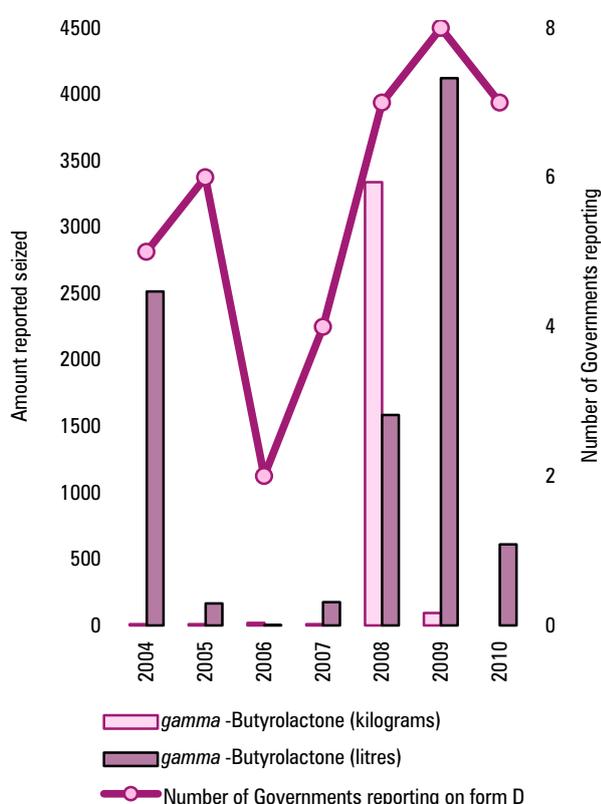


Figure XVI. Seizures reported by Governments on form D of gamma-butyrolactone, 2004-2010



IV. Twenty years of international precursor control: progress and challenges

132. Over the past 20 years, the Board has reported on the international community’s progress in implementing precursor control.¹⁹ There have been many accomplishments: the 1988 Convention has been acceded to by most countries; national legislation and monitoring infrastructure have been developed; and communication has increased, as has international cooperation. Much has been learned, patterns of diversion have been identified and controls with respect to international trade have been adapted and strengthened.

133. Substantively, most controlled chemicals are now more difficult to obtain from international trade than they were 20 years ago, as a result of an increasing number of countries having precursor legislation in place, as well as greater regulatory and monitoring capacity and awareness among relevant industries. The tightening of control

measures in an increasing number of countries is reflected, for example, in routes of diversion having become more complex and in non-scheduled substances, especially immediate precursors with few legitimate uses other than as intermediates in legitimate industries, now being commercially available, substituting for the more strictly controlled traditional chemicals.

134. The effective tools available to Governments are increasingly comprehensive, but, while their simplicity in design allows for increasing use by all competent national authorities, they have not had universal implementation. Equal progress has not been seen among all countries, with lower-income countries and indeed entire regions lagging behind. Gaps in global coverage remain, as technical assistance has been neither prioritized nor provided at an adequate level. As criminal chemical trafficking organizations become more organized, specialized and resourceful in their methods of circumventing effective international controls, so too must individual Governments and the international community adapt and respond.

A. Progress

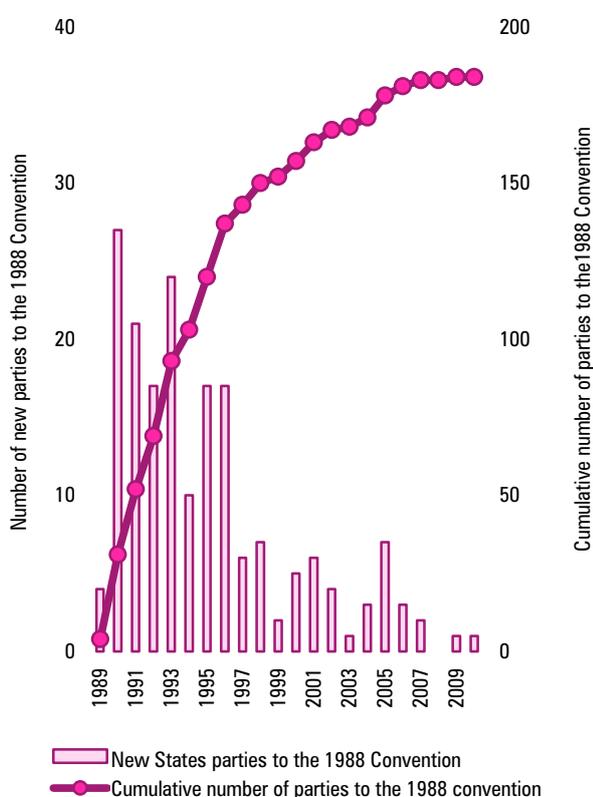
135. Since 1988, the Board has developed and deployed the annual precursor questionnaire (form D); begun the collection, organization and analysis of data; extended assistance to Governments in organizing and coordinating their approaches to the monitoring and control of precursors; and developed and maintained the precursor databank.

136. Most Governments have established competent national authorities responsible for regulating or enforcing national controls over precursors. While 188 such authorities exist, to date 21 countries have not yet reported a competent national authority.²⁰ This is true primarily among African countries, where nine countries, or one in six, have no competent national authority responsible for precursor control at the national level, making the African region vulnerable to attempts by traffickers to obtain chemicals for illicit purposes.

¹⁹ The Board’s first report on the implementation of article 12 was issued in 1991 (E/CN.7/1991/21 and Corr.1).

²⁰ The Board has not been informed of competent national authorities for the 1988 Convention by the following Governments: Albania, Angola, Belarus, Belize, Burundi, Comoros, France (Martinique), Haiti, Liberia, Liechtenstein, Malawi, Marshall Islands, Mauritania, Mongolia, Mozambique, Nauru, Palau, San Marino, Somalia, South Sudan and Yemen.

Figure XVII. Number of new States parties and total number of parties to the 1988 Convention, 1989-2010

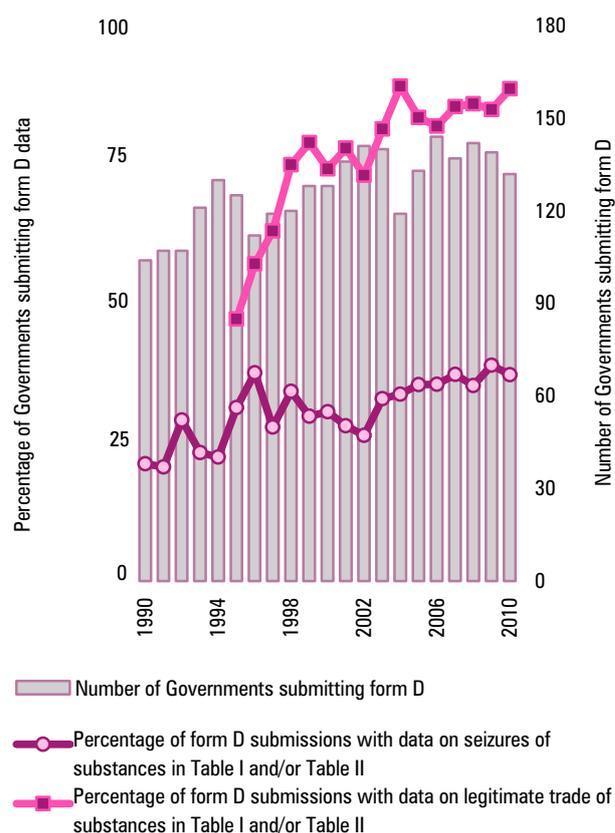


137. Reporting to the Board on seizures of precursors, diversions and illicit drug manufacture, as well as on licit trade, has also greatly increased over the past 20 years as systems at the national level to control, track and ultimately report have been implemented or improved. In 1990, 104 Governments submitted form D, but only one Government in five was able to provide any information related to chemical seizures. Fewer still were able to provide information related to the diversion of precursors and stopped shipments of chemicals, or details related to clandestine manufacture. In 2010, the number of Governments reporting increased to 132, and the percentage able to provide information on the seizure of precursors, mandatory under the 1988 Convention, nearly doubled, to 37 per cent. Increases were also seen in the provision of data on legitimate trade, increasing from 47 per cent of submissions in 1995 to 89 per cent by 2010, and estimates of annual legitimate requirements for imports of select precursors of amphetamine-type stimulants.

138. Identifying suspicious transactions in legitimate trade is possible by knowing the market and its players and understanding and recognizing regular trade patterns,

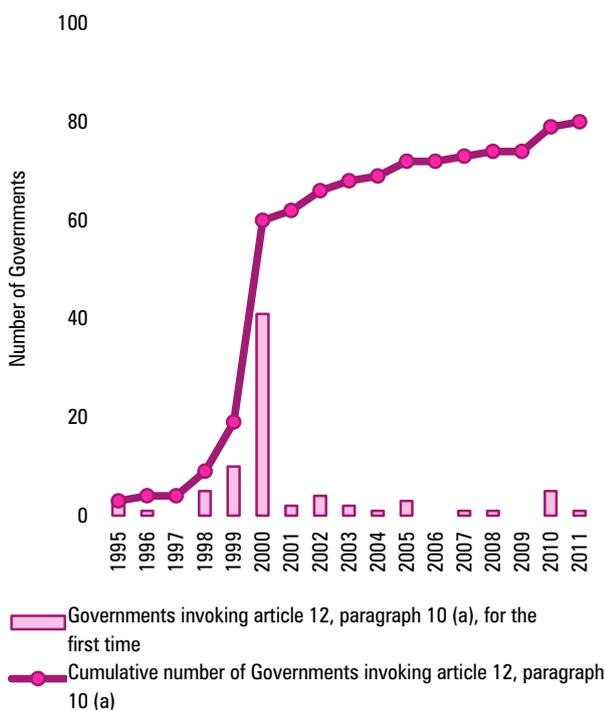
legitimate trade requirements, companies trading in precursors, end-users and end-users. To be able to assess the legitimacy of an import and object to it in case of doubt, the competent national authority of the importing country needs to be aware of the proposed transaction. One of the most effective means to this end is the system of pre-export notifications. Increasingly, Governments are requiring notifications in accordance with article 12, paragraph 10 (a), of the 1988 Convention. The number of Governments having requested notification prior to a proposed import has grown to 79. Nevertheless, although new Governments are slowly being added each year, only 40 per cent of countries require any notification. With only 21 per cent of low-income countries requiring pre-export notification, versus 66 per cent and 40 per cent for upper- and middle-income countries, respectively,²¹ low-income countries are disproportionately more likely to be vulnerable to diversion attempts.

Figure XVIII. Annual submissions of form D and the provision of select data, 1990-2010



²¹ Income categorization is based on 2010 World Bank data on gross national income per capita, in United States dollars using the Atlas method, averaged from 2006 to 2010.

Figure XIX. Governments invoking article 12, paragraph 10 (a), of the 1988 Convention requiring pre-notification of export of chemicals, 1995-2011

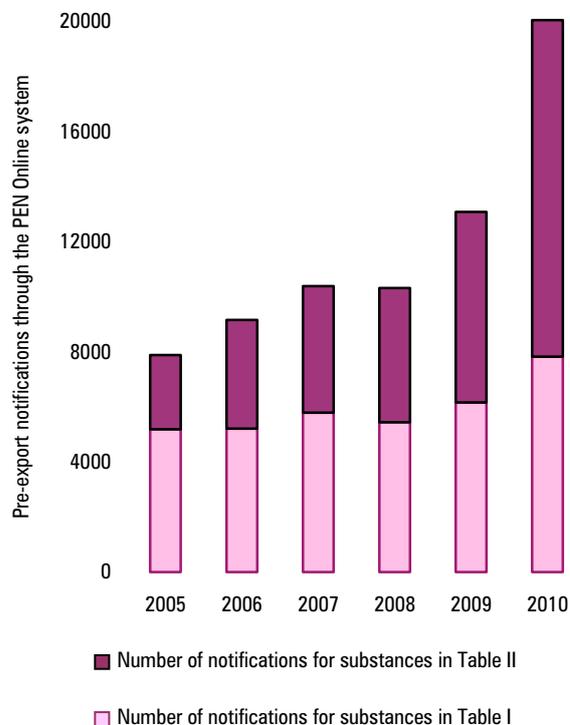


139. Significant improvements in the monitoring of international trade in precursors were seen with the launch of the PEN Online system in 2006. With this automated system, it has now become possible for the competent national authorities of exporting and importing countries to communicate through a single, centralized system, confirming the legitimacy of individual transactions or suspending or stopping suspicious shipments in real time. Pre-export notifications sent via the PEN Online portal have increased to more than 20,000 annually to 169 countries and territories. There are now 126 registered users of the system, which the Board provides to Governments; however, only 43 per cent of low-income countries are registered, a disproportionately smaller number than among either upper- or middle-income countries (85 per cent and 65 per cent, respectively).

140. It is important to continue the development of the PEN Online system and to individually and collectively perform a risk analysis of the proposed shipments reported via PEN Online. Although it is not a party to proposed transactions between exporting and importing countries, the Board assists Governments in verifying transactions to countries, in particular countries and regions where notifications are either not required or where resources and capacity are limited.

141. Results have been achieved in implementing the General Assembly recommendations on improving the exchange of information regarding suspicious transactions and on the need for increased multilateral cooperation in exchanging information on transactions involving precursors and disseminating systematic information on the *modi operandi* used by chemical trafficking organizations.²² The Board has supported various international time-bound operational activities to counter the diversion of precursor chemicals and to launch backtracking investigations: Operation Purple (1999-2005), Operation Topaz (2001-2005) and Project Cohesion — the resulting merger of the other two in 2005 — provided Governments with strategic information on the trafficking of potassium permanganate and acetic anhydride, while Project Prism (since 2002) focuses on select precursors of amphetamine-type stimulants. These multilateral operations have led to an increase in the number of cases in which diversions (or attempted diversions) from international trade and into illicit channels have been identified, communicated and prevented. Examples of these successes are illustrated in chapter III, section H.

Figure XX. Pre-export notifications for substances in Table I and Table II communicated through the PEN Online system, 2005-2010



²² General Assembly resolution S-20/4B.

142. The information developed under these operations, combined with annual reporting, also feeds into the process of scheduling and rescheduling substances under international control. In response to emerging trends in illicit trafficking and manufacture, the Board has previously proposed to the Commission on Narcotic Drugs that it schedule or reschedule several chemicals. Norephedrine, which had emerged for use in the illicit manufacture of amphetamine-type stimulants, was added to Table I in 2000. Since that time, several other chemicals have been rescheduled from Table II to Table I, including acetic anhydride (2001), potassium permanganate (2001) and phenylacetic acid and its salts (2011).

143. Increasingly, over the last several years, chemical trafficking organizations have begun obtaining alternative chemicals, including made-to-order chemicals, directly from industry. In response, Governments are increasingly adopting the concept of industry as a critical partner in preventing diversion. The Board's *Guidelines for a Voluntary Code of Practice for the Chemical Industry* and the limited international special surveillance list of non-scheduled substances are free tools that can assist in that regard. The surveillance list, established in 1998 in response to increasing concern about the use of substitute chemicals, aids Governments in flexibly targeting non-scheduled substances most likely to be diverted from legitimate trade, while balancing the requirements of legitimate industry. The list has grown to now include 52 substances and is distributed to regulatory authorities for use in partnership with industry.

B. Challenges and the way forward

144. Twenty years of international precursor control have demonstrated that the international system of controls provides for a number of necessary tools. Experience has shown, however, that the tools have not had universal implementation and that there remains a need to implement them more comprehensively within countries and at the global level. Specific examples of these tools are listed in chapter V below.

145. Twenty years of international precursor control have also demonstrated the ability of chemical trafficking organizations to rapidly adapt to pressures from regulatory and law enforcement agencies. Specifically, their ability to obtain intermediates, pre-precursors and made-to-order chemicals has increased, as has the size and sophistication of manufacture, as evidenced by their ability to use other starting materials and methods which were previously considered too complex and costly to employ in illicit settings. This is compounded by the continued increase in the type and amount of synthetic, non-plant-based drugs

and the unprecedented speed with which shifts now occur. The inherent flexibility in the sourcing of precursors and in illicit manufacture means that mechanisms to counter these developments must also be flexible.

146. The concept of scheduling individual substances is a reactive measure that cannot keep pace with the rapid emergence of new precursor substances used in the illicit manufacture of drugs. Instead, a more flexible approach is needed, with a shorter response time to identify suspicious orders and prevent diversion of new chemicals, which can only be achieved in partnership with industry.

147. At the same time, legislation must be more flexible to allow for the investigation and prosecution of incidents which involve new chemicals when there is suspicion that such chemicals are intended for use in the illicit manufacture of substances. Similar to seizures of chemicals currently under control, incidents utilizing new unscheduled chemicals should be considered the beginning of an investigation rather than its end.

148. Governments must also consider the degree to which the criminal act of trafficking in chemicals corresponds to the punishment. Penal, civil and administrative sanctions involving new chemicals must be proportional to the type and amount of illicit substance for which manufacture was intended. Thus, cases involving precursors intended for use in illicit drug manufacture should result in sanctions consistent with the amount of drugs that were to have been manufactured.

149. Finally, in order for the international community to benefit from the knowledge of new developments and prevent future diversions, it is paramount to improve the dissemination of information and strategic intelligence on suspicious orders, stopped shipments and seized precursors in real time. Regulatory and law enforcement agencies and relevant industry, both nationally and internationally, all play an equally important role in understanding the dynamics and complexities of modern-day diversion and trafficking, identifying weaknesses and devising adequate solutions.

V. Recommendations

150. The present report has examined actions taken by Governments and the Board, the latest information related to the diversion and attempted diversion of precursors, legislative and other control measures and the achievements under Project Prism and Project Cohesion over the past year. In addition, much of the information and analysis has assessed the achievements and challenges during the first 20 years of precursor control. The present