United Nations E/CN.7/2005/2/Add.5

Economic and Social Council

Distr.: General
13 January 2005

Original: English

Commission on Narcotic Drugs
Forty-eighth session
Vienna, 7-14 March 2005
Item 4 of the provisional agenda*
Follow-up to the twentieth special session of the General Assembly

The world drug problem

Third biennial report of the Executive Director

Addendum

Control of precursors

Contents

* E/CN.7/2005/1.

V.05-80196 (E) 270105 280105

I. Introduction

1. In the Political Declaration adopted by the General Assembly at its twentieth special session (resolution S-20/2, annex), Member States decided to devote particular attention to measures for the control of precursors adopted at that session (resolution S-20/4 B) and to establish 2008 as a target date for States to eliminate or reduce significantly the illicit manufacture, marketing and trafficking of psychotropic substances, including synthetic drugs, and the diversion of precursors. The measures adopted at the special session strengthened the framework for multilateral cooperation to prevent the diversion of precursor chemicals from legitimate commerce, as provided for in article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988.[1]

2. Precursor chemicals are widely traded and their diversion from licit manufacture and trade into the illicit traffic represents a challenge for the international community. Specialized brokers, free trade zones, falsified export or import authorizations and non-existent importers are used in attempts to divert precursor chemicals. In general, the diversion of precursors takes place where control mechanisms are deficient or non-existent. The establishment by each State of effective and flexible control systems to regulate and monitor the legitimate trade in precursors, including effective and continuous cooperation with the International Narcotics Control Board (INCB), is essential in preventing their diversion into illicit drug manufacture.

3. Over the years, INCB has developed practical guidelines for use by national authorities in preventing the diversion of precursors and essential chemicals. It makes recommendations to Governments for preventing the diversion of substances listed in Tables I and II of the 1988 Convention. INCB reports annually to the Commission on Narcotic Drugs on the implementation of the provisions of article 12 of the 1988 Convention and continues to play a central role in the implementation of the measures adopted by the General Assembly for the control of precursors. For the international control of precursors to be effective, Governments have an obligation, under the international drug control treaties, to cooperate effectively with INCB and to implement its recommendations for the control of precursors.

4. In its resolution 59/162 of 20 December 2004, entitled “Follow-up on strengthening the systems of control over chemical precursors and preventing their diversion and trafficking”, the General Assembly requested the Executive Director to include in his biennial reports on the implementation of the outcome of the twentieth special session recommendations on how to strengthen the use of the pre-export notification mechanism and to ensure timely responses. Recommendations to that effect are contained in the annual report of INCB[2] as well as its report on the implementation of article 12 of the 1988 Convention,[3] which are presented annually to the Commission.

II. Action by Governments on the control of precursors

5. In part III of the third biennial reports questionnaire, Governments were requested to provide information on action taken to implement the measures on the

control of precursors adopted by the General Assembly at its special session. A total of 109 Governments responded to the questionnaire covering the period 1998-2000, 114 States submitted replies for the period 2000-2002 and 93 States responded in the third reporting cycle, for the period 2002-2004.

6. The regional distribution of the States that submitted replies for the second reporting cycle was as follows: 24 African States (21 per cent of the total), 21 States in the Americas (18 per cent), 32 Asian States (28 per cent), 33 European States (29 per cent) and 4 States in Oceania (4 per cent). In the third reporting cycle, the distribution of States by region was as follows: 17 African States (18 per cent), 17 States in the Americas (18 per cent), 27 Asian States (28 per cent), 30 European States (33 per cent) and 2 States in Oceania (2 per cent). Sixty-seven States that had completed the questionnaire for the second reporting period also did so in the third reporting cycle.

7. The percentages in the text of this report compare the proportion of total States responding in each cycle, whereas the figures provide a comparison of the responses provided by the 67 Governments that replied in both the second and the third reporting cycle. It was noted that some responses in the third reporting cycle appeared to contradict those provided in earlier cycles. It is therefore suggested that a 2 to 5 per cent margin of error should be taken into account when considering results.

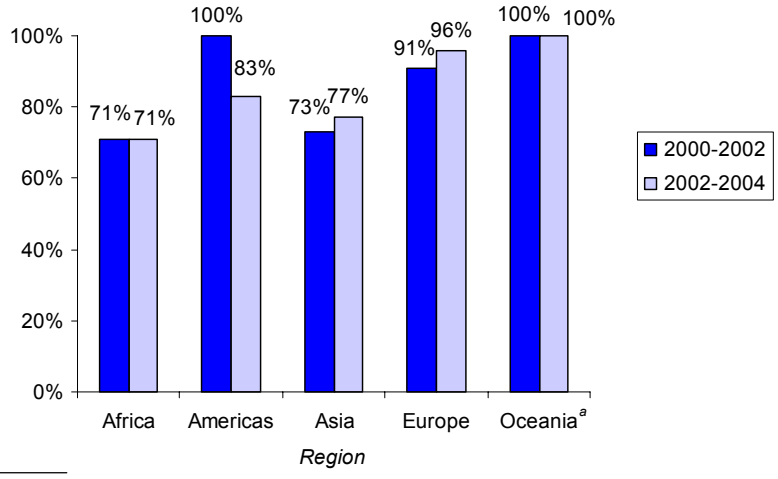
A. Regulatory and control framework

8. Eighty per cent of Governments replying to the questionnaire, as compared with 76 per cent in the first reporting cycle and 82 per cent in the second, reported that they had adopted legislation pertaining to precursor control. Seventeen per cent of the reporting States had not yet done so. Figure I presents a comparison in this regard between the 67 States that responded in both the second and the third cycle.

Figure I

Governments that had laws related to precursor control as a percentage of those responding in both the second and the third reporting cycle, by region

Percentage of reporting States

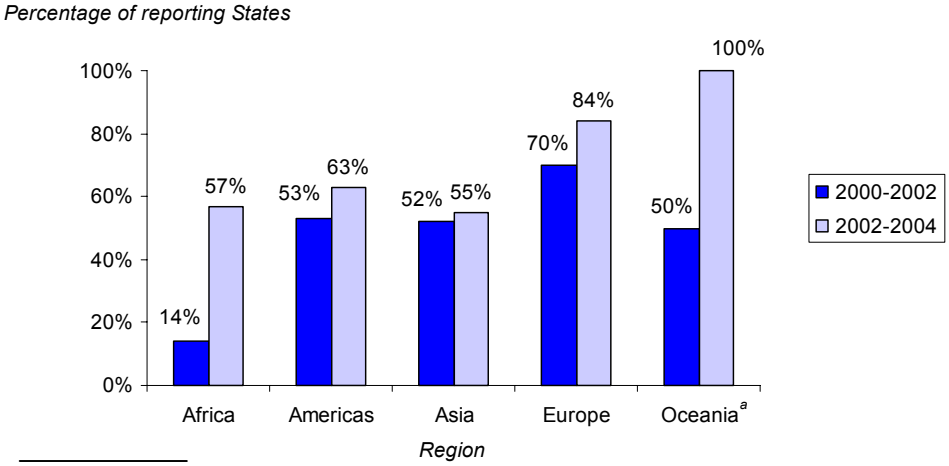


[a] Only two Governments in the region responded, Australia and New Zealand.

9. Sixty per cent of the respondents, compared with 62 per cent in the first and 55 per cent in the second reporting cycle, had enacted new or revised existing laws and regulations related to precursor control (see figure II). Several European countries reported that a new European Union (EU) regulation introducing import controls and strengthening export controls for trade of precursor chemicals between the Union and third countries was currently being discussed at the Council level and would come into effect in 2005. Thirty-three per cent of the Governments responding to the questionnaire indicated that they had not enacted or revised their domestic laws or regulations in the field of precursor control.

Figure II

Governments that had enacted new or revised existing laws and regulations related to precursor control as a percentage of those responding in both the second and the third reporting cycle, by region



[a] Only two Governments in the region responded, Australia and New Zealand.

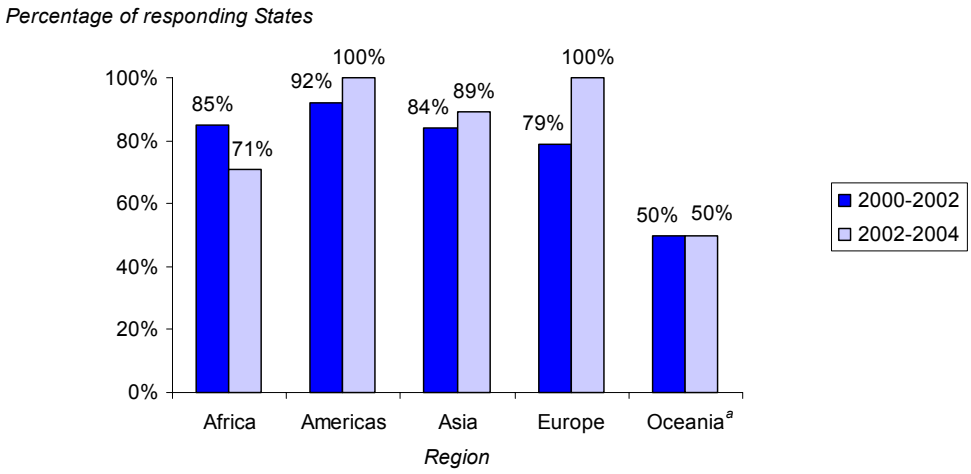
10. Eighty-three per cent of the reporting Governments, compared with 84 per cent in the previous cycle, had placed both Table I and Table II substances under control. In 1 per cent of the cases, Table I substances only were placed under control. Table II substances only had been placed under control by another 1 per cent of the respondents. Several Governments specified individual substances, other than those contained in Table I and Table II, that had also been placed under control in their jurisdictions, thus ensuring that all scheduled substances, as well as other substances frequently encountered in illicit manufacture at the national level, were under domestic control. For example, the Government of China had placed chloroform on its list of controlled substances. Several European countries indicated that they also controlled those substances in the EU special surveillance list and that other substances not included in that list were being monitored in the context of voluntary cooperation arrangements with the industry and traders. The Government of El Salvador had placed substances such as chloroform, benzene, contact cements, contact adhesives and toluene diisocyanate (TDI) under control, in addition to Table I and Table II substances. In Italy, *gamma*-butyrolactone had also been placed under control. In Japan, chloroephedrine, methylephedrine, dimethylpropamine,

phenylacetoacetonitrile (benzylcyanide) and deprenyl were controlled substances. In Mexico, benzylcyanide had been included in the list of substances under control.

11. Eighty-eight per cent of the reporting States, as compared with 80 per cent for the reporting cycle 1998-2000 and 84 per cent for the 2000-2002 cycle, had established a framework of control of substances that included a system of prior import/export authorization (see figure III). Seventy-six per cent of respondents indicated that such mechanisms had been introduced to cover both Table I and Table II substances. Only 6 per cent of the reporting States indicated that the import/export authorizations were requested only for Table I substances. One Government reported that import/export authorizations were only necessary for Table II substances. In Australia, a prior import/export authorization system was also in place for *gamma*-butyrolactone. In Myanmar, prior import/export authorizations were required for substances such as caffeine (used as an adulterant) and thionyl chloride. In the Russian Federation, prior import/export authorizations were required for red phosphorus, *N*-methylephedrine and all the substances in Tables I and II.

Figure III

Governments that had established control frameworks, including a system of prior import/export authorization as a percentage of those responding in both the second and the third reporting cycle, by region



[a] Only two Governments in the region responded, Australia and New Zealand.

12. Seventy per cent, as opposed to 65 per cent of the Governments reporting in the second reporting cycle, indicated that they were issuing authorizations for individual transactions in order to verify their legitimacy, identify suspicious shipments and prevent diversions. The majority of the reporting States had issued individual export authorizations for all Table I and Table II substances. In some cases, authorizations had been issued for export of individual substances other than and in addition to those included in Table I and/or Table II. For example, the Colombian authorities were issuing authorizations for individual transactions of butyl acetate, ethyl acetate, isopropyl acetate, hexane solvent no. 1 and 2,

chloroform, methanol, diacetone alcohol, isopropyl alcohol, butanol thinner, sodium carbonate, ammonia and manganese dioxide. In EU member States, exports of Table I substances needed individual authorizations for each transaction in accordance with the obligations set out in the 1988 Convention. Individual authorizations were issued for Table II substances exported to "sensitive countries", in accordance with EU legislation. In the Russian Federation, competent authorities were issuing authorizations for individual transactions of lysergic acid, 3,4-methylenedioxyphenyl-2-propanone, *N*-methylephedrine, norpseudoephedrine (cathine), pseudoephedrine, phenylpropanolamine norephedrine, 1-phenyl-2-propanone, ergometrine, ergotamine and ephedrine. Twenty per cent of the respondents indicated that they did not issue individual authorizations for transactions involving precursor chemicals.

13. Governments were requested to report on established working procedures for the monitoring and identification of suspicious transactions involving precursors. Sixty-eight per cent of the Governments responding, a proportion virtually unchanged since the previous reporting cycles, had established such procedures, whereas 20 per cent (25 per cent in the 2000-2002 cycle) had not. Several countries cited examples of their established working procedures and relevant legislation and listed the bodies and mechanisms they had in place for the identification of possible suspicious transactions involving precursors. Argentina reported it had established mechanisms for the identification of suspicious transactions, which involved the exchange of quarterly reports by all national entities handling controlled substances in order to detect irregularities, as well as periodic inspections of the premises of those handling controlled substances.

14. In Australia, a national code of practice to prevent diversion of precursors into illicit drug manufacture was launched in June 2002. Its key objectives included the establishment of a common system of practice for Australian chemical manufacturers, importers and distributors of scientific equipment and instrument suppliers. Strategies had been formulated relating to the prevention of the diversion of essential chemicals and scientific equipment, cooperation with government and law enforcement, as well as the development of education and training programmes for staff and end-users of precursor chemicals and associated scientific equipment. Several EU member States reported that the Anti-Fraud Information System and the Customs Information System of the European Anti-Fraud Office had enabled the rapid dissemination of case- and trend-related information to all the competent authorities of EU member States to prevent traffickers from taking advantage of the free movement of goods under the EU internal market and thus "shopping around" for a potential weakness in the system of customs control.

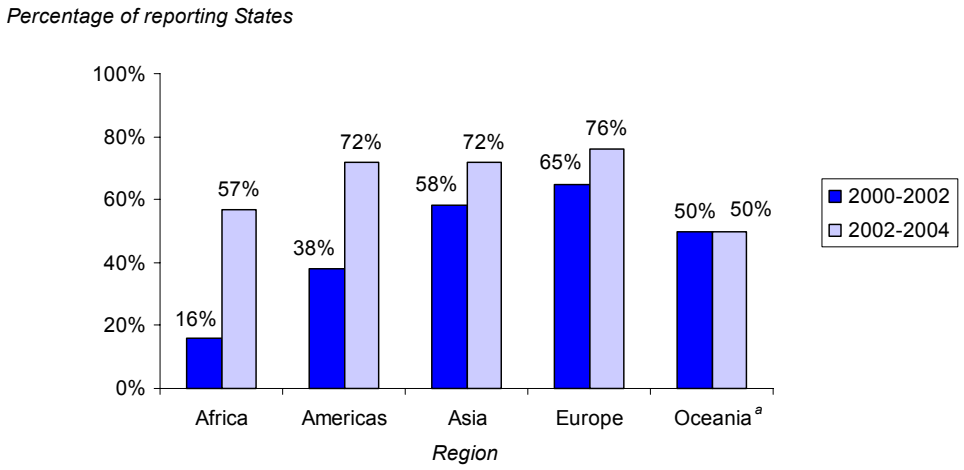
15. The Government of Indonesia had established a precursor control task force to monitor and control distribution and possible diversions of precursors. In Mexico, among other controls, companies were subject to a quota system whereby they submitted, one year in advance, estimates of the quantities of substances needed. In Trinidad and Tobago, administrative systems had been introduced by the Drug Inspectorate to issue licences and to monitor the use of chemicals by registered companies.

16. Sixty-three per cent of the reporting Governments, compared with 56 per cent in the previous reporting cycle, had implemented the recommendations of INCB concerning the limited international special surveillance list of non-scheduled

substances aimed at aiding competent authorities in preventing the diversion of substances not listed in Table I and Table II of the 1988 Convention (see figure IV). Twenty-five per cent of the respondents, compared with 30 per cent in the second reporting cycle, had not yet implemented the INCB recommendations, whereas 4 per cent of the Governments did not reply to the question. In EU member States, in addition to a specific voluntary monitoring list, the limited international special surveillance list of non-scheduled substances had been disseminated to industry. On the basis of the INCB recommendations concerning those substances, specific guidance had been provided for action to prevent their diversion.

Figure IV

Governments that had implemented the recommendations of the International Narcotics Control Board concerning the limited international special surveillance list of non-scheduled substances as a percentage of those responding in both the second and the third reporting cycle, by region

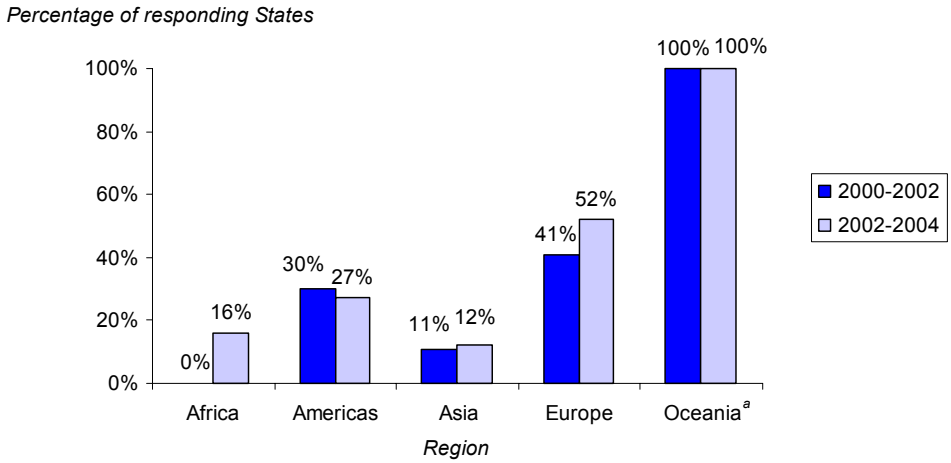


[a] Only two Governments in the region responded, Australia and New Zealand.

17. Twenty-seven per cent of the reporting Governments, compared with 31 per cent and 22 per cent in the first and second reporting cycles, respectively, had established a code of conduct to enhance cooperation with the chemical industry (see figure V). Such cooperation was usually developed on the basis of agreements, sets of guidelines and/or memorandums of understanding between the chemical and pharmaceutical industries and the competent authorities. Sixty-three per cent of the Governments reported that they had not yet established such codes of conduct. As an example, the Government of Canada reported that a model regulation had been adopted by Canada's chemical producers association and by the Canadian Association of Chemical Distributors. The Government of Greece indicated that a memorandum of understanding had been concluded between the Hellenic Association of Chemical Industries and the Customs Directorate General.

Figure V

Governments that had established a code of conduct with the chemical industry as a percentage of those responding in both the second and the third reporting cycle, by region



[a] Only two Governments in the region responded, Australia and New Zealand.

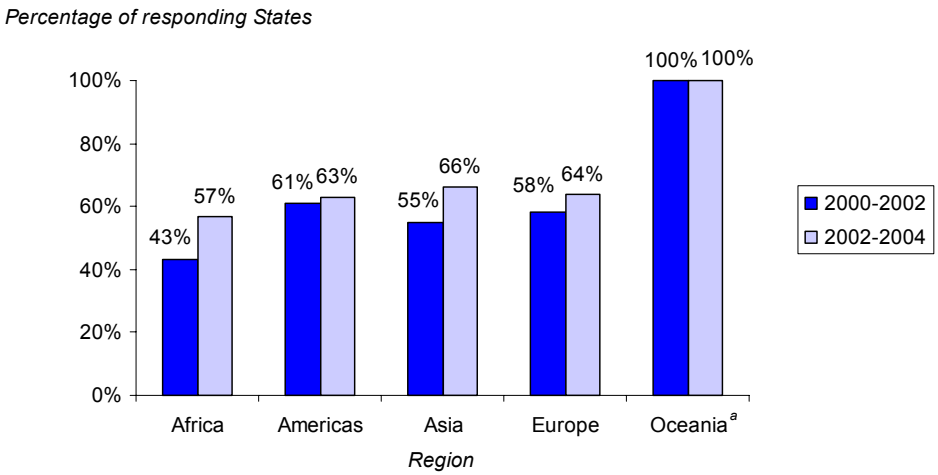
18. Governments were requested to report on whether they had taken measures to introduce the "know-your-client" principle, including measures such as the obligation to provide or request end-user certificates. While only 49 per cent of the Governments had introduced such measures in the reporting period 1998-2000, 60 per cent had done so in the third cycle, a proportion unchanged from the second reporting cycle. Thirty per cent of the Governments reported they had not implemented the "know-your-client" principle.

B. Prevention of diversion of precursors, materials and equipment used in the illicit production or manufacture of narcotic drugs and psychotropic substances

19. Fifty-eight per cent of the reporting States had taken measures to prevent trade in and diversion of materials and equipment for illicit production or manufacture of narcotic drugs and psychotropic substances, while 32 per cent indicated that they had not yet done so (see figure VI). Several Governments had introduced specific measures, such as the adoption or revision of legislation, regulations or working procedures to prevent the diversion of precursors. Police investigations and/or inspections by the competent national authorities were also among the measures taken by States to prevent trade in and diversion of materials and equipment. In Colombia, during 2003 and 2004, the National Narcotics Control Board had issued new regulatory measures for preventing the diversion of chemicals and finished products. The Board had also included manganese dioxide in the list of controlled chemicals.

Figure VI

Governments that had prevented trade in and diversion of materials and equipment for illicit production or manufacture of narcotic drugs and psychotropic substances as a percentage of those responding in both the second and the third reporting cycle, by region



[a] Only two Governments in the region responded, Australia and New Zealand.

20. A number of Governments provided information on specific measures they had taken to prevent diversion of precursor chemicals, materials and equipment. For example, the Government of Australia reported that a national working group had supported a coordinated national approach to prevent precursor chemicals being diverted into illicit drug manufacture. In the period 2003-2004 Australia had developed a national strategy to prevent the diversion of chemical precursors and illicit drug manufacture, focusing in particular on four areas of interest, including awareness-raising, the development of a pilot clandestine laboratory database, information- and intelligence-sharing and evaluation of the impact of controls on the supply of chemical precursors. Further, since many of the chemicals used to manufacture drugs were highly dangerous and left toxic waste, the working group had also been asked to look at the decontamination of premises once used as clandestine laboratories.

21. The Government of Costa Rica indicated that licences and authorizations must be obtained in advance for every national or international commercial transaction involving the import, export or general trading of equipment for the manufacture of tablets, pills or capsules or of tablet dies. The Government of Germany noted that a systematic and/or legal approach in accordance with article 13 of the 1988 Convention had not been established in the country; related activities were viewed in the context of voluntary precursor chemical monitoring measures, relying on the voluntary cooperation of operators with competent authorities. In Mexico, national legislation required importers and exporters of tablet-manufacturing machines to submit an annual report on their activities to the competent authorities. In the Russian Federation, national legislation had regulated the list of instrumentalities and equipment subject to special control and used for the

production and manufacture of narcotic drugs and psychotropic substances, and set out rules for their processing, production, manufacture, storage, transport, dispatch, dispensing, sale, distribution, acquisition, use and import into and export from its territory.

C. Legal, law enforcement and other measures to prevent the diversion of precursors

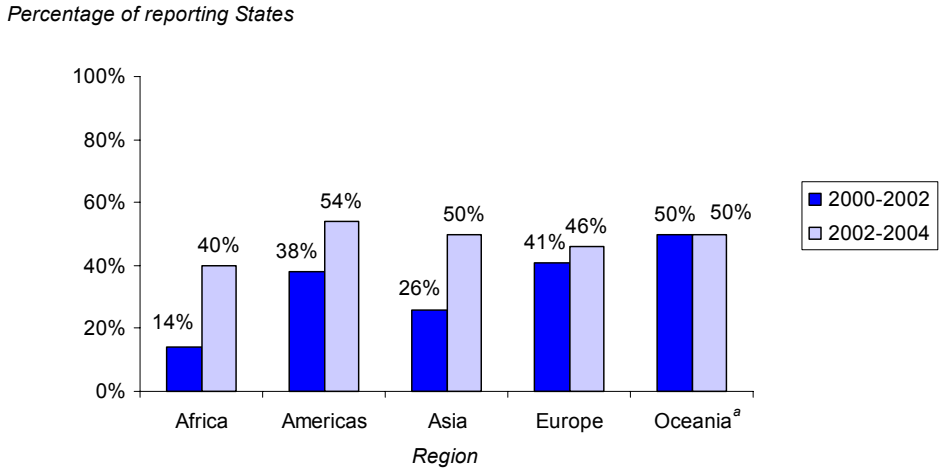
22. Forty-seven per cent of the reporting States, compared with 40 per cent for the second reporting cycle, had introduced specific measures and/or related sanctions since the submission of the second biennial questionnaire in connection with revised or new laws, regulations or working procedures intended to prevent the diversion of precursors, by providing pre-export notifications to importing countries. In several cases, measures such as new or revised legislation, regulations or working procedures had been adopted since the submission of the second biennial report in order to prevent the diversion of both Table I and Table II substances.

23. For example, several EU member States indicated that they had provided pre-export notifications to importing countries in cases of export of all Table I substances, in accordance with the obligation under the 1988 Convention and, in cases of export of Table II substances to specific third countries, in accordance to the agreements between the Union and third countries, for example, Bolivia, Chile, Colombia, Ecuador, Peru, Mexico, Turkey, the United States of America and Venezuela (Bolivarian Republic of). The Government of Mexico indicated that it had met its commitment to issue pre-export notifications for essential chemicals included in Table II and continued to comply with the obligation to provide pre-export notifications for Table I substances. Forty-three per cent of the reporting Governments indicated that they had not taken such measures.

24. Since the submission of the second biennial report, 38 per cent of the reporting States indicated that they had prevented the diversion of precursor chemicals by stopping, suspending or seizing suspicious shipments. A number of Governments reported on law enforcement operations that had led to the stopping, suspending or seizing of suspicious consignments. Thirty-seven per cent of responding Governments, compared with 30 per cent in the 2000-2002 reporting cycle, had introduced penal sanctions in their legislation as a means to prevent the diversion of precursors. Several Governments cited examples of penal and/or administrative sanctions being introduced to prosecute illegal importers/exporters of precursor chemicals since the submission of the second biennial questionnaire. For example, the Governments of Estonia, Latvia and Lithuania had recently adopted new legislation and stricter penal sanctions in this regard. Figure VII presents a comparison of the responses provided by the 67 Governments that replied in both the second and the third reporting cycle regarding the introduction of penal sanctions.

Figure VII

Governments that had introduced specific measures and/or related sanctions in connection with any revised or new laws, regulations or working procedures to prevent the diversion of precursors by penal sanctions as a percentage of those responding in both the second and the third reporting cycle, by region



[a] Only two Governments in the region responded, Australia and New Zealand.

D. Identification of substitute chemicals and new methods of illicit drug manufacture

25. Thirty-one per cent of the Governments reporting for the 2002-2004 cycle indicated they had adopted procedures to identify and report the use of substitute chemicals in, and new methods of, illicit drug manufacture, whereas 55 per cent of States replied that they had not done so.

26. Several States reported that their forensic laboratories had carried out chemical analyses of seized drugs in order to identify the substances, their origin and new methods of manufacture. Information concerning the findings of forensic laboratories on substitute chemicals and new methods of illicit manufacture was normally collected, evaluated and exchanged with chemical manufacturers, foreign law enforcement authorities and/or with INCB. Some Governments indicated that substances found to have been used in illicit drug production had been subject to surveillance. The Government of Austria reported that an EU regulation provided guidance with regard to the identification of suspicious transactions involving non-scheduled substances and required the reporting of chemicals used in the illicit manufacture of drugs and possible methods of diversion. In Australia, law enforcement agencies had established chemical diversion units, which worked extensively with suppliers of chemicals and equipment that could be used in the illicit manufacture of drugs. An amphetamine database was maintained as a central repository of all available information related to precursors, known “cooks”, manufacturers and others suspected of involvement in illicit manufacture and distribution of amphetamines.

E. Law enforcement investigation procedures

27. Twenty-nine per cent of the reporting States had carried out and/or provided for the arrangement of controlled deliveries to prevent the diversion of precursors during the reporting period. For example, the Government of the Russian Federation indicated that a controlled delivery operation had been conducted in November-December 2002 jointly with the law enforcement authorities of Turkey to seize 4,000 kilograms (kg) of acetic anhydride. In Slovenia, a manual with guidelines for controlled deliveries had been prepared. Fifty-eight per cent of the reporting States had not yet carried out and/or provided for the arrangement of controlled deliveries for the prevention of diversion of precursor chemicals.

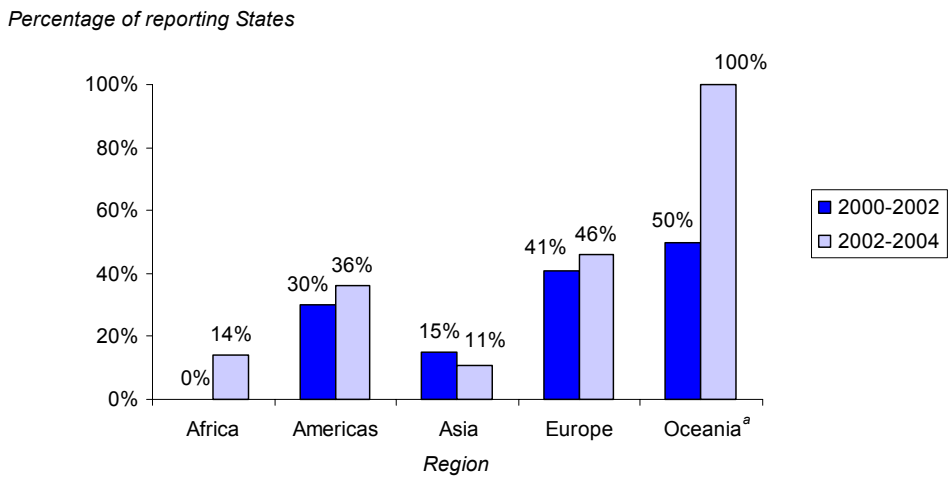
28. Sixty-six per cent of the Governments responding to the questionnaire reported that their law enforcement authorities had put in place procedures to investigate diversion of chemicals. Sixty-four per cent of the respondents indicated that the procedures included the sharing of information on findings of investigations. In 57 per cent of the cases, the established procedures also included liaison with the chemical and pharmaceutical industry.

F. International cooperation

29. Only 26 per cent of the Governments replying to the questionnaire reported that seizures of precursor chemicals had been made as a result of cooperation with other Governments. Almost 64 per cent of the respondents indicated that seizures of precursor chemicals had not been made as a result of cooperation with other Governments. Figure VIII presents a comparison of the responses regarding international cooperation provided by the 67 Governments that replied in both the second and third reporting cycles. Several Governments reported on their active cooperation in Operation Purple and Operation Topaz. A cooperative investigation between the Australian Federal Police and the Philippine Drug Enforcement Agency resulted in arrests and the seizure of 1.5 tons of pseudoephedrine in March 2004. The pseudoephedrine had been shipped from China to the Philippines and the perpetrators were planning to import the substance to Australia. The Government of Canada indicated that there was frequent cooperation between Canada and the United States regarding precursor chemicals crossing shared borders. As a result of such cooperation, 8 tons of pseudoephedrine had been seized in Canada and 4 tons in the United States and 65 persons had been arrested. The Government of Croatia indicated that, in 2003, a seizure of 20,330 kg of acetic anhydride had been made as a result of cooperation among Croatia, Macedonia and Serbia and Montenegro. The Government of Germany reported that, in the framework of precursor monitoring and related international exchange of information, several suspicious transactions had come to official notice and had been investigated accordingly. Further, intensive use had been made of the direct communication network established within Operation Purple and Operation Topaz. The Government of the Netherlands indicated that there had been seizures of precursors as a result of cooperation between its drug law enforcement agencies and counterparts from Belgium, Germany and Ireland. The Government of Paraguay reported that, since 2004, it had been taking part in Operation Six Borders, a law enforcement operation to track down

illicit consignments of precursor chemicals, together with other Latin American countries.

Figure VIII
Governments that had seized precursors as a result of cooperation with Governments of other States as a percentage of those responding in both the second and the third reporting cycle, by region



[a] Only two Governments in the region responded, Australia and New Zealand.

30. Governments were asked to report on whether resources for technical assistance in the field of precursor control had been provided to other States. Twenty per cent of the Governments responding to the questionnaire in its third reporting cycle, compared with 16 per cent in the second cycle, reported providing such assistance. Examples of cooperation included training assistance programmes and study visits, international conferences, courses, seminars and/or workshops on the identification of precursor chemicals and narcotic drugs and joint exercises and operations between police and customs. The European Phare New Synthetic Drugs and Precursors Control Project and the Phare twinning projects, as well as precursor projects of the United Nations Office on Drugs and Crime (UNODC), a specific EU technical assistance project for the Andean Community and Project Prism were also cited in this regard.

31. As an example, the Australian Federal Police's Law Enforcement Cooperation Program provided resources to assist law enforcement agencies improve their capacity to investigate drug trafficking and contribute to the collection of law enforcement intelligence. However, the Government of Australia reported that no request for assistance had been received under the Program in relation to precursor control.

32. Almost 36 per cent of the Governments replying to the questionnaire in the third reporting cycle, compared with 33 per cent in the second cycle, had received technical assistance in the field of precursor control. Several Governments indicated that they had received technical assistance from the United States, EU and/or

UNODC, mostly in the form of training and/or provision of technical equipment, testing equipment, mobile laboratories and computer database systems. A number of Governments reported on their bilateral cooperation involving technical assistance from other States. For example, training courses on the identification of chemical precursors had been held in Mexico in 2003 and 2004 in cooperation with the United States. With the assistance of UNODC, a number of Governments had installed and implemented the national database system (NDS), a computerized system for managing information on licences and permits for internationally controlled drugs and precursors. The system was currently being used by the competent authorities of a number of countries for issuance of precursor licences and import and export licences.

33. States of Africa and Oceania reported receiving no technical assistance in the field of precursor control in the 2000-2002 and 2002-2004 reporting periods, while assistance provided to countries in the Americas had decreased between the two reporting cycles. A larger proportion of Governments in Asia and Europe indicated that they had received technical assistance in the field of precursor control during the period 2002-2004 as compared with 2000-2002.

III. Conclusions and recommendations

34. In the third reporting cycle there was a decline in the absolute number of States that replied to part III of the third biennial questionnaire as compared with the first and second reporting cycles. The decline was significant and recorded in all regions. Further, the degree of comparability of the data provided by Governments was limited, given that not all questions in the questionnaire for each period were directly comparable and not all States replying to the first and second questionnaires replied in the third reporting cycle.

35. The number of States with legislation pertaining to precursor control remained virtually unchanged from the first to the third reporting period. However, those States which had not yet implemented precursor control legislation should be revising or enacting domestic laws and regulations in the field of precursor control in accordance with their obligations under the 1988 Convention. In particular, the Commission may wish to urge Governments that have not already done so to adopt the necessary legislation to fully implement the provisions of articles 12 and 13 of the 1988 Convention.

36. The Commission may recommend that States strengthen mechanisms for the collection and sharing of information on trafficking in precursors, in particular on seizures, prevented diversions, detained consignments, dismantled laboratories, emerging trafficking and diversion trends, new manufacturing methods and the use of non-controlled substances, with a view to enhancing the working of the international control and monitoring systems. Similarly, Governments should consider putting in place mechanisms for data collection and analysis and information-sharing among competent national authorities on licit requirements and trade in precursors with a view to early identification of unusual trends and suspicious activities.

37. In the third reporting period, more States than in the first and second reporting cycles indicated that they had established a framework for the control of precursors

that included a system of prior import/export notifications and that they had put in place measures to introduce the "know-your-client" principle, including measures to provide or request end-user certificates, as well as setting up procedures to investigate the diversion of chemicals and to identify and dismantle clandestine laboratories.

38. With regard to the prior import/export notification system, it was noteworthy that that system, when implemented, had enabled the competent authorities of importing and transit countries to verify the legitimacy of transactions and to identify suspicious shipments, thus preventing diversion of precursor chemicals. However, even though there had been considerable progress in the implementation of the prior import/export notification system by States, there remained scope for improvement. In that regard and pursuant to General Assembly resolution 59/162, in which the Assembly requested the Executive Director to submit recommendations to the Commission on how to strengthen the use of the pre-export notification mechanism, and in particular in relation to the Table I substances of the 1988 Convention, the Commission may wish:

(a) To invite all exporting countries to introduce a system of pre-export notifications and to issue such notifications, irrespective of whether an importing country had requested it under the provisions of article 12, paragraph 10 (a), of the 1988 Convention;

(b) To urge all importing countries that have not already done so to consider formally requesting the provision of pre-export notifications through the Secretary-General under article 12, paragraph 10 (a), of the 1988 Convention;

(c) To invite Governments implementing a system of pre-export notifications to ensure that the information contained in those notices enables effective control and facilitates rapid release of legitimate consignments;

(d) To invite Governments implementing pre-export notifications to ensure that effective mechanisms are put in place allowing the timely sending of and, importantly, responding to such notifications;

(e) To call upon Governments to consider actively cooperating in international initiatives for the control of precursor chemicals and cooperating with INCB as a global focal point for exchanging information on pre-export notifications and for monitoring and assisting with the verification of the legitimacy of consignments.

39. A comparison between the two last reporting periods indicates that a larger proportion of States had established working procedures for monitoring and identifying suspicious transactions involving precursors, for preventing the diversion of materials and equipment used in the illicit production or manufacture of narcotic drugs and psychotropic substances and for identifying and reporting the use of substitute chemicals in and new methods of illicit drug manufacture.

40. With regard to the number of seizures of precursors made as a result of cooperation with other States, the responses suggested that more could be done by Member States in that area, reflecting the need for renewed efforts to foster cooperation, in particular the timely exchange between competent authorities of information related to suspicious transactions and the harmonization of procedures for the use, where appropriate, of controlled deliveries. Cross-border cooperation

with third countries as well as collaboration among law enforcement institutions had proved to be successful over the past few years, especially in the framework of international tracking programmes for precursor chemicals, such as Operation Purple, Operation Topaz and the more recent Project Prism. In particular, States should continue to introduce sanctions in their legislation to prevent, detect and punish the diversion of precursors.

41. As regards establishing a code of conduct with the chemical industry, a comparison of the data supplied between the three last reporting periods indicates progress. However, it should be possible to make further progress in this area and greater efforts should be devoted to developing codes of conduct with the chemical industry and to establishing or strengthening cooperation with associations, persons or companies engaged in licit activities related to the manufacture of and trade in precursors. In that regard, the Commission may wish to encourage Governments to institutionalize cooperation with industry.

42. Regarding the provision of technical assistance on precursor control, more Governments reported that they had received technical assistance in that area, which was also reflected in the number of Governments indicating that they had provided technical assistance in precursor control to other States. The Commission may wish to recommend that Member States take further measures to promote coordination and cooperation among national authorities and to participate and cooperate in regional and international mechanisms involving the competent national authorities in order to verify the legitimacy of transactions and facilitate information exchange and the conduct of criminal investigations, collaborating as appropriate with relevant international bodies.

43. Sixty-three per cent of the respondents had implemented the recommendations of INCB concerning the limited international special surveillance list of non-scheduled substances aimed at aiding competent authorities in preventing the diversion of substances not listed in Table I and Table II of the 1988 Convention, a significant increase since the second reporting cycle. However, States should continue to implement those recommendations for more effective prevention of diversion of non-scheduled precursor chemicals into illicit markets.

44. Only 31 per cent of the States that replied in the 2002-2004 reporting cycle indicated that they had in place procedures to identify substitute chemicals and new methods used in illicit drug manufacture. Further efforts by Governments are needed to ensure that INCB is informed of non-scheduled substances that have been diverted to illicit traffic and to promote studies of the potential use of non-scheduled substances with a view to the timely identification of any new substance that could be used in the illicit manufacture of drugs.

45. Obstacles still remain preventing the global implementation of the recommendations made by the General Assembly at its special session with regard to measures on the control of precursors. A number of Governments lamented in particular the lack of resources, technical know-how and loopholes in the legislation/monitoring system. In that regard, the Commission may wish to invite Governments to make available adequate human and financial resources to ensure the effective functioning of national precursor control systems and increase their efforts to ensure that officials engaged in the control of precursors receive the training required to facilitate the operation of those systems. The Commission may

wish to invite States to provide support to UNODC and INCB to enable the provision of technical assistance and expertise to meet requests from Governments to enhance control systems and more effectively prevent the diversion of precursors.

46. More recently, the Internet has also enabled traffickers to purchase the chemicals needed for the manufacture of illicit drugs via the websites of chemical suppliers, thus making detection of suspicious shipments even more difficult for the competent authorities. Governments, in cooperation with INCB, should continue to adopt measures to counter the use of the Internet for illicit trade in precursors.

Notes

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

[2] For the most recent annual report, see United Nations publication, Sales No. E.05.XI.3.

[3] For the most recent report on precursors, see United Nations publication, Sales No. E.05.XI.6.