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INCB ANNUAL REPORT 1995

Background Note No. 1

International Narcotics Control Board Releases 1995 Report Updating Illicit Drug Situation Worldwide

Sees Upswing in Abuse of Certain Psychotropics. 'Designer Drugs':
Deplores Slow Pace of International Action to Combat Money Laundering

VIENNA, 28 February (UN Information Service) -- "Enormous difficulties" faced by a number of countries in combating illicit drug abuse and trafficking are among the chief topics of attention of the 1995 Report of the International Narcotics Control Board (INCB), which was released here today.

Among the problems highlighted in the Report are weaknesses in recently enacted anti-money-laundering laws in some countries, continued large-scale cultivation of cannabis in several regions, the spread of cocaine abuse to West Africa and Eastern Europe, increasing drug-related violence in previously less affected Caribbean countries and drug abuse due to the large-scale prescribing of attention deficit disorder remedies in the United States.

Other trends observed include a continuing unregulated and uncontrolled flow of chemicals and solvents needed for the illicit manufacture of cocaine and heroin; significant reductions of poppy cultivation in the Lao People's Democratic Republic and Viet Nam; diversion of cough mixtures containing codeine to the black market in several countries; and the spread of heroin abuse in parts of Asia. The Board welcomes the establishment of subregional drug control efforts in South-East Asia, Central Asia and Central Europe -- initiatives launched in cooperation with the United Nations International Drug Control Programme (UNDCP).

The Report contains numerous examples of how global economic integration, opening borders and deregulation of trade are facilitating international drug trafficking: coca base is said to be smuggled out of South America for processing in Lebanon and subsequent export, via Turkey, to countries in Europe; the United Arab Emirates was used to divert methamphetamine precursors to Mexico for illicit export to the United States; South-East Asian heroin is smuggled by unexpected routes, such as by sea through Vladivostok and by land through Mongolia, with the countries of the Caucasus increasingly being used as transit points for bringing the drug into Western Europe; and cannabis resin originating in Pakistan has made its way to Canada through ports in Kenya, Mozambique, South Africa and Uganda.

The Board, which regularly reviews the world drug scene and international compliance with three international drug control conventions, in its current report evaluates the progress made by Governments in carrying out their commitments, under the most recent international drug control treaty, to curtail money laundering activities as a way to deter drug trafficking.

The Board concludes that although financial operations are the points where criminals are the most vulnerable, and money trails are often the only way to trace the organizers of an illicit drug operation, many countries are still in need of appropriate laws and procedures to prevent the laundering of criminal proceeds. The Report acknowledges that strong countermeasures recently enacted by Switzerland, Luxembourg, Monaco and the Cayman Islands have made those traditional "safe havens" begin to lose their attractiveness for launderers. At the same time, it expresses regret that there is no world-wide concerted action against money laundering nor any reporting system on the seizure and confiscation of drug trafficking proceeds.

Since the issuance of its last Report, the Board has sent investigative missions to: Benin, Brazil, Bulgaria, Canada, Colombia, Gambia, Ghana, Guatemala, Iran, Kazakhstan, Pakistan, Papua New Guinea, Sierra Leone, Singapore, Switzerland, Togo, Ukraine and United Arab Emirates.

The international treaties which the Board is mandated to monitor are: the 1961 Single Convention on Narcotic Drugs, as amended by the 1972 Protocol; the 1971 Convention on Psychotropic Substances; and the 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. Measures to combat money laundering -- regardless of the type of criminal activity generating the funds -- are called for under the 1988 treaty.

Key Areas of Concern

Among the general concerns given special attention in the Report is a sharp rise in the world-wide use of methylphenidate, a stimulant which is designated for strict control under the 1971 Convention. Under the brand name **Ritalin**, the drug is increasingly being used in the United States and some other countries for the treatment of attention deficit disorder (ADD) in children. The trouble is, according to authorities reporting to the Board, that ADD may be diagnosed too often and **Ritalin** prescribed without consideration of other forms of treatment. Many children remain on the drug into adolescence and even adulthood, with serious health consequences. The substance is also abused by adolescents who obtain it illegally from children undergoing treatment for ADD.

United States authorities have conveyed their concern to the Board that treatment of ADD with **Ritalin** is being promoted by a "parent association" which has received significant financial contributions from the country's leading manufacturer of that preparation. The Board is inviting the authorities concerned to review whether the activities of such so-called "parent associations" might in fact undermine the Convention's prohibition on the advertisement of controlled substances to the general public. It asks all Governments to exercise utmost vigilance to prevent the overdiagnosing of ADD and its possible medically unjustified treatment with methylphenidate and invites the World Health Organization (WHO) to evaluate the disorder's prevalence in various parts of the world, its diagnostic criteria and the use of stimulants to treat ADD in children.

The Report states that contrary to claims that large quantities of certain stimulants were being imported into Africa for "veterinary purposes", a study carried out by the INCB secretariat in co-operation with Governments confirmed that those stimulants are not used to treat sick animals, although veterinarians do employ sedative hypnotics and tranquilizers. In addition, the Board is reminding Governments that the provisions of the 1971 Convention apply to psychotropic substances regardless of their use, and that reports on trade in such items should therefore include quantities

destined for veterinary purposes.

In connection with the Board's efforts to monitor Governments' efforts to prevent the diversion into criminal channels of chemicals used in the illicit manufacture of drugs, the Board has identified previously unknown routes and transshipment points for diverted acetic anhydride, a chemical used in converting morphine to heroin. The Board found that since mid-1994 50 tonnes of acetic anhydride of German origin -- enough to manufacture between 20 and 40 tonnes of heroin -- have been seized in Turkey after having been transshipped by a company in the United Arab Emirates which purported to be using the chemical to make insecticides and antiseptics. On a separate occasion, approximately 40 tonnes of acetic anhydride, originating in China and shipped through Hong Kong, was stopped in the United Arab Emirates due to the vigilance of the Hong Kong authorities, before it could continue along a complex route to drug laboratories in Pakistan.

In view of the vulnerability of many points in the world to precursor diversion, the Board is inviting the Governments concerned to adopt its recommendations for preventing such moves and for tightening controls over the chemicals involved.

Other Trends Identified in 1995

Among the other trends identified by the INCB in its analysis of the world drug situation in 1995 are the following:

-- In Africa, Nigeria's National Drug Law Enforcement Agency, with the arrest of eight key drug traffickers and the investigation of their finances, has made its first move against major organizers of illicit drug trafficking;

-- Heroin originating in Asia, in addition to being frequently shipped to Europe and North America through African seaports and airports, has become available at low prices in many West African cities and is fast becoming a drug of local abuse;

-- Cocaine, also couriered to Europe via African ports, is spreading to lower social classes in West Africa, due to low prices, and crack abuse has been reported in Ghana, Nigeria, Senegal and South Africa;

-- The smuggling of methaqualone out of Bombay into eastern and southern Africa appears to be more profitable than heroin smuggling, although attempts have been made to set up clandestine laboratories in Kenya, Mozambique, South Africa, Swaziland and Zambia;

-- Successful interdiction action in the Bahamas, the Turks and Caicos Islands and southern Florida have led traffickers in the Central American and Caribbean subregion to shift their operations to the Eastern Caribbean -- where controls are seen as less stringent -- thus stepping up transit activities in Puerto Rico, the United States Virgin Islands, the British Virgin Islands, Aruba, Martinique and the Netherlands Antilles;

-- Small coca bush cultivation sites have reportedly been detected in southern Panama and cocaine abuse is up in several countries in the region;

-- Although large quantities of ephedrine from Asia and Europe are channeled through

Guatemala to Mexico and the United States for illicit manufacture of methamphetamine, no seizure of any precursor has so far been reported in Central America;

-- In North America, increasing indoor cannabis cultivation permits year-round production of high-potency cultivars in the United States, on a scale of anything from a few plants in a closet to thousands of plants in elaborate clandestine greenhouses;

-- The Board has received reports from the United States of widespread abuse of "blunts" -- cigars in which tobacco is replaced by cannabis;

-- Cocaine abuse is on the decline in Canada, but has increased somewhat in northern Mexico and, in 1994, also in the United States where the number of abusers of that drug had been declining continually since 1985;

-- The Board is urging the United States to pay special attention to the detection and interception of clandestine LSD laboratories which are the major suppliers of the global illicit market in that drug;

-- In South America, where the practices of Argentina, Bolivia and Peru regarding coca cultivation and use are considered by the INCB to be not in conformity with the 1961 treaty, the Board has requested that a forthcoming WHO study of the nature and properties of coca leaves not confine its attention to the alleged medicinal value of coca but should formulate an opinion on the plant's abuse potential and the public health consequences of consumption;

-- The Board is reminding South American countries that the sale of pharmaceutical preparations containing psychotropic substances without medical prescription -- or through non-rational prescribing practices -- is not in line with the provisions of the 1971 Convention and is contributing to their abuse;

-- Colombia has been successfully eradicating illicit coca and opium poppy plantations, seizing clandestine laboratories and moving against powerful drug gangs, including the recent arrest of leaders of the Cali cartel;

-- Brazil, which until recently has not been controlling adequately the manufacture of narcotic drugs and psychotropic substances, has drawn up new legislation intended as a sound basis for the fight against illicit drugs, but the Board still considers that country's anti-money-laundering laws to be too weak;

-- In East and South-East Asia, the Board notes the increased attention being paid by Governments in the region to treatment programmed and demand reduction efforts, including the compulsory treatment and rehabilitation programmed for addicts in China, Singapore and Viet Nam;

-- Although it grows wild and is extensively cultivated in Asia, cannabis of Nigerian origin is frequently seized in Hong Kong and Japan;

-- While opium smoking has fallen off in the region, in Ho Chi Minh City and in other urban centres in Viet Nam, injecting "backwater" opium -- raw morphine extracted from opium smoking residue -- is becoming a problem and heroin addiction is spreading;

-- The Board notes with concern the absence in Singapore of control measures for international trade in narcotic drugs, psychotropic substances and precursors in its free ports and zones and requests that Government to adopt suitable control measures as soon as possible;

-- Nepal has banned the sale of phensedyl and other codeine-based cough syrups in an effort to combat the abuse of those substances which is on the rise throughout the region;

-- The weakness of pharmaceutical marketing export controls in India have resulted in an alarming increase in abuse of buprenorphine, an injectable synthetic opioid in Bangladesh, India, Nepal and the Commonwealth of Independent States, contributing to the spread of HIV infection;

-- Concerning Western Asia, the Board stresses the urgent need to create and strengthen appropriate legislation and law enforcement structures in the States of the former Soviet Union, where illicit cultivation, manufacture, traffic and abuse of illicit drugs are on the increase, especially in connection with the activities of criminal organizations;

-- In view of the large areas of Central Asian members of the Commonwealth of Independent States that are covered by wild-growing cannabis, the Board recommends that the countries concerned clarify the tetrahydrocannabinol (THC) content of the wild and cultivated varieties in the region;

-- Former cannabis and poppy growers in the Beqaa valley in Lebanon -- where illicit crops appear to have been effectively eradicated -- still have no alternative source of income, a situation which has given rise to strong tension and which requires stepped-up support for a UNDCP-initiated rural development programme in the area;

-- Law enforcement authorities in Georgia have reported the detection of experimental coca bush plantations in two parts of the country, where traffickers have been exploring the possibility of large-scale cultivation;

-- Abuse of amphetamine and fenetylline has been reported in Israel, Lebanon and some of the Gulf States, although some seized "fenetylline" samples have turned out not to contain fenetylline, but only caffeine;

-- The Board has expressed concern that successful law enforcement action in Pakistan is often not followed by the punishment of drug traffickers and has invited the Government to combat such underlying factors as corruption and the political influence of criminals;

-- With regard to Europe, the Board expresses regret that despite the growing concern over drug-related problems, no comprehensive drug legislation has been enacted in any of the formerly socialist countries of Eastern Europe, a step which it strongly recommends;

-- The Netherlands is reported to be seeking to bring its drug policy more in line with the international drug control conventions, but the Board objects to practices that it says call into question the country's fidelity to its treaty obligations, including tolerating cultivation of low-THC cannabis and the operation of "coffee shops" which sell narcotic drugs for nonmedical purposes;

-- The impact of organized crime on countries' political, economic and social stability has been

strongest in the members of the Commonwealth of Independent States, where the interdiction capability of law enforcement services is limited, the justice system is slow, corruption hinders the functioning of administrations and democratic institutions remain fragile;

-- Seeds for indoor cultivation of highly potent cannabis are being exported from the Netherlands to countries in Western and Eastern Europe, a practice which the Board regards as contrary to the provisions of the 1961 and 1988 Conventions;

-- Despite a ban on all poppy cultivation, illicit opium poppy growing is continuing in Belarus, the Russian Federation and Ukraine, and in Moldova it is not yet regulated;

-- The clandestine manufacture of the synthetic opioid 3 methylfentanyl -- a substance several hundred times more potent than heroin -- constitutes a threat to the entire European region;

-- South American drug cartels are smuggling cocaine into Europe through Poland, the Russian Federation, Ukraine and several countries in south-eastern Europe;

-- Growing abuse of hallucinogenic mushrooms has been reported in Estonia and the Russian Federation, and the Board is inviting Governments and organizations to monitor new trends in the abuse of all hallucinogens;

-- The smuggling into Europe of large quantities of khat, a botanical drug which is widely abused in North Africa and the Gulf region, is creating problems for authorities of several countries since the substance is not under international control;

-- Switzerland has reportedly assured the Board that it is taking all necessary steps to ratify and implement the 1971 Convention some time this year, including the application of an export-import authorization system designed to curb illicit trade in psychotropic substances;

-- In the Pacific island countries, an INCB fact-finding mission noted a significant level of cannabis abuse in Papua New Guinea, which is reportedly the origin of a number of cannabis seizures reported by Australia;

Background on INCB

The INCB was established in 1968 as an independent and quasi-judicial control organ for the implementation of the United Nations drug control treaties, replacing predecessor bodies that had monitored earlier conventions since the time of the League of Nations. Although the Board's work is financed by the United Nations, it functions independently of Governments and of that Organization on substantive issues. It endeavors to ensure that adequate supplies of drugs are available for medical and scientific uses and that leakages from licit sources to illicit traffic do not occur. At the same time, it seeks to identify weaknesses in national and international control of drugs.

The Board's tasks, among which is the preparation of an annual report, are mandated by the international drug control Conventions. Its 13 members serve in their individual capacities. They are elected by the Economic and Social Council, with three chosen from a list of candidates nominated by the World Health Organization (WHO) and 10 from a list nominated by Governments.

Money Laundering

On the question of money laundering, the Report states the Board's view that "No Governments and no society should accept, from a moral and ethical point of view, that income could be derived from criminal activities such as drug trafficking and related activities." It recommends that besides their legal obligations under the 1988 treaty, all countries should accept the obligation to provide and enforce laws which enable them to confiscate all proceeds derived from drug trafficking and punish money launderers as well as drug traffickers.

The Report recognizes that the prevention of money laundering poses a particular challenge for the vulnerable economies of developing countries, where the vast capital controlled by criminal groups has a strong potential for exacerbating corruption in the Government and private sectors.

Noting that the international nature of laundering makes it essential to mobilize a global response to the problem, the Board voices the view that the effectiveness of world anti-laundering machinery will be dependent on the presence or absence of important gaps, such as unregulated or lax countries, unregulated offshore services or commercial laws facilitating laundering.

The report acknowledges that the introduction of countermeasures inevitably takes time, since many countries face pressures in attempting to do away with past policies such as bank secrecy or the use of casinos to hide large cash transactions.

To tighten controls, the Board recommends that countries become party to the 1988 Convention and amend their laws and constitutions accordingly, introduce effective laws to combat laundering and confiscate the property of drug traffickers, and introduce procedures whereby financial institutions would report suspicious transactions to a specialized body.

Adherence to Conventions

While more States are becoming parties to the international drug control instruments every year, the Board remains concerned that a considerable number of countries have not acceded to the Conventions. States which are parties to the treaties are called on to file their required reports on time and to furnish the Board with reliable data.

As of 4 January 1996, 153 States are parties to the Single Convention on Narcotic Drugs, with 19 of them parties only to the 1961 Convention and 134 of them parties to the treaty as amended by the 1972 Protocol. New parties to the Single Convention, as amended by the 1972 Protocol, since last year's Report are: Guinea-Bissau, Moldova, Swaziland and Uzbekistan. Ethiopia, Mali and Mauritius acceded to the 1972 Protocol, and Switzerland informed the Board that it would ratify the Protocol by April 1996.

Some 140 States are parties to the 1971 Convention on Psychotropic Substances, eight of them since last year's Report: Belgium, Chad, Guinea-Bissau, Lebanon, Mali, Moldova, Swaziland and Uzbekistan.

As regards the 1988 Convention against Illicit Traffic, 121 States and the European Union are parties -- about 64 per cent of all countries in the world. Eighteen States have become parties since last year's Report: Algeria, Belgium, Cape Verde, Chad, Guinea-Bissau, Haiti, Jamaica, Lesotho,

Malawi, Mali, Moldova, Norway, St. Kitts and Nevis, Saint Lucia, Swaziland, Trinidad and Tobago, Uruguay and Uzbekistan. Also since the Board's last report, the United Kingdom has extended the Convention's application to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands.

INCB Membership

The current membership of the Board is: Sirad **Atmodjo** (Indonesia), Dr. Edouard Armenakovich **Babayan**, (Russian Federation), Dr. Hamid Ghodse (Iran), **Dil Jan Khan** (Pakistan), G. Lourenco Martins (Portugal), Gottfried Machata (Austria), Mohamed Mansour (Egypt), Dr. **Bunsom** Martin (Thailand), Herbert S. Okun (United States), Dr. **Alfredo Pemjean** (Chile), Dr. Manuel **Quijano** (Mexico), **Oskar** Schroeder (Germany) and Elba **Torres Graterol** (Venezuela). Mr. Schroeder serves as President of the Board.

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