

I. Introduction

1. The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988¹ provides for measures to prevent the diversion of chemicals from licit channels for use in the illicit manufacture of drugs. The International Narcotics Control Board (INCB) monitors the Governments' control over those precursor chemicals and assists Governments in preventing the diversion of such chemicals into illicit trafficking.

2. The present report has been prepared by the Board pursuant to article 23 of the 1988 Convention and provides an overview of action taken by Governments and INCB since the 2013 report on precursors.² In the light of the importance of the special session of the General Assembly to be held in early 2016,³ chapter II of this report contains the Board's assessment of the effectiveness and challenges of global precursor control for 2019 and beyond, as a contribution to preparations for the special session by the Commission on Narcotic Drugs.

3. Chapter III provides information on action taken by Governments and the Board pursuant to article 12 of the 1988 Convention, including reporting to the Board, legislation and control measures, a review of the functioning of Pre-Export Notification Online (PEN Online), and a summary of the activities and results achieved under Project Prism and Project Cohesion, including usage of the Precursors Incident Communication System (PICS).

4. Chapter IV provides a review of legitimate trade in precursor chemicals and major trends in trafficking in, and the illicit use of, those chemicals. It also contains an overview of the most important cases of suspicious and stopped shipments; diversions or attempted diversions; and

seizures of those chemicals. In the light of the focus of the present report on the special session to be held in 2016, chapter IV not only provides an overview of major trends since the Board's last report on precursors but also puts them in the context of longer time frames, with a view to contributing to a better understanding of current challenges.

5. Chapter V provides a summary of salient conclusions and recommendations as a basis for Governments to take the necessary action in order to prevent the diversion of, and trafficking in, precursor chemicals, including non-scheduled chemicals, and their use in illicit manufacture.

6. The annexes to the present report⁴ contain practical information to assist competent national authorities in carrying out their functions, including information on estimated annual legitimate requirements for the import of selected precursors of amphetamine-type stimulants, a list of Governments that require pre-export notifications, information on the use of scheduled substances in illicit drug manufacture and a summary of applicable treaty provisions.

II. Making precursor control fit for 2019 and beyond (a contribution to the special session of the General Assembly in 2016)

7. Each year, in its annual report on precursors, the Board reviews the implementation of article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988. The report, which is mandated under the 1988 Convention, also contains observations and recommendations to address weaknesses identified in national and international precursor control systems. It is submitted to the Economic and Social Council, through the Commission on Narcotic Drugs.

8. For the past three years, the report has included thematic chapters that reviewed, in a consolidated manner, the achievements, progress and challenges of international precursor control since the 1988 Convention entered into force on 11 November 1990, and outlined practical action

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

² *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2013 on the Implementation of Article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988* (United Nations publication, Sales No. E.14.XI.4).

³ The General Assembly, in its resolution 67/193, decided that a special session be held "to review the progress in the implementation of the Political Declaration and Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug Problem, as well as assess its achievements and challenges in countering the world drug problem, within the framework of the three international drug control conventions and other United Nations instruments".

⁴ The annexes are not included in the printed copies of the present report but are available in the CD-ROM version of the report and in the version on the website of the International Narcotics Control Board (www.incb.org).

to be given priority in different regions to enhance international precursor control.

9. The present thematic chapter continues this series with a view to providing a critical review and strategic outlook of precursor control as a shared responsibility in an economic and technological environment that is quite different from when the 1988 Convention was negotiated and ratified, some 25 years ago. The chapter is aimed at contributing to the Commission on Narcotic Drugs' preparations for the special session of the General Assembly, to be held in early 2016.

A. From 1988 to 1998: the first 10 years and the General Assembly's special session devoted to international efforts to fight drug abuse and drug trafficking

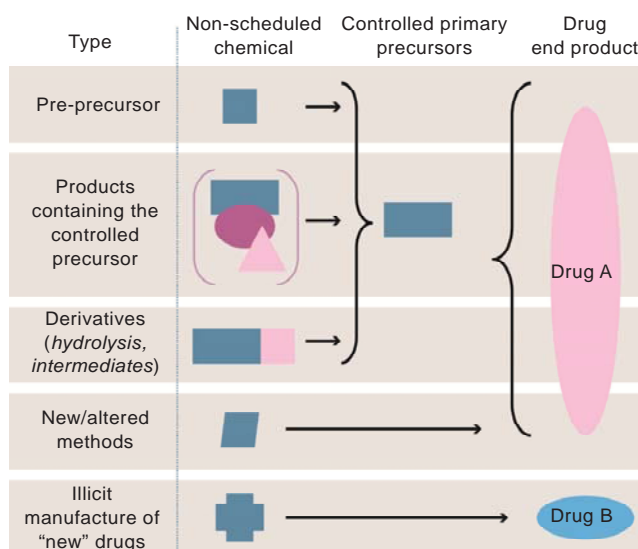
10. Recognizing the difficulty of establishing controls over substances that often have significant and widespread legitimate industrial uses, the 1988 Convention was designed to introduce a system of monitoring aimed at preventing the diversion of the substances concerned into illicit channels without affecting legitimate trade unnecessarily. To that end, attention was focused on international cooperation in matters related to the monitoring of international trade. At the same time, the Convention gives parties significant discretion with respect to the monitoring of the manufacture and distribution of precursor chemicals within their own territory.

11. The tenth anniversary of the adoption of the 1988 Convention fell in the same year as the General Assembly's special session devoted to international efforts to fight drug abuse and drug trafficking, which resulted in the adoption of Assembly resolutions S-20/4 A-E. Resolution S-20/4 B devoted particular attention to the control of precursors, providing a comprehensive account of the problems and necessary actions to prevent precursors from being diverted into illicit channels. The measures adopted included the establishment and/or implementation of national legislation and control systems, improved data collection, international cooperation and information exchange on all aspects of precursor control, including both licit manufacture and trade, and illicit trafficking and diversion. They included a call for more universal international cooperation and uniform action in precursor control, including technical cooperation and the exchange of experiences and best practices in diversion control, and they addressed the issue of pre-precursors and derivatives (i.e., chemicals that may be used as substitutes for those that are more closely monitored), new methods for

processing or manufacture that require substances not currently listed in Tables I and II of the 1988 Convention, and the manufacture of analogues of controlled drugs, which also require as starting materials substances currently not listed in Tables I and II (see figure I).

12. A number of the problems identified in 1998 continue to shape today's precursor control situation, either as global challenges or affecting selected countries or regions.

Figure I. Types of non-scheduled chemicals



B. Situation in 2009

13. In March 2009, participants in the high-level segment of the fifty-second session of the Commission on Narcotic Drugs identified future priorities and areas requiring further action beyond 2009 and adopted the Political Declaration and Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug Problem.⁵ The Political Declaration established 2019 as the new target date for States to eliminate or reduce significantly and measurably the world drug problem.

14. The process leading to the adoption of the Political Declaration and Plan of Action included an evaluation of the progress made since 1998 towards meeting the goals and targets of the twentieth special session. With regard to precursors, the evaluation found that major progress had been made in a number of areas:

⁵ *Official Records of the Economic and Social Council, 2009, Supplement No. 8 (E/2009/28), chap. I, sect. C.*

(a) The development of legislation pertaining to the control of precursor chemicals;

(b) The introduction of a global system for the exchange of pre-export notifications (PEN Online is the automated online form of that system);

(c) The establishment of working procedures for monitoring and identifying suspicious transactions involving precursors.

15. The evaluation also found that results achieved under the INCB-led international operational initiatives Project Cohesion and Project Prism focusing on, respectively, precursors for cocaine and heroin and precursors for amphetamine-type stimulants can be used as a basis for future activities. It was further concluded that encouraging advances had been made in a number of countries receiving technical assistance, as well as in those that established procedures to investigate the diversion of chemicals.

16. Nonetheless, the rate of global implementation was found to be below the target levels in some areas, in particular in establishing codes of conduct in cooperation with the chemical industry, international cooperation in seizing illicit consignments of precursor chemicals and making resources available for technical assistance to other countries. The emerging issues associated with precursor control to which attention should be paid included the use of third countries in attempted diversions and the use of substitute chemicals not currently subject to international control.

International Narcotics Control Board

17. In the report of the International Narcotics Control Board pursuant to the twentieth special session of the General Assembly, the Board outlined the actions it had undertaken in the 10-year period since 1998. The report underlined the progress made as a result of several international initiatives launched by the Board to prevent the diversion of precursor chemicals used in the illicit manufacture of drugs. In particular, the system of pre-export notifications was found to have greatly facilitated the detection of numerous diversion attempts. The automated system for such notifications initiated by the Board in 2006 had further promoted the exchange of information on international trade in precursors. An approach towards more universal international cooperation in precursor control had been widely endorsed by Governments and the international community.

18. The observation that diversion from domestic channels and smuggling across borders had become the methods most commonly used by traffickers, and the trend

towards use of non-scheduled substances, were among the key challenges identified by the Board. Specific recommendations to address those challenges were made, including the following:

(a) To address diversion from domestic channels and smuggling across borders, Governments should ensure the following:

(i) Adequate monitoring of the licit manufacture and distribution of precursors used in the illicit manufacture of drugs, in addition to controls on international trade, in accordance with article 12, paragraph 8, of the 1988 Convention;

(ii) The provision of information on annual legitimate requirements of precursors used in the manufacture of amphetamine-type stimulants, in accordance with Commission on Narcotic Drugs resolution 49/3, and regular review of such needs, with the Board being informed of any amendments, when necessary;

(iii) A concerted effort by all Governments to stop the smuggling of acetic anhydride and other substances used in the illicit manufacture of heroin by strengthening controls over the movement of those chemicals within their respective territories;

(b) To address the issue of trafficking organizations seeking out non-scheduled substances, including derivatives specially designed to circumvent existing controls and pharmaceutical preparations containing scheduled substances, Governments should ensure the following:

(i) Use of the updated limited international special surveillance list of non-scheduled substances;

(ii) Establishment of mechanisms for alerting national competent authorities to suspicious transactions involving such substances and the provision to the Board of detailed information on any seizures of non-scheduled precursors;

(iii) Controlling pharmaceutical preparations containing substances scheduled under the 1988 Convention in the same way that the scheduled substances contained in those preparations are controlled.

19. Additionally, considering that precursor control was still far from being implemented universally and to the same degree worldwide, the Board has reiterated in its report pursuant to the twentieth special session of the General Assembly a number of its general recommendations related to accession to and full compliance with the international drug control treaties,

international cooperation and comprehensive and systematic monitoring of international trade. Many of the challenges continue to date, as does the validity of the measures recommended to address them.

C. Situation in 2014

20. In 2014, midway to the 2019 target date established in the Political Declaration to eliminate or significantly and measurably reduce the world drug problem, the high-level segment of the fifty-seventh session of the Commission on Narcotic Drugs reviewed the achievements, challenges and priorities for further action. The Joint Ministerial Statement of the 2014 high-level review⁶ issued on that occasion recognized that 15 years after the commitment made at the twentieth special session of the General Assembly, notwithstanding the ever-increasing efforts and progress made, the drug problem continued to pose a serious threat to the health, safety and well-being of all humanity, in particular youth.

21. As regards achievements in the control of precursor chemicals, the Joint Ministerial Statement acknowledges the significant progress achieved by Member States in cooperation with relevant international organizations and United Nations bodies, in particular the International Narcotics Control Board, welcomes those joint efforts, supported by the PEN Online system, which has significantly increased the effectiveness of those joint efforts in reducing the diversion of precursors controlled under the 1988 Convention from international trade channels, and calls on Member States that have not yet done so to consider making full use of the PEN Online system. The identified challenges and priorities for action by Member States include the following:

(a) Further strengthening control of precursor chemicals, including through the extensive use of tools prepared by the International Narcotics Control Board, such as PEN Online and PICS, the development of voluntary codes of conduct in cooperation with concerned industries and other relevant companies, and the strengthening of public-private partnerships and enhanced international cooperation;

(b) Working more closely with the International Narcotics Control Board by exchanging information on trafficking in precursor chemicals and other non-scheduled substances used in the illicit manufacture of drugs, including on new methods for their diversion, as mandated in article 12, paragraph 12, of the 1988 Convention;

(c) Increased monitoring of trade in non-scheduled substances listed in the Board's limited international special surveillance list of non-scheduled substances;

(d) Adopting the concept of industry as a critical partner in preventing the diversion of precursor chemicals and facilitating the identification of suspicious transactions of non-scheduled substances in order to prevent their use in the illicit manufacture of narcotic drugs and psychotropic substances.

22. In connection with the efforts to counter money-laundering, the Joint Ministerial Statement also called for the establishment of new domestic legislative frameworks or the strengthening of existing ones to criminalize the laundering of money derived from drug trafficking and trafficking in and diversion of precursors.

International Narcotics Control Board

23. The Board supports the analysis and the priorities identified in the Joint Ministerial Statement but considers it vital that any strategic discussion about precursor control take a broader, more conceptual approach to make it fit for 2019 and beyond. The Board's analysis of the global precursor control situation suggests that the key challenges of precursor control today are a result of the following:

(a) The lack of comprehensive and systematic implementation of the provisions of the 1988 Convention and related resolutions;

(b) The emergence of new challenges not comprehensively addressed in the existing legal framework, or that have become increasingly important in a changing world.

24. The Board's 2012 report on precursors provides a comprehensive overview of the various challenges and concrete action to address them.⁷ Additionally, most of the recommendations related to the operation of the international precursor control system, which are available in the Board's past annual reports,⁸ remain valid today. What is more difficult to address are the new challenges that are not addressed or are not adequately addressed by

⁶ *Official Records of the Economic and Social Council, 2014, Supplement No. 8 (E/2014/28), chap. I, sect. C.*

⁷ *Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2012 on the Implementation of Article 12 of the 1988 Convention.*

⁸ *The Report of the International Narcotics Control Board for 2013; Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances: Report of the International Narcotics Control Board for 2013, and the reports of previous years.*

the existing international framework. The Board considers those to include the following:

(a) Major increases in the sophistication, diversification and scale of illicit manufacturing operations and the sourcing of chemicals;

(b) The emergence of designer precursors made specifically to circumvent controls;

(c) Other global developments not specific to precursor control but with significant implications for it: changes in trade relations, communication and transportation.

25. As a result of these developments, there are virtually no limitations to the range of chemicals and manufacturing methods that could potentially be employed in illicit manufacture, including chemicals and manufacturing methods previously considered not to be usable in illicit settings.

26. The issue of non-scheduled chemicals is not new, and it was as early as 1998 when INCB, in response to Economic and Social Council resolution 1996/29, established the first version of the limited international special surveillance list, a list of substitute chemicals and chemicals that have recently emerged at a global level for which substantial information exists on their use in illicit drug manufacture. The formulation of that list and of the related actions to be taken by national competent authorities and the chemical industry was an important step forward in preventing the diversion of substances that are not listed in Tables I or II of the 1988 Convention but which are frequently used in illicit drug manufacture. The latest edition of the list includes 52 chemicals and, by generic extension, a number of derivatives. Additionally, there have been over the years a number of resolutions by United Nations bodies outlining concrete action to address non-scheduled substances.⁹

27. However, it was only as of 2010 that designer precursors have emerged on a significant scale. Unlike the range of non-scheduled chemicals seen previously, designer precursors are often purpose-made and can be easily converted into a controlled precursor. Such precursors are obtained from sources appearing to be commercial enterprises, operating at the borders of legality, that produce those substances on demand for what—sometimes unbeknown to the producer—are ultimately illicit purposes.

28. A number of other developments are not specific to precursor control but have a growing effect on the existing approach to precursor control, such as the following:

(a) An increase in the number and geographic coverage of trade and customs unions, including the significant growth of free trade zones and free ports, which frequently lack sufficient transparency;

(b) Improved infrastructure, including roads, railways and increased transportation networks;

(c) Internet and technologies for electronic transactions;

(d) A shift from multilateral approaches to unilateral or bilateral ones, and a lack of global cooperation and coordination;

(e) Proliferation of national-level control regimes and the resulting differences in the scope of control.

29. All of the above-mentioned developments have had and continue to have appreciable implications for precursor control, as existing mechanisms and systems were not designed to deal with those developments.

D. Possible solutions

30. Central to addressing the new and emerging challenges is a refocusing of international precursor control placing more emphasis on preventive action (industry cooperation and domestic controls) and law enforcement action (stopping or seizing shipments of chemicals that are known to be or suspected of being used for illicit purposes).

31. Effective industry cooperation would not only allow Governments to better meet their responsibilities under the 1988 Convention with regard to substances in Tables I and II (with regard to suspicious orders and attempted diversions), but it is also one of the most effective measures to address non-scheduled chemicals, including designer precursors that exist in a potentially unlimited number and diversity. **The Board considers it vital that all Governments increase their efforts to partner with private industries and relevant sectors and explore the full potential of such cooperation to effectively counter the diversion of scheduled and non-scheduled chemicals by improving the reporting and investigation of suspicious orders and inquiries. The principles of counter-diversion activities should become integral components of the concept of corporate industry responsibility, accountability and credibility.** Guidance on industry cooperation is available, such as the Guidelines for a Voluntary Code of Practice for the Chemical Industry,¹⁰ the limited international special surveillance list, and the model memorandum of understanding and

⁹ www.incb.org/incb/en/precursors/resolutions.html.

¹⁰ United Nations publication, Sales No. E.09.XI.17.

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