

explanatory text aimed at assisting the establishment of tailored memorandums of understanding between authorities and industries.¹¹

32. In addition to cooperating with industry, another vital element in addressing the current challenges is an effective system of domestic controls that includes the following: the effective monitoring of manufacture and distribution, including the premises and operators involved in such activities; physical on-site visits to verify the bona fides of all new companies entering business; end user registration, declaration of end use and verification of legitimate end use; cognizance of legitimate requirements and setting realistic limits on the importation of controlled chemicals and of chemicals that could be used in illicit manufacture. While in a number of countries and regions the necessary legislation may not yet be in place, **the Board is concerned that weaknesses are most often the result of a lack of effective implementation of existing legislation. All Governments are therefore urged to review the effectiveness of their domestic chemical control systems and work on closing any gaps in those systems and making them fit for their purpose.** This also includes the application in free trade zones and free ports of the same stringent measures that are applied in other parts of a country's territory.

33. A Government's domestic regulatory system is also a prerequisite for being able to notify importing countries of exports of chemicals prior to their departure. Without information about the domestic market and its actors, Governments may not be in a position to comply with their obligations related to preventing the diversion of precursors as mandated under article 12 of the 1988 Convention.

34. However, industry cooperation and domestic controls are only part of the solution. In order to be effective in chemical diversion control, Governments also need to provide their law enforcement authorities with the legal framework to take appropriate criminal action, where required. The 1988 Convention provides guidance for developing national legislation to that effect for substances in Tables I and II and, in combination with article 13, for non-scheduled chemicals.¹²

35. The Board has previously recommended, for substances in Tables I and II, that more attention needs to be given to the law enforcement component of precursor control. The investigation of seizures, stopped shipments and attempted diversions should be considered the beginning of the process—not the end—in order to identify the sources of diversion and the criminal organizations behind these activities, and to prevent future diversions based on the same or similar *modus operandi*. PICS provides the basis for sharing the relevant operational information and building up cases. PICS also responds to the repeated calls by the Board and in the 2009 Political Declaration and Plan of Action for the early exchange of information on newly emerging and other non-scheduled substances. **Governments are encouraged to make full use of this secure online system to facilitate communication and operational cooperation on precursor incidents.**

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

36. The present chapter provides information on action taken by Governments and the Board since the 2013 report on precursors.

A. Scope of control

37. *alpha*-Phenylacetonitrile (APAAN) is an immediate precursor of 1-phenyl-2-propanone (P-2-P), a substance listed in Table I of the 1988 Convention that is used in the illicit manufacture of both amphetamine and methamphetamine. Concerned by the significant detections and seizures of APAAN, the Board initiated the procedures for the scheduling of the substance in March 2013 and submitted to the Commission on Narcotic Drugs a recommendation that APAAN be scheduled.

38. At its fifty-seventh session, in March 2014, the Commission on Narcotic Drugs decided unanimously to follow the Board's recommendation and include APAAN and its optical isomers in Table I of the 1988 Convention (Commission decision 57/1). The decision became fully effective on 9 October 2014.

39. In anticipation of the scheduling of APAAN, INCB cooperated with the World Customs Organization to initiate the creation in its harmonized system of a new code number

illicit drug manufacture involving non-scheduled substances.

¹¹ All tools and documentation are available on the Board's secure web page (www.incb.org/incb/en/precursors/cna.html).

¹² Article 3, paragraph 1 (a)(iv), of the Convention; see also paragraphs 13.1 and 13.4 of the *Commentary on the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988* (United Nations publication, Sales No. E.98.XI.5). The Commission on Narcotic Drugs, in its resolution 56/13, also recalled the provisions contained in article 13, which could provide a basis for national responses to

for the separate identification of APAAN. If there is no objection in the six-month period following the provisional adoption by the World Customs Organization Council of the new code 2926.40 in June 2014, that code will enter into force on 1 January 2017 as part of the next edition of the harmonized system nomenclature (“HS Nomenclature 2017 Edition”).

B. Adherence to the 1988 Convention

40. As at 1 November 2014, the 1988 Convention had been ratified, acceded to or approved by 189 States and formally confirmed by the European Union (extent of competence: article 12). Following the publication of the Board’s 2013 report on precursors, Timor-Leste became a State party to the 1988 Convention, effective 1 September 2014. Among the nine States that have yet to become parties to the 1988 Convention,¹³ five are in Oceania and three are in Africa (see annex I). **The Board calls on the remaining nine States to implement the provisions of article 12 and become parties to the Convention as soon as possible.**

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

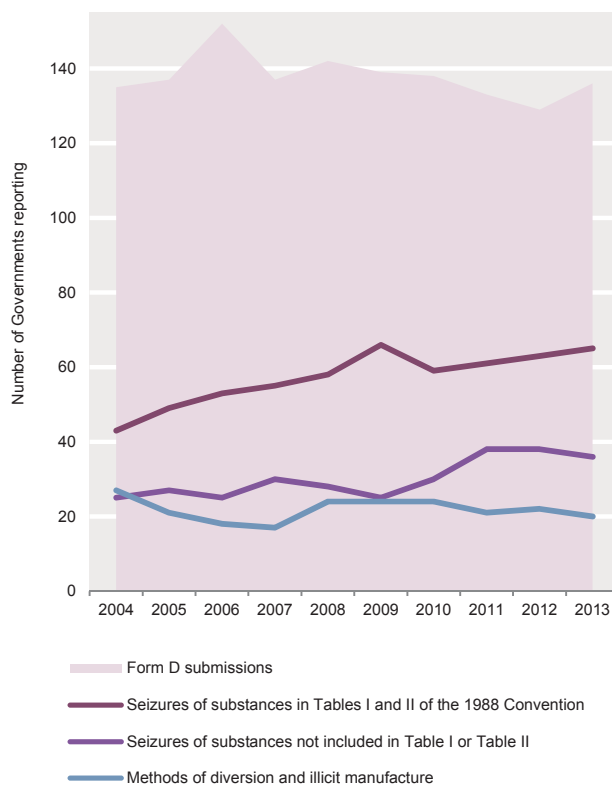
41. As at 1 November 2014, a total of 136 States and territories had submitted the treaty-mandated annual information on substances frequently used in the illicit manufacture of narcotic drugs and psychotropic substances (form D) for 2013 (see annex VII).

42. Barbados, Mali, Micronesia (Federated States of) and Nepal submitted form D for the first time in five years; Palau submitted form D for the first time ever. However, the Board is concerned that only 51 Governments submitted their forms before 30 June, and the majority of Governments continue to miss the reporting deadline, fail to report altogether, submit blank forms or provide only partial information. That continues to impact the Board’s analysis of regional and global precursor patterns and trends. The Governments that failed to report to the Board for 2013 are listed in table 1. To assist Member States with their reporting requirements, the Board’s revised form D, which includes detailed instructions and examples, has been made available for the 2014 reporting cycle.¹⁴ **The Board urges all States parties to comply with**

their reporting obligations under the 1988 Convention and reminds them to always use the latest version of form D and submit it in a timely manner.

43. Sixty-five Governments reported seizures of substances in Table I or Table II of the 1988 Convention on form D for 2013. (For details on the reported seizures of those substances, by region, see annex VIII.) Thirty-six Governments also reported seizures of substances not in Table I or Table II. However, most of those Governments did not provide details on methods of diversion and illicit manufacture or on stopped shipments (see figure II). Additionally, in several instances, significant seizures of precursor chemicals reported by some Governments in their national reports or in official conference presentations were never reported on the annual form D. **The Board wishes to remind Governments of their obligation to provide on form D complete and comprehensive data on seizures of precursor chemicals, including non-scheduled chemicals, and methods of diversion and illicit manufacture.**

Figure II. Summary of Government replies to form D, 2004-2013



¹³ Equatorial Guinea, Kiribati, Palau, Papua New Guinea, Solomon Islands, Somalia, South Sudan, State of Palestine and Tuvalu.

¹⁴ The latest version of form D is available in all six official languages of the United Nations on the Board’s website (www.incb.org).

Table 1. Governments failing to report as required under article 12, paragraph 12, of the 1988 Convention, 2013

Angola ^a	Fiji	Niger ^a
Antigua and Barbuda ^a	Gabon ^b	Niue
Bahamas ^a	Grenada ^a	Norway
Bahrain	Guinea ^a	Oman
Benin	Guinea-Bissau	Rwanda ^a
Bhutan	Guyana	Saint Kitts and Nevis ^a
Botswana ^a	Iraq	Samoa
Burkina Faso	Kenya	San Marino ^b
Burundi ^b	Lesotho ^a	Sao Tome and Principe
Cabo Verde ^a	Liberia ^a	Seychelles
Cambodia	Libya ^a	Sierra Leone ^a
Cameroon	Malawi	Sudan ^a
Central African Republic	Marshall Islands	Suriname ^a
Comoros ^a	Mauritania	Swaziland ^a
Congo ^a	Mauritius	The former Yugoslav Republic of Macedonia
Cook Islands	Monaco ^a	Togo
Cuba	Mongolia	Tonga ^a
Djibouti ^a	Mozambique	Vanuatu
Dominica ^a	Namibia	Yemen
Eritrea	Nauru	Zambia ^a

Note: See also annex VII.

^a Government that failed to submit form D for any year during the period 2009-2013.

^b Government that has never submitted form D.

D. Legislation and control measures

44. In accordance with the provisions of article 12 of the 1988 Convention and the relevant resolutions of the General Assembly, the Economic and Social Council and the Commission on Narcotic Drugs, Governments are requested to adopt and implement national control measures to effectively monitor the movement of precursor chemicals. In addition, Governments are also requested to further strengthen existing precursor control measures should any weaknesses be identified.

45. In August 2013, the Government of the Czech Republic adopted a new precursor law that introduced, among other things, specific measures for red phosphorus, *gamma*-butyrolactone and 1,4-butanediol. Those measures came into effect on 1 July 2014.

46. In September 2013, the Philippines classified *N*-methylephedrine as a dangerous drug, subjecting it to all regulatory and control measures under the drug control legislation of the Philippines. The decision followed the detection of *N*-methylephedrine in a clandestine laboratory in the greater Manila metropolitan area in May 2012, where it was found to have been used in illicit methamphetamine manufacture.

47. In November 2013, Belize amended the second schedule of its Misuse of Drugs Act to include 22 precursor chemicals under international control.

48. In December 2013, the Government of Afghanistan informed the Board of its decision to follow the Board's recommendations and tighten its precursor regulations, including the transfer of phenylacetic acid from category 2 to category 1 and the addition of acetic acid, acetyl chloride, ammonium chloride and calcium carbonate to the national control list.

49. Also in December 2013, the European Union strengthened its precursor legislation, addressing several weaknesses that had been of concern to the Board.¹⁵ Effective 30 December 2013, States members of the European Union were required to do the following:

(a) Register end users of acetic anhydride with the national competent authorities (with an 18-month transitional period) and apply other measures to increase the control of trade in the substance;

(b) Precede the export of pharmaceutical preparations containing ephedrine or pseudoephedrine by

¹⁵ Regulation (EU) No. 1258/2013 and Regulation (EU) No. 1259/2013.

an export authorization and a pre-export notification sent to the competent authorities of the destination country;

(c) Prohibit the introduction of consignments of non-scheduled substances into the customs territory of the Union or their departure from it where there is sufficient evidence that those substances are intended for the illicit manufacture of narcotic drugs or psychotropic substances.

50. The amended regulations also made APAAN a category 1 substance in the European Union, effective 30 December 2013.

51. **The Board notes with appreciation the continuing efforts of the authorities of China to effectively prevent the diversion and trafficking of chemicals, including non-scheduled chemicals, destined for the illicit manufacture of drugs.** For example, China rolled out phase 2 of a countrywide electronic precursor control information system in 2013, aimed at facilitating the application, administration and verification of licences for precursor operators and transactions involving precursor chemicals.¹⁶ On 14 May 2014, the Chinese Government scheduled APAAN and 2-bromopropiophenone—a known intermediate in the synthetic manufacture of ephedrine and pseudoephedrine from propiophenone—as first-class controlled precursors, thus requiring import and export permits.

52. In March 2014, the Senate of Liberia passed the Controlled Drug and Substances Act, inter alia, making the import, export, manufacture, distribution, possession and use of precursors and essential chemicals an offence, except when permitted or authorized by law. Measures also extend to the unlicensed manufacture, transport or distribution of equipment that could be used in illicit drug manufacture.

53. The Government of Thailand listed APAAN and its optical isomers as a controlled substance in schedule 4 of the Narcotics Act as of 5 September 2014.

54. Effective 15 September 2014, the Government of France introduced a new internal mechanism to enable the competent authority for article 12 to send pre-export notifications for P-2-P despite the fact that the substance is controlled as a narcotic drug and hence under the purview of another authority. **The Board commends the Government of France for this amendment, which will help to ensure an unbroken chain of monitoring of international trade in P-2-P.**

55. Every year, the Board makes available to competent national authorities updated information on control measures applied by Governments to substances that are

used in the manufacture of narcotic drugs and psychotropic substances. This provides the authorities of exporting and importing countries with relevant information about the systems of authorizations applied by their trading partners to imports and exports of substances in Table I or II of the 1988 Convention, as well as substances under national control, where applicable and where made available to the Board. The information is available on the secure web page of the Board.¹⁷

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

56. The Economic and Social Council, in its resolution 1995/20, requested Governments to provide, on a voluntary and confidential basis, data on their licit trade in, uses of and requirements for substances in Tables I and II of the 1988 Convention. Those data enable the Board to assist Governments in preventing diversions by identifying unusual trade patterns and suspected illicit activity.

57. As at 1 November 2014, 125 States and territories had provided information on licit trade in those substances, and 123 had furnished data on licit uses of and requirements for one or more of those substances (see annex IX), compared with, respectively, 112 and 108 States and territories that had provided such information for the preceding year. **The Board commends those Governments that provide comprehensive and confidential data on trade in substances in Tables I and II of the 1988 Convention and urges all other Governments to provide those data pursuant to Economic and Social Council resolution 1995/20.**

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

58. To provide the competent authorities of exporting countries with an indication of the legitimate requirements of importing countries and thus prevent diversion attempts, the Commission on Narcotic Drugs, in its resolution 49/3, requested Member States to provide to the Board annual estimates of their legitimate requirements for imports of four substances frequently used in the manufacture of amphetamine-type stimulants—3,4-methylenedioxyphenyl-2-propanone (3,4-MDP-2-P), pseudoephedrine, ephedrine and P-2-P—and, to the extent

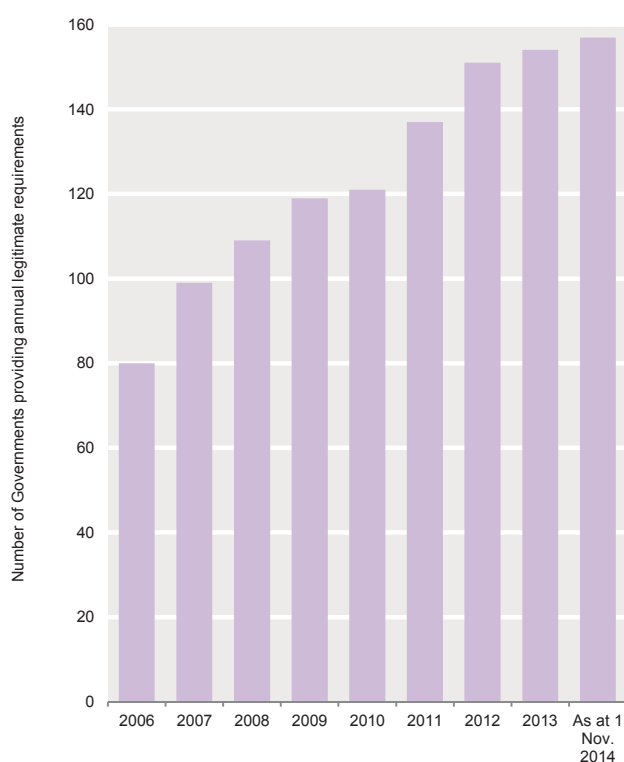
¹⁶ *Annual Report on Drug Control in China*, Office of China National Narcotics Control Commission, 2014.

¹⁷ www.incb.org/incb/en/precursors/information-package.html.

possible, estimated requirements for imports of preparations containing those substances.

59. As at 1 November 2014, 157 Governments had provided estimates for at least one of the above-mentioned substances, an increase of almost 100 per cent since the first publication of such data by the Board in 2006 (see figure III). First-time submissions were made by Nepal, Saudi Arabia and Turkmenistan. The latest estimates submitted by States and territories are provided in annex II, which is regularly updated on the Board's website.

Figure III. Number of Governments providing estimates of annual legitimate requirements, 2006-2014



60. Since the Board's last report on precursors, more than 80 Governments have reconfirmed established annual legitimate requirements or have updated their estimates for at least one of the substances, to reflect changing market conditions as recommended by the Board. Of those, several have substantially revised their requirements downwards. For example, the following countries reduced their estimates, for all ephedrines combined, by 50 per cent or more: Afghanistan; Austria; Bolivia (Plurinational State of); France; Hong Kong, China; Nigeria; Pakistan; United Republic of Tanzania; Uruguay; and Venezuela (Bolivarian Republic of). The Board commends those Governments for their efforts but notes with concern that a significant

number of Governments have not updated their annual legitimate requirements for the last five years.¹⁸

61. The relatively high or significantly increasing annual legitimate requirements for various substances in a number of countries continue to be of concern to the Board. Since its last report, this applies to estimates submitted for the first time by the authorities of Zimbabwe, for 1,000 litres of P-2-P and 1,000 kilograms (kg) of 3,4-MDP-2-P, substances that are traded and used by a relatively small number of countries. The Board also continues to be concerned about relatively high estimates for imports of ephedrine and pseudoephedrine in countries in West Asia and has requested the Governments concerned to update, as a matter of urgency, their estimates and to communicate them to the Board without delay. At the same time, the Board notes that a number of Governments imported in actual fact significantly less in a given year than what they had estimated to be their annual legitimate import requirement. To further improve the usefulness of annual legitimate requirements as a practical tool in diversion prevention, **the Board requests all Governments to regularly review their import requirements, as published, amend them as necessary utilizing the most recent market data, and inform the Board of any changes.**

G. Controls over international trade

1. Pre-export notifications

62. The provisions of article 12, paragraph 10 (a), of the 1988 Convention provide a fundamental tool for preventing the diversion of precursors from international trade. By invoking article 12, paragraph 10 (a), Governments of importing countries can make it mandatory for exporting countries to inform them of planned exports of precursors, prior to shipping. As at 1 November 2014, 107 States and territories had formally requested to receive pre-export notifications (see map 1 and annex X). Since the Board published its 2013 report on precursors, six more Governments have invoked this article of the 1988 Convention: Nicaragua and Yemen invoked article 12, paragraph 10 (a), for all substances in Tables I and II of the 1988 Convention; Micronesia (Federated States of), New Zealand and Uganda invoked the article for all substances in Tables I and II, as well as for pharmaceutical preparations containing ephedrine and pseudoephedrine and for safrole-rich oils; and Norway

¹⁸ Azerbaijan; Barbados; Belize; Botswana; Cambodia; Guinea; Guinea-Bissau; Iceland; Macao, China; Madagascar; Malawi; Monaco; Mozambique; Nicaragua; Papua New Guinea; Portugal; Russian Federation; Solomon Islands; Syrian Arab Republic; and Tajikistan.

invoke the provisions of article 12, paragraph 10 (a), of the 1988 Convention without further delay, and reminds the Governments of all countries exporting scheduled chemicals that it is an obligation to provide pre-export notifications to Governments of importing countries and territories that have officially requested them.

Government not registered with the PEN Online system nor having invoked article 12, paragraph 10 (a)

Government not registered with the PEN Online system but having invoked article 12, paragraph 10 (a) for at least one substance

Government registered with the PEN Online system but not having invoked article 12, paragraph 10 (a)

Government registered with the PEN Online system and having invoked article 12, paragraph 10 (a) for at least one substance

The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Final boundary between the Sudan and the Republic of South Sudan has not yet been determined.

The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Final boundary between the Sudan and the Republic of South Sudan has not yet been determined. The dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not yet been agreed upon by the parties. A dispute exists between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland concerning sovereignty over the Falkland Islands (Malvinas).

63. The automated online system for the exchange of pre-export notifications, PEN Online, provides a mechanism for the real-time exchange of information between the competent national authorities of exporting and importing countries regarding planned shipments in international trade in precursor chemicals. The system, which is available free of charge to registered competent authorities responsible for sending and receiving pre-export notifications, was launched in March 2006 and underwent a major overhaul in 2014 (see box). The information shared through PEN Online makes the competent authorities of importing countries aware of planned exports of precursor chemicals destined for their territory, thus enabling them to verify the legitimacy of those transactions. It also assists the competent national authorities and the Board in identifying suspicious shipments and suspending or stopping them in an efficient and timely manner.

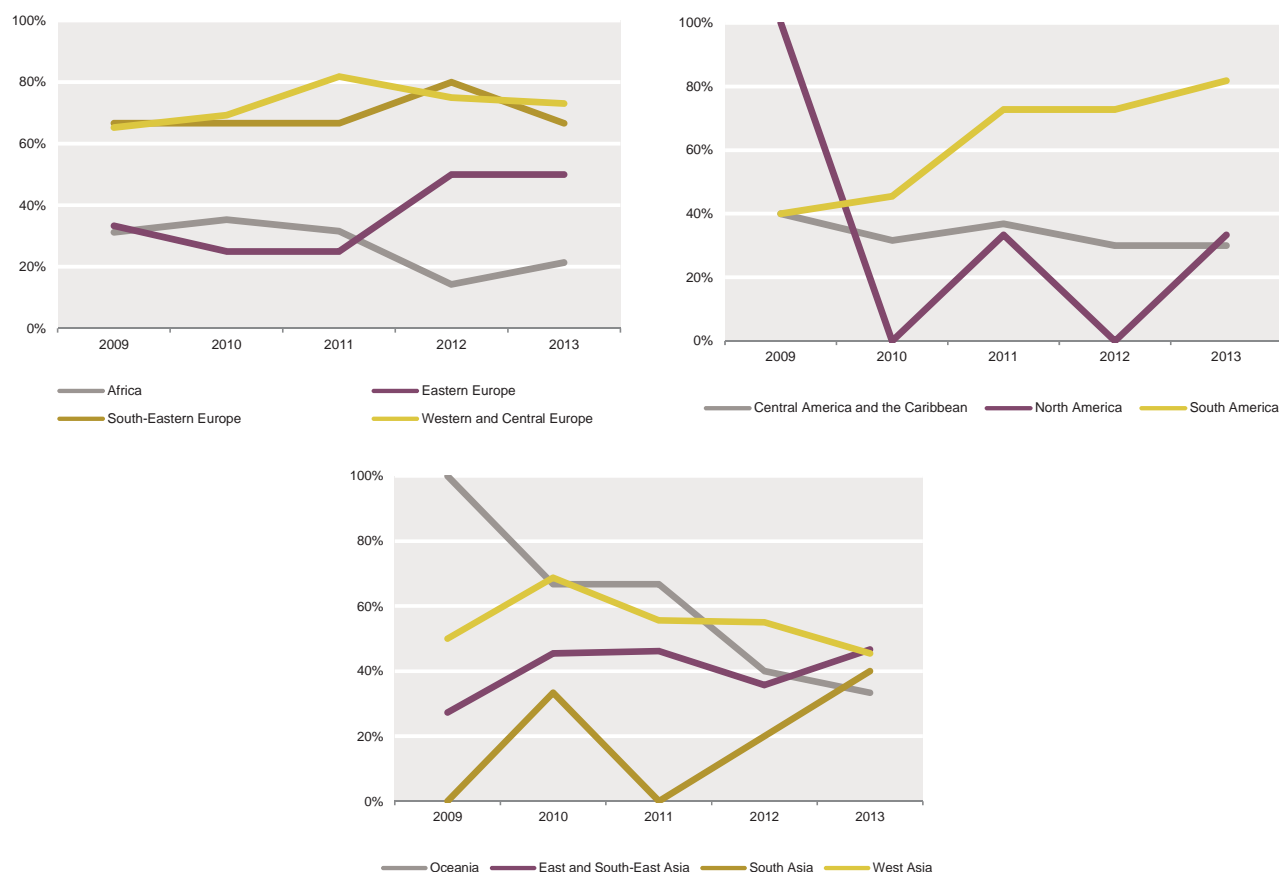
The PEN Online system has proved itself to be a cornerstone of the global regime to monitor international trade in scheduled chemicals, identify suspicious transactions and prevent diversion. After more than eight years of successful operation, the PEN Online system has undergone an overall upgrade into a modern technological platform.

- Accessibility via all common browsers
- An improved mechanism for replies to pre-export notifications, ongoing and follow-up communication between competent authorities
- Full user authority over the management of company data
- Direct links to various tools to facilitate the work of users of PEN Online

64. On average, more than 2,100 pre-export notifications are communicated through the PEN Online system each month. Currently, 150 countries and territories are authorized to access the PEN Online system (see map 1), including 5 additional countries¹⁹ that have registered to use PEN Online since 1 November 2013. Forty-eight countries are still not yet registered with the PEN Online system²⁰ and thus remain vulnerable to the diversion of precursors. Additionally, while 109 importing countries used PEN Online in 2013 to communicate with the authorities of exporting countries, about 40 per cent of

importing countries continue to fail to systematically review incoming pre-export notifications, a rate that varies from year to year and between regions (see figure IV). **The Board urges those States that have not yet done so to register with the PEN Online system. The Board also urges all PEN Online users to make sure that, at a minimum, they review incoming pre-export notifications through the system in a timely manner, thus ensuring that the receipt of the pre-export notifications are acknowledged to the sending authority.**

Figure IV. Percentage of Governments registered with the Pre-Export Notification Online system that systematically reviewed^a incoming pre-export notifications through the system, by region, 2009-2013



^a "Systematic review" is defined as reviewing 90 per cent or more of incoming pre-export notifications.

¹⁹ Bahrain, Bosnia and Herzegovina, Cambodia, Rwanda and Uzbekistan.

²⁰ Angola, Antigua and Barbuda, Botswana, Burundi, Cameroon, Central African Republic, Comoros, Democratic People's Republic of Korea, Democratic Republic of the Congo, Djibouti, Dominica, Equatorial Guinea, Fiji, Gabon, Gambia, Guinea, Guinea-Bissau, Guyana, Kiribati, Kuwait, Lesotho, Liberia,

Liechtenstein, Malawi, Maldives, Mauritania, Monaco, Mongolia, Mozambique, Nauru, Niger, Palau, Papua New Guinea, Saint Kitts and Nevis, Samoa, San Marino, Sao Tome and Principe, Somalia, South Sudan, Swaziland, the former Yugoslav Republic of Macedonia, Timor-Leste, Togo, Tonga, Tunisia, Turkmenistan, Tuvalu and Vanuatu.

65. The Board has also repeatedly stressed the importance of making active and systematic use of the PEN Online system for every transaction involving precursors, both as sender and recipient of pre-export notifications, and to comply with the deadlines for responses set by the exporting country's authorities. Even though countries are not obliged to respond to pre-export notifications, **the Board continues to remind all importing Governments to use the reply function of the PEN Online system to provide feedback to the authorities of exporting countries. This applies particularly in the event that a transaction appears suspicious, additional time is required for checking its legitimacy, or the exporting authority has specifically requested such feedback.**

66. An analysis of the requests to suspend or stop a shipment indicated that in many cases, the reason was administrative in nature, that is, the importing company was not registered to trade in the substance in question, there was no valid import authorization for the shipment in question, or the permit number/import authorization was not quoted on the pre-export notification, although the importing country had submitted all necessary documentation to the exporting authority beforehand. Requests to suspend or stop a shipment appeared more often to concern Table II substances than Table I substances and may be related to unclear distribution of authorizing powers in countries with more than one authority in charge of precursor control. In cases where the objection is sent after the deadline for responses, the Board works with the authorities of both the exporting country and the importing country to ensure that the necessary steps are taken to suspend delivery of the shipment and/or to launch investigations. **The Board commends Governments of importing countries for utilizing the PEN Online system and encourages those that have not yet made use of the system to do so.**

67. Of the 150 registered PEN Online users, about one third of users sent notifications of exports through the system during 2013. However, the Board is aware that of the remaining 94 countries that have not sent any pre-export notification via the PEN Online system, some continue to export chemicals. For example, according to information provided on form D, the Governments of China and the Republic of Korea—each requiring pre-export notification for shipments of acetic anhydride—reported having received shipments of acetic anhydride from Saudi Arabia in 2013, for the second consecutive year. However, these shipments were not pre-notified via the PEN Online system, making it difficult to monitor the supply chain. **The Board wishes to remind Governments of exporting countries of their obligation under article 12 of the 1988 Convention to provide**

notification regarding exports of chemicals before such exports depart from their territory. Using the PEN Online system is the most efficient and effective way to provide such notification.

68. In this connection, **the Board also wishes to remind Governments that by registering with PEN Online, they do not automatically invoke article 12, paragraph 10 (a), of the 1988 Convention.** There are still 50 Governments²¹ that have registered to use PEN Online but have not invoked article 12, including the five countries that recently registered with the PEN Online system (see map 1 above); thus, there is no obligation for exporting countries to notify those PEN Online users prior to shipping scheduled precursor chemicals.

H. Activities and achievements in international precursor control

1. Project Prism and Project Cohesion

69. Project Prism and Project Cohesion, the two international initiatives of the Board focusing on chemicals used in the illicit manufacture of, respectively, heroin and cocaine, and amphetamine-type stimulants, continued to serve as international communication platforms for the monitoring of licit trade in relevant chemicals with a view to preventing diversions and for launching targeted, time-bound operations. Specifically, the reporting period saw the continuation and conclusion of Operation Eagle Eye, which focused on the verification of the legitimacy of domestic trade in, and end use of, acetic anhydride as a means of addressing the prevailing *modi operandi* used by traffickers of acetic anhydride. Participants in Project Prism and Project Cohesion continued to be alerted to suspicious shipments and actual and attempted diversions of precursors, as well as newly emerging precursors, through special alerts, as well as, on a regular basis, through automated e-mail alert communications via PICS.

²¹ Albania, Andorra, Bahamas, Bahrain, Bangladesh, Belize, Bhutan, Bosnia and Herzegovina, Brunei Darussalam, Burkina Faso, Cabo Verde, Cambodia, Chad, Congo, Cuba, Eritrea, Georgia, Grenada, Guatemala, Honduras, Iceland, Iran (Islamic Republic of), Israel, Lao People's Democratic Republic, Liberia, Mali, Marshall Islands, Mauritius, Micronesia (Federated States of), Montenegro, Morocco, Myanmar, Namibia, Nepal, New Zealand, Rwanda, Saint Lucia, Senegal, Serbia, Seychelles, Solomon Islands, Sudan, Suriname, Uganda, Ukraine, Uruguay, Uzbekistan, Viet Nam, Yemen and Zambia.

70. A meeting of the INCB Precursor Task Force of Project Prism and Project Cohesion held in Paris in September/October 2014 reviewed in detail the results of Operation Eagle Eye, which was launched in July 2013 for four months (phase 1) and continued until May 2014 (phase 2). Of a total of 42 countries participating²² in the operation, 26 provided information on the domestic movement of acetic anhydride and outcomes of reviewing the legitimacy of domestic commerce in, and end use of, the substance, as well as the bona fides of companies involved (phase 1); 16 countries reported outcomes for phase 2, related to the identification and interdiction of trafficking to Afghanistan, based on the application of dedicated risk profiles.

71. The Operation identified exports of significant amounts of acetic anhydride from Norway and Saudi Arabia to countries in Europe and Asia without mandated pre-export notifications. This is of concern to the Board, since exports of shipments of acetic anhydride that have not been notified through the established system of pre-export notification present a higher risk of diversion, in particular if destined for countries that do not have in place a control system based on individual import permits. Since then, Norway has started to use the PEN Online system to notify States members of the European Union of exports. Phase 2 of the operation did not allow many conclusions due to the low response rate. Relevant details are presented in chapter IV.

72. The Operation confirmed that the control measures applied to domestic trade in and distribution of acetic anhydride lag behind those used in international trade and that the extent of control over domestic trade and distribution varies significantly from country to country. It also demonstrated that the majority of Governments have risk indicators for acetic anhydride, but at the same time they used the opportunity to review them. Some Governments proposed conducting a short-term operation focused on international trade of acetic anhydride following standards established in previous operations and covering a shorter period.

73. The INCB Precursor Task Force also discussed the outcomes of a survey aimed at gathering information about non-scheduled chemicals that have been encountered for use as pre-precursors or alternatives to scheduled substances in the illicit manufacture of drugs. Feedback was received from 30 participants in Project Prism and Project Cohesion, identifying a total of more than 75 chemicals (see also para. 161 below). Based on the findings, the Task Force discussed options for devising appropriate measures and approaches to better address the issue of non-scheduled chemicals at the global level. To enhance the outreach of intelligence-gathering operations and the representativeness of their findings, **the Board encourages all Governments to actively participate in such operations under Project Prism and Project Cohesion.**

2. Other international initiatives focusing on precursor control

74. In April 2013, China, the Lao People's Democratic Republic, Myanmar and Thailand launched a two-month joint operation, "Safe Mekong", focusing on drug crimes along the Mekong river and strengthening cooperation between the four countries. In addition to seizing multiple tons of drugs, arms and cash from drug trafficking proceeds, the operation also resulted in the seizure of 260 tons of undisclosed precursor chemicals.²³

75. INCB and the United Nations Office on Drugs and Crime (UNODC), in cooperation with the Government of Thailand, convened a high-level conference in Bangkok on 2-4 December 2013. The conference, entitled "Precursor control in Asia: addressing the challenges", brought together some 100 leading government officials and experts from Afghanistan, Australia, Bangladesh, Cambodia, China, India, Indonesia, Japan, Jordan, Mexico, Myanmar, Pakistan, the Republic of Korea, Saudi Arabia, Singapore, Tajikistan, Thailand, the United Arab Emirates, the United States of America, Uzbekistan and Viet Nam and representatives from regional and international organizations. The conference identified ways to combat trafficking in the chemicals used for the illicit manufacture of drugs and in non-scheduled new psychoactive substances. The conference adopted a political declaration²⁴ addressing the challenges of precursor control, as well as the recommendations of the expert meetings,²⁵ with Governments committing to take action.

²² Afghanistan, Austria, Australia, Bahrain, Bangladesh, Belgium, Bosnia and Herzegovina, China (and Hong Kong, Special Administrative Region of China), Czech Republic, Denmark, Egypt, Finland, France, Georgia, Germany, Greece, Hungary, India, Iraq, Ireland, Japan, Jordan, Kyrgyzstan, Latvia, Lebanon, Mexico, Netherlands, Norway, Pakistan, Portugal, Romania, Russian Federation, Singapore, Spain, Sweden, Switzerland, Thailand, the former Yugoslav Republic of Macedonia, Turkey, United Arab Emirates and United States of America.

²³ *Annual Report on Drug Control in China*, Office of China National Narcotics Control Commission, 2014.

²⁴ Precursor Control in Asia: Addressing the Challenges Declaration.

²⁵ Precursor Control in Asia: Addressing the Challenges expert meeting recommendations.

76. The World Customs Organization, member of the INCB Precursors Task Force, conducted Operation Westerlies 2 during a 10-day period, from 6 to 15 December 2013. Approximately 75 customs administrations, 10 regional intelligence liaison offices and the World Customs Organization drug enforcement team participated in the operation, which was aimed at combating illicit trafficking in methamphetamine by air between Africa and Asia, via Europe and the Middle East, through heightened customs controls on passengers departing from, in transit through, and arriving at international airports known for being located on routes used by drug smugglers and members of organized crime syndicates. The operation resulted in the seizure of various drugs and 13 kg of ephedrine.

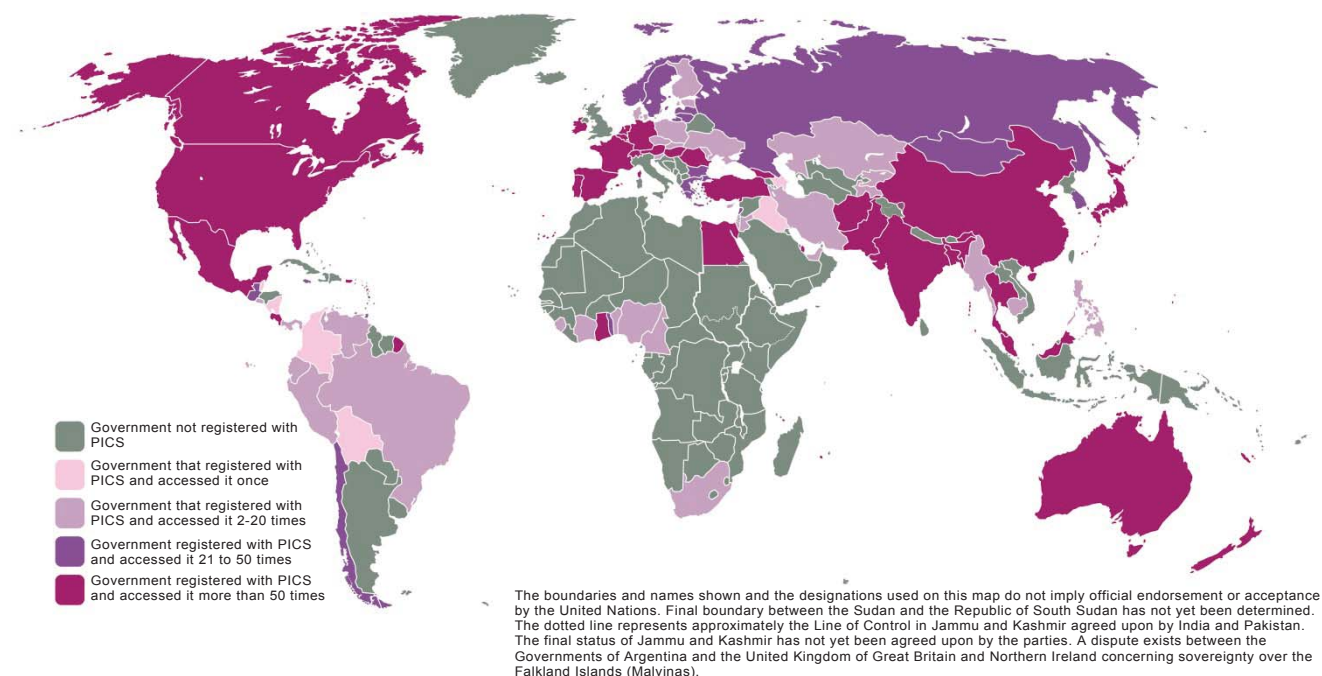
77. On 28-30 April 2014, INCB conducted a workshop on enhancing chemical industry-Government cooperation through partnership, held in Manama. Some 100 industry, regulatory and law enforcement experts from 20 countries participated in the workshop, which resulted in a model memorandum of understanding that can be adapted to

foster cooperation between Governments and the chemical industry, as well as a guidance document that provides for practical development and implementation of such agreements.²⁶ The workshop and the documents developed provide the basis for follow-up activities in the area of voluntary public-private partnerships, industry cooperation and other commercial actors that are involved in the handling of precursor chemicals.

I. Precursors Incident Communication System

78. PICS was launched by the Board in March 2012 and quickly became an indispensable tool for Governments to transmit to relevant national law enforcement and regulatory authorities information about chemical seizures, including non-scheduled chemicals, shipments stopped in transit, suspicious shipments and seizures of clandestine laboratories and equipment. The system effectively facilitates real-time intelligence-sharing and enables bilateral and regional investigations to be launched.

Map 2. Governments registered with and using the Precursors Incident Communication System (As at 1 November 2014)



²⁶ www.incb.org/documents/Publications/PressRelease/PR2014/press_release_300414.pdf.

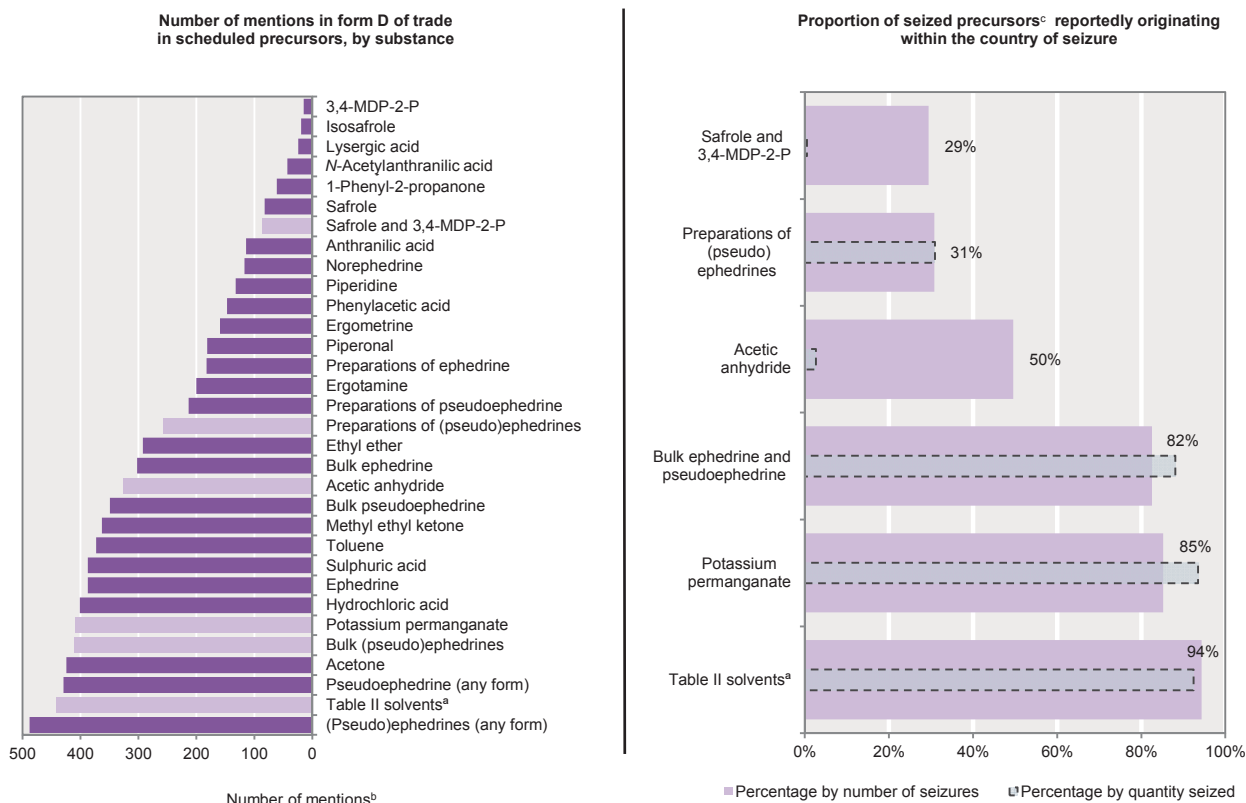
79. As at 1 November 2014, there were nearly 400 registered users, representing almost 200 agencies from 90 countries, and 8 international and regional agencies (see map 2). Almost 1,200 incidents have been communicated since the launch of PICS, involving 84 different countries and territories. Many of the incidents involve chemicals on the limited international special surveillance list and other non-scheduled chemicals, making PICS an essential tool in alerting law enforcement officials to emerging trends. **The Board commends the early and systematic sharing of available operational information via PICS so as to allow the building up of cases and alerting PICS users in other countries about modus operandi and new trends. Governments that have not yet registered PICS focal points for their relevant national authorities involved in precursor control, such as regulatory, law enforcement, customs and drug control agencies, are encouraged to do so without delay.**

IV. Extent of licit trade in precursors and the latest trends in precursor trafficking

80. The present chapter provides not only an overview of major trends and developments in licit trade in and trafficking of precursors, but also a review of major changes over the five-year period starting with the adoption of the Political Declaration and Plan of Action in 2009. As such, it aims to contribute to a better understanding of current challenges and the paradigm shift in the sourcing of precursors since 2009, and of the necessary actions, at the domestic, regional and international levels, which are outlined in chapter II.

81. The present chapter summarizes information on seizures and cases of diversion or attempted diversion from

Figure V. Extent of licit international trade in precursor chemicals compared with local sourcing for illicit purposes, 2009-2013



^a Acetone, ethyl ether, methyl ethyl ketone and toluene.

^b A mention is counted every time a country reports international trade in the substance. If a country reports trade in the same substance in multiple years, each mention is counted separately. In the case of aggregations of different substances (e.g., bulk (raw) ephedrine and bulk (raw) pseudoephedrine), if a given country in a given year reports trade in at least one of those substances, the mention is counted only once for that

^c Countries are requested to report on form D, on an annual basis, total seizures of each precursor and, additionally, a breakdown according to origin. This chart is based only on reports in which a complete breakdown was provided. Only substances for which the availability of data allows for a meaningful analysis are included.