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### **Commission on Narcotic Drugs**

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**Follow-up to the twentieth special session of the General Assembly: general overview and progress achieved by Governments in meeting the goals and targets for the years 2003 and 2008 set out in the Political Declaration adopted by the Assembly at its twentieth special session**

**General debate of the ministerial segment: assessment of the progress achieved and the difficulties encountered in meeting the goals and targets set out in the Political Declaration adopted by the General Assembly at its twentieth special session**

## **Second biennial report on the implementation of the outcome of the twentieth special session of the General Assembly, on the world drug problem together**

### **Report of the Executive Director**

Addendum

### **Control of Precursors**

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## **I. Introduction**

1. In paragraph 14 of the Political Declaration adopted by the General Assembly at its twentieth special session, devoted to countering the world drug problem together (Assembly resolution S-20/2, annex), Member States decided to devote particular attention to the measures for the control of precursors adopted at the special session (Assembly 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 strengthen 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.<sup>1</sup>

2. Precursors are widely traded, and their diversion from licit manufacture and trade represents the main point at which precursors enter the trafficking chain. Specialized brokers, free trade zones, invalid export or import authorizations and non-existent importers are commonly 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, is essential in preventing their diversion into the illicit trade channels.

3. The Board has developed, over the years, 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. The Board 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 the Board and to implement the recommendations of the Board for the control of precursors.

## **II. Action by Governments on the control of precursors as reported in the biennial questionnaire for the second reporting period (2000-2002)**

4. A total of 114 States submitted replies to part III of the biennial reports questionnaire for the second reporting period (2000-2002). In the first reporting cycle, in 2001, covering the period 1998-2000, 109 States submitted replies to part III. An increase in the absolute number of States that replied in the second reporting period was recorded in all regions except the Americas and Europe, where the number of responding States declined slightly. The regional distribution of the States that submitted replies for the second reporting cycle was as follows:

24 African States (accounting for 21 per cent of the total), 21 States in the Americas (18 per cent of the total), 32 Asian States (28 per cent of the total), 33 European States (29 per cent of the total) and 4 States in Oceania (4 per cent of the total). Eighty-two States that had completed the questionnaire for the first reporting period also completed the questionnaire for the second reporting period.

## **A. Regulatory and control framework**

5. Of the total of 114 States replying to the questions on control of precursors in the second reporting period, 93 States (82 per cent) reported that they had in place legislation pertaining to precursor control. That was an increase compared with the proportion of States that reported having such legislation in the first reporting period (76 per cent).

6. More than one half of the responding States (62 per cent) reported that they had enacted new or revised existing laws and regulations related to precursor control in the second reporting period. In Brazil and Liechtenstein, laws and regulations on precursor control were being revised. Germany reported that the Precursor Control Act of 1994 had been amended in June 2002 and that regulations concerning criminal penalties and administrative fines in connection with the diversion of precursors had entered into force in August 2002. Namibia reported that new precursor control legislation was expected to enter into force in the coming months. Spain and the United Kingdom of Great Britain and Northern Ireland reported that they had adopted new precursor control legislation in 2001.

7. Almost all States that sent replies to the questionnaire for the period 2000-2002 (96 States, or 84 per cent of all the reporting States) had placed under control substances in both Table I and Table II of the 1988 Convention, whereas only 3 States (2.6 per cent of the reporting States) had placed under control substances in Table I only. Several States reported having placed under control substances other than those contained in Table I and Table II of the 1988 Convention, while other States had exempted from control certain substances listed in the tables of that convention.

8. In the second reporting period, 96 States (or 84 per cent of all the responding States) reported having established a framework of control of substances that included a system of prior import/export notification; and 72 States (63 per cent of all the responding States) reported that the framework covered substances in both Table I and Table II of the 1988 Convention. Ten States (or 9 per cent of all those reporting) indicated that their system only applied to substances in Table I, whereas one State (1 per cent of those reporting) noted that prior import/export notification was necessary for substances in Table II only.

9. Seventy-three States (or 64 per cent of all the reporting States) indicated that they issued authorizations for individual transactions in order to verify the legitimacy of those transactions, to identify suspicious shipments and to prevent diversions. The majority of the reporting States issued individual notifications for substances in both Table I and Table II of the 1988 Convention. In some cases (in Bulgaria, the Central African Republic, Iraq, Myanmar, Panama, Peru, Togo, Uzbekistan, Venezuela and Viet Nam), notifications were issued for individual substances other than and in addition to those included in Table I and/or Table II. In

Argentina, import and export certificates were issued on an individual basis for all substances in Table I. The Government of the United States of America reported that, while the United States did not issue individual authorizations, there was a requirement that a declaration be completed prior to the import or export of substances in Table I and Table II. Twenty-nine States (or 25 per cent of the responding States) indicated that they did not issue individual authorizations for transactions involving precursor chemicals.

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

10. States were requested to report on whether they had established working procedures for the monitoring of licit trade to identify suspicious transactions involving precursors. Seventy-three States (or 64 per cent of all those responding in the second reporting period) had established such procedures, just one more than in the first reporting period. Twenty-nine States reported not having done so in both reporting periods.

11. Several States cited examples of their having established working procedures and relevant legislation. In Argentina, Canada, Croatia, El Salvador and Peru, procedures for monitoring and identifying suspicious transactions involving precursors were implemented by the police and law enforcement agencies. In Austria, there was close cooperation between various competent authorities (the Customs, the Ministry of the Interior and the Ministry of Social Security) to monitor and identify suspicious transactions involving precursor chemicals. Australia reported that the new Code of Practice for Supply Diversion into Illicit Drug Manufacture had been adopted in June 2002. The key objectives of the Code 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 diversion of essential chemicals and scientific equipment, cooperation with relevant authorities and training programmes for chemical manufacturers, importers and distributors of scientific equipment and instruments. In Cyprus, the monitoring and control of precursors were carried out jointly by the customs authorities and the pharmaceutical service of the Ministry of Health. In France, the national agency for chemical precursor control regulated trade in chemical precursors, organized education and conducted information campaigns aimed at the industry and traders. In Germany, the monitoring of precursors was regulated by the precursor monitoring act. In order to identify suspicious transactions, a criteria list was distributed among German operators. In Italy, the Anti-Drug Service of the Ministry of the Interior had set up a precursor-related risk analysis system that identified illicit transactions for surveillance and controlled deliveries. A databank had also been set up that stored the names of the companies, the products manufactured and the names of the people involved in the diversion of precursors or illegal transactions, according to data provided by the Anti-fraud Office of the European Commission or by other law enforcement agencies. In Mexico, mechanisms had been established to obtain information about regulated activities involving precursors, equipment used for their manufacture and other items for manufacturing capsules, tablets and/or pills. In the

United Kingdom, within the National Criminal Intelligence Service, a Chemical Control Intelligence Unit had been established recently to liaise closely with the chemical industry.

12. Cooperation with the International Narcotics Control Board plays a vital role in preventing diversion of precursors. A total of 64 States, or 56 per cent of the responding States, had implemented recommendations made by the Board concerning the limited international special surveillance list of non-scheduled substances. Spain indicated that an agreement on voluntary collaboration had been signed between the competent authorities for the control of precursors and the chemical industry. Under the agreement, companies had undertaken to provide information on operations with unscheduled chemicals and those where there was certainty or reasonable indication of possible diversion for the illicit manufacture of drugs. The agreement applied to 15 unscheduled substances, 14 of which were the same as those included in the European Union special surveillance list and those in the Board's limited international special surveillance list.

13. A code of conduct to enhance cooperation with the chemical industry had been established by 26 States, or 23 per cent of the responding States, in the second reporting period, compared with 34 States, or 31 per cent of the responding States, in the first reporting period. Such cooperation was usually elaborated in the form of agreements, guidelines and/or memoranda of understanding between the chemical and pharmaceutical industry and the competent authorities. Some States were in the process of preparing or adopting codes of conduct. In Italy, an ad hoc cooperation scheme had been worked out with the Association of Italian Chemical Industries.

14. States 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. A total of 70 States, or 61 per cent of the respondents, had introduced such measures in the second reporting period. In the first reporting period, 51 States, or 57 per cent of the respondents, had reported having taken such measures

15. States were asked to report if they had taken measures to prevent trade in and diversion of materials and equipment for the illicit production or manufacture of narcotic drugs and psychotropic substances. Sixty-six States, or 60 per cent of the respondents, reported having taken such measures. Several States 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 the diversion of materials and equipment for the illicit production or manufacture of narcotic drugs and psychotropic substances. For example, the Bahamas had placed restrictions on the import and/or export of substances included in Table I and II of the 1988 Convention. Mechanisms to identify the scale of production of precursor chemicals and to regulate their trade had been introduced in China. Costa Rica and Tajikistan had adopted new legislation in 2002 that had set up control systems for machinery and equipment used in the manufacture of synthetic drugs. In the Czech Republic, a memorandum of reciprocal cooperation to combat illegal trade and manufacture of drugs and their precursors had been concluded between the Chemical Industry Association, the Trade Union of Chemists and the customs and police authorities. In the Hong Kong Special Administrative Region of China, the customs authorities regularly

conducted routine and surprise stock inspections and book and record auditing at premises holding licences for precursor chemicals. Germany indicated that no specific legal framework existed; however, procedures were based on the voluntary cooperation of operators with the competent authorities in the context of measures for monitoring chemical precursors. In Portugal, monitoring activities related to precursor control were carried out only when there was reasonable suspicion of illegal activities, for example, when consignments were considered suspicious. Indonesia reported that a government regulation would soon be issued to regulate the procedures for the use and monitoring of precursors and equipment for illicit production or manufacture of narcotic drugs and psychotropic substances. The Republic of Korea reported that it had revised the Act on Narcotic Control. The revised legislation would contain provisions for an import and export approval system, also allowing law enforcement authorities to inspect premises dealing in precursor chemicals. Ukraine had adopted measures to control potassium permanganate and acetic anhydride. The United Kingdom, through its National Criminal Intelligence Service, operated a voluntary reporting system in conjunction with the industry. The system encouraged companies to report suspicious orders and enquiries received of items of laboratory equipment and tablet presses.

**C. Legal, law enforcement and other measures introduced since the first reporting period (1998-2000) to prevent the diversion of precursors**

16. A large number of States reported that, since the submission of the first questionnaire, they had introduced new measures and/or related sanctions to prevent the diversion of precursors. A total of 45 States (or 40 per cent of the respondents) had introduced new or revised laws, regulations or working procedures in order to prevent the diversion of precursors by providing pre-export notifications to importing States. In some cases, such measures had been taken in connection with the import or export of substances in Table I only. In several cases, measures, such as new or revised legislation, new regulations or working procedures, had been adopted since the first reporting period in order to prevent the diversion of substances in both Table I and Table II. Bolivia stressed that, as an importer of precursors, it received rather than provided pre-export notifications. A significant interception of 30,000 kg of potassium permanganate had occurred following the discovery that a company had never requested the consignment being imported. In Costa Rica, extended regulations on the importation of precursors had been published in July 2001. In Lithuania, new regulations had been adopted with regard to the issuance of pre-export notifications, and a new law on precursors was under consideration. In Trinidad and Tobago, national legislation was being reviewed. As a result of its participation in the Inter-American Drug Abuse Control Commission (CICAD) precursor chemical project, Trinidad and Tobago had received the assistance of a legal consultant by United Nations International Drug Control Programme (UNDCP) to draft new legislation. In the United States, the Methamphetamine Anti-Proliferation Act had been adopted.

17. Forty-three reporting States (38 per cent of the respondents) indicated that, since the submission of the first questionnaire, they had prevented the diversion of precursor chemicals by stopping, suspending or seizing suspicious shipments.

18. Thirty-nine States, or 34 per cent of the States replying to the second questionnaire, had introduced penal sanctions in their legislation as a means of preventing the diversion of precursors since the submission of the first questionnaire. Australia, Cyprus, Germany, Hungary, Kyrgyzstan and the United States cited examples of penal sanctions and/or administrative sanctions that had been introduced to prosecute illegal importers and exporters of precursor chemicals since the submission of the first questionnaire. Colombia reported that a law that increased penalties for the diversion of controlled chemicals was currently being drafted.

19. A total of 32 States (28 per cent of those States which sent replies to the second questionnaire) had introduced measures enabling controlled deliveries to be conducted to prevent the diversion of precursors during the reporting period 2000-2002. In Australia, amendments had been made to existing legislation that allowed for the conduct of controlled deliveries. In Bolivia and Colombia, provisions regarding controlled deliveries had been introduced into the new codes of criminal procedure. The United Kingdom indicated that it had carried out controlled deliveries in 2001 in cooperation with the law enforcement authorities of Argentina, Belgium, the Netherlands, South Africa and the Syrian Arab Republic.

#### **D. Law enforcement investigation procedures**

20. Seventy-five (66 per cent of the States) replying to the questionnaire reported that their law enforcement authorities had put in place procedures for investigating the diversion of chemicals, compared with 57 States, or 52 per cent of the respondents in the first reporting period. Seventy-four States (65 per cent of the respondents) indicated that the procedures included the sharing of information on findings of investigations. In 58 per cent of the cases (66 States), the established procedures also involved liaison with the chemical and pharmaceutical industry.

21. States were asked to report whether their law enforcement authorities had put in place procedures to investigate clandestine laboratories, including the sharing of information on findings of investigations and liaison with the industry. Sixty-five States, or 57 per cent of those replying to the questionnaire, reported that such procedures had been put in place by their law enforcement authorities. All of those 65 States stated that the procedures included the sharing of information on finding of investigations, and 58 of the States reported that they involved liaison with the pharmaceutical and chemical industry.

#### **E. Identification and reporting substitute chemicals and new methods used in illicit drug manufacture**

22. States were requested to report whether they had put in place procedures to identify and report the use of substitute chemicals in, and new methods of, illicit drug manufacture. A total of 35 States, 30 per cent of those reporting in the period 2000-2002, had taken action in that regard, compared with 33 States, or 30 per cent of the States responding to the first questionnaire. 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. The



information on the findings of forensic laboratories on substitute chemicals and new methods of illicit manufacture were collected, evaluated and exchanged with chemical manufacturers, foreign law enforcement authorities and/or with the International Narcotics Control Board. Some States indicated that substances used in illicit drug production were subject to surveillance. In Australia, police services had established chemical diversion desks that liaised with suppliers of chemicals and of the equipment used to manufacture them. A database on amphetamines was maintained as a central repository of available information related to precursors and known offenders suspected of involvement in the illicit production and distribution of amphetamine-type stimulants. The Australian Bureau of Criminal Intelligence also annually convened a conference on chemical diversion. The Canada Customs and Revenue Agency worked closely with domestic and international law enforcement agencies in order to share information on, for example, new drug trends, modus operandi of smugglers, smuggling routes and concealment methods.

## **F. International cooperation**

23. States were asked to report whether there had been any seizures of precursor chemicals as a result of cooperation with other States. Twenty-eight States, or 25 per cent of the respondents (just one more State than in the first reporting period) noted that seizures of precursor chemicals had been made as a result of such cooperation. Several States reported that they had been actively cooperating in Operation Purple and Operation Topaz, initiatives taken by States in consultation with the International Narcotics Control Board to track shipments of potassium permanganate and acetic anhydride. Bolivia specified that seizures of precursor chemicals had been carried out with the cooperation of third countries through the exchange of timely information. Brazil and Venezuela had participated in Operation Six Frontiers in cooperation with neighbouring countries. Canada indicated that there was frequent cooperation between Canada and the United States regarding precursor chemicals crossing their common border. Colombia reported on International Joint Operation Mosque and on cooperation with Spain and the United States. In Germany, in the framework of precursor monitoring and related international exchange of information through channels at the regional level (via the European Union), the international level (for example, via the Board, Interpol or the World Customs Organization) and the national level (via customs, police or drug liaison officers), several suspicious transactions had been intercepted. In the Hong Kong Special Administrative Region of China, three shipments of precursor chemicals had been intercepted as a result of inter-state cooperation. The Islamic Republic of Iran reported having seized a large quantity of acetic anhydride in 2000 in collaboration with another State. The Netherlands indicated that the exchange of information following requests for legal assistance had frequently led to successful action to stop and seize illegal shipments. Such exchanges of information had also contributed to the discovery of production sites and criminal organizations and, in some cases, to the conviction of offenders. In addition, applications for export licences had been withdrawn on the basis of information exchanged (for example, in pre-export notifications), resulting in the prevention of illicit transactions. Paraguay reported that Operation Gran Chaco, conducted in cooperation with law enforcement authorities of Argentina and Bolivia, had succeeded in dismantling clandestine laboratories and seizing chemicals. The United Kingdom indicated that

operations in that area were being carried out in cooperation with Argentina, Belgium, the Netherlands, and South Africa.

24. A total of 18 States, or 16 per cent of the respondents in the second reporting period, reported having provided technical assistance in the field of precursor control, a decrease compared with the 22 States that had reported doing so in the first reporting period. Examples of cooperation included training assistance programmes and study visits, international conferences, courses, seminars and/or workshops on the identification of precursor chemicals and narcotics; police and customs joint exercises and operations; the European PHARE programme; the provision of technical equipment; and UNDCP projects on precursors. The United States reported that it had provided technical assistance, mostly in the form of training, to 17 States and 530 foreign law enforcement officers.

25. Thirty-seven (33 per cent) of the States replying to the second questionnaire had received technical assistance in the field of precursor control. For example, law enforcement officers from Brazil had received training at the Regional School of the Andean Community for Anti-Drug Intelligence, in Lima. Trinidad and Tobago had received assistance to review existing and draft new precursor control legislation under the CICAD/UNDCP Caribbean precursor chemical project.

### **III. Conclusions and recommendations**

26. When comparing the data received from States in the second reporting period with the responses from the first reporting period, for those questions that remained comparable between the two periods, there was an overall absolute increase in the number of States reporting that they had enhanced their frameworks for precursor control. However, the degree of comparability of the data is limited in view of the fact that not all questions in the questionnaire for each period are directly comparable and not all States replying to the first questionnaire replied to the second questionnaire. In order to promote the tracking of improvements in the control of precursors over time, Member States may need to consider reviewing the questionnaire to ensure that questions are time-bound and capable of comparison.

27. The number of States with legislation pertaining to precursor control increased by 10 per cent from the first reporting period to the second reporting period. States should continue to revise or enact domestic laws and regulations in the field of precursor control.

28. In the second reporting period, more States indicated that they had established a framework for the control of precursors that included a system of prior import and export notifications, had put in place measures to introduce the “know-your-client-principle”, including measures to provide or request end-user certificates and procedures to investigate the diversion of chemicals and clandestine laboratories.

29. A comparison of the two reporting periods indicates overall progress in precursor control. A larger number of States reported having established working procedures for monitoring and identifying suspicious transactions involving precursors and preventing the diversion of materials and equipment used for the illicit production or manufacture of narcotic drugs and psychotropic substances. With regard to the number of seizures of precursors made as a result of cooperation

with other States, the responses showed that one additional State had provided such cooperation, suggesting that more can be done by Member States in that area. States should exchange experiences and harmonize procedures for the use, where appropriate, of controlled deliveries.

30. In particular, States should review the need for introducing penal sanctions. Thirty-four per cent of the States replying to the second questionnaire had introduced penal sanctions in their legislation to prevent the diversion of precursors since the submission of the first questionnaire. In its report for 2001,<sup>2</sup> the Board recommended, in the context of computer-based Internet activities, that the unauthorized offering for sale of precursor chemicals should be an offence in States parties to the 1988 Convention and that the offering of advice on how to obtain precursor chemicals should be considered inducement or incitement, as it was contrary to article 3 of the 1988 Convention.

31. Further efforts are needed to improve countries' mechanisms and procedures for monitoring trade in precursors, including the provision by exporting States of pre-export notification to the competent authorities in importing States for all transactions involving substances in Table I of the 1988 Convention. The same efforts should be made with regard to the remaining chemicals in Table II. States should give greater attention to the exchange of information concerning suspicious transactions and seizures involving precursors between exporting, importing and transit countries and the Board.

32. In the field of establishing a code of conduct with the chemical industry, a comparison of the data supplied between the two reporting periods showed a decrease from 34 States in the first reporting period to 26 States in the second. Those figures would suggest that it should be possible to make further progress in that area. Further attention should be paid to developing codes of conduct with the chemical industry and to establishing or strengthening cooperation with associations, persons or companies engaged in activities concerning precursors.

33. Regarding the provision of technical assistance on precursor control, the virtually unchanged number of States reporting that they had provided such assistance to other States in each of the reporting periods, suggest that much remains to be done in that area.

34. Only 56 per cent of the responding States had implemented the recommendations of the International Narcotics Control Board concerning the limited international special surveillance list of non-scheduled substances. All States should consider implementing those recommendations.

35. Only 30 per cent of the States that replied to both questionnaires indicated that they had in place procedures to identify substitute chemicals, and new methods used in illicit drug manufacture. Further efforts are needed to ensure that the Board 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 timely identification of any that could be used in the illicit manufacture of drugs.

*Notes*

<sup>1</sup> *Official Records of the United Nations Conference for the Adoption of a Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Vienna, 25 November-20 December 1988*, vol. I (United Nations publication, Sales No. E.94.XI.5).

<sup>2</sup> *Report of the International Narcotics Control Board for 2001* (United Nations publication, Sales No. E.02.XI.1), para. 41.

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