PUBLIC-PRIVATE PARTNERSHIPS:
AN INTERNATIONAL PERSPECTIVE

CHEMICAL INDUSTRY CONFERENCE
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Precursors Control Section, SINC

Presentation outline

• The International Narcotics Control Board
  • Role & functions
  • Supporting Governments’ efforts in chemical
diversion prevention and investigation
• Progress & achievements
• Trends and challenges
  • Global/ Regional
  • Non-scheduled chemicals
• Existing tools
• Synopsis
What is the International Narcotics Control Board (INCB)?

- Independent, quasi-judicial expert body to:
  - Promote & monitor Governments’ compliance with the international drug control conventions
- Established by the 1961 Single Convention on Narcotic Drugs
- 13 members, elected by Economic and Social Council (ECOSOC)
  - 3 nominated by WHO
  - 10 nominated by Governments
- Term of office: 5 years, may be re-elected
- Serve impartially in their personal capacity, independently of Governments
- Secretariat in Vienna, Austria

International precursor control

Basis
UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988, Article 12

Table 1 (1988 Convention)
- Acetic anhydride
- Acetylcysteine acid
- Ephedrine
- Ergometrine
- Ergotamine
- Iosfate
- Lysergic acid
- 3,4-Methylenedioxyphenyl-2-propanone
- Norphedrine
- 1-Phenyl-2-propanone
- Phenylacetic acid
- α,-β-Phenylethylacetonitrile (APAAN)
- Piperidine
- Piperonal
- Potassium permanganate
- Pseudoephedrine
- Safrole

Table 2 (1988 Convention)
- Acetone
- Anethole acid
- Ethyl ether
- Hydrochloric acid
- Methyl ethyl ketone
- Sulphuric acid
- Toluene

Art.12, para.9(a): Industry cooperation, incl. reporting of suspicion
Art.13: Equipment

AND: The salts of the listed substances whenever possible (salts of HCl and H2SO4 are specifically excluded)
INCB precursors control: Supporting Governments’ efforts in diversion prevention and investigation

Monitoring

Monitoring intl. legitimate trade

Assessing chemicals for control

Supporting investigations

Providing platforms and forums for intelligence-sharing

INCB precursors control: Supporting Governments’ efforts in diversion prevention and investigation

Providing a comprehensive overview and analysis of the precursor control situation worldwide:

- Extent of licit trade
- Latest trends in precursor trafficking
- Actions and achievements by Governments and INCB
  - Legislation and control measures
  - Extent of utilization of PEN Online, PICS; participation in Project Prism and Project Cohesion
- Observations and recommendations

INCB: Supporting Governments efforts in diversion prevention and investigation

- Monitoring international legitimate trade on real-time basis
- Identifying unusual patterns
- Verifying the legitimacy of importers and end-users
- Supporting investigations into suspicious/stopped shipments

INCB Precursors Control

Global acetic anhydride shipments (stopped, suspended or suspicious) & seizures reported to INCB, 2008-11
INCB Precursors Control

While more governments require pre-export notification and use PEN Online, there continue to be major regional gaps

INCB: Supporting Governments’ efforts in diversion prevention and investigation

- Monitor legitimate trade on real-time basis
- Identify unusual trade patterns
- Support investigations into suspicious shipments
- Share intelligence on stopped or seized shipments on real-time basis
- Conduct controlled (monitored) deliveries
- Launch backtracking investigations
**International Operations**

[e.g.: Amphetamine-type stimulants (ATS) precursors]

**Crystal Flow (2007)**
- Source China to African destinations; or India to Americas, directly or via Europe.
- Majority – raw material

**Pila (2009/10)**
- Bangladesh as new source country for preparations destined for Guatemala.
- More shipments of pharmaceuticals.
- Increased amount of non-scheduled substances.

**Ice Block (2008)**
- Source India, transhipped in Europe and/or diverted in Africa, to Central America and Mexico
- Increasing number of shipments of pharmaceuticals

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**International Operations**

[e.g.: Phenylacetic acid and its derivatives (PAAD)]

**Operation PAAD:**
- 25 Communications
- 610 tons seized

**Routing (origin - destination)**
- Seized/stopped shipment
- Amount in tons (incidents)
- Seized laboratory/warehouse
- Amount in tons (incidents)

**Note:** barrel placement represents the country affecting the seized or stopped shipment involving 500 kilogramme units or more. barrel represents the origin and intended destination, not necessarily exact routing.

**Note:** The dollies do not imply the existence of any drug law enforcement on part of the UN Decade etc. UNODC contains the age status of any country, but they or by or to be hosted, or confirmed to the UN Decade of UNODC boundaries.
Evolution of ATS precursors

- 1988 Convention in force
- Norephedrine becomes Table 1 substance
- Mexico prohibits ephedrines
- Mexico controls PAA derivatives
- Phenylacetic acid (PAA) transferred from Table 2 to Table 1
- Mexico controls benzaldehyde etc.

Progress & achievements

- 189 countries acceded to 1988 Convention; national control systems / legislation enacted
- Pre-export notification online (PEN Online) system used by 152 countries
- Diversion from international trade substantially reduced
- Legitimate trade unimpeded while suspicious trade scrutinized
- Importance of public-private partnerships widely recognized
- Investigations more intelligence-driven, less opportunistic
- Preferred chemicals harder to obtain
**Trends & challenges**

**Heroin precursors**
- Discrepancy between level of heroin supply and acetic anhydride (AA) seizures
- Mexico seized more AA in 2014 than Afghanistan; low levels in West Asia
- Domestic diversions; threshold issues

**Cocaine precursors**
- Diversion from domestic distribution channels or illicit manufacture from pre-precursors
- Table II acids and solvents increasingly being recycled and reused several times
- Non-scheduled chemicals to increase efficiency of illicit processing: standardizing oxidation level of cocaine base; drying of solvents; solvent recycling

Source: INCB report on precursors, 2015
**Trends & challenges**

**Synthetic drug precursors**
- Different trends in different regions
- Incidents involving amphetamine-type stimulant precursors still the most frequent and widespread
- Illicit ATS manufacture spreading (Africa, West Asia)
- Major increases in scale, sophistication and diversification
- Continued high amphetamine (“Captagon”) seizures in the Middle East; sources of precursors unknown
- Illicit ketamine manufacture in China
- LSD precursor diversions and attempts reported for the first time in several years
- New Psychoactive Substances (NPS) add new dimension

**Non-scheduled chemicals:**
- **cocaine**
  - Manganese dioxide → Potassium manganate → Potassium permanganate
  - Urea → Ammonia
  - Sulphur → Sulphuric acid
  - Sodium metabisulfite

**Crude cocaine base** + Ethanol →

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Red chemicals are scheduled under the 1988 Convention
Green chemicals are included in the international surveillance list (ISSL)
Non-scheduled chemicals: heroin

- Chemicals that are employed, in addition to acetic anhydride, in various steps of the traditional manufacturing process.

- Acetyl chloride and glacial acetic acid:
  - Illicit manufacture of acetic anhydride (AA), or
  - Direct use of substitute acetylation agents, or
  - Cover load for AA smuggling (or misdeclaration)

All chemicals are included in the international surveillance list (ISSL)

Non-scheduled chemicals: ATS

Non-scheduled chemicals: derivatives, masked & “designer” precursors

Non-scheduled chemicals: chemical intermediaries

- Sourced by illicit operators in large scale
- Made-to-order, on request (contract synthesis)
INCB Precursors Control

**Scale & sophistication**

- Technical know-how and equipment previously considered too complex / sophisticated and costly to employ in illicit settings (e.g. enantiomeric enrichment) now commonly seen

![Photos: Procuraduría General de la República de México, 2011](image1)

INCB Precursors Control

**Public-private partnerships:**

**Tools**
Special Global Alerts

1) Raise awareness and foster cooperation among all concerned national authorities (and industries): about attempts that are being, or may be, made to obtain XXX for illicit purposes.

2) Provide background and analytical data, where available; companies involved; MO

3) Request authorities to review data for past period (seizures, licit trade)
   → Request to provide INCB with relevant information for global dissemination

Precursor estimates & annual reporting

• Precursor estimates – a yardstick for exporting countries on the annual legitimate requirements (ALR) for imports of ATS precursors
  → Industry input: estimated annual legitimate requirements

• Annual reporting of seizures and licit trade in substances frequently used in the illicit manufacture of narcotic drugs and psychotropic substances (“Form D”)
  → Industry input: information on imports, exports, licit uses, suspicious transactions and orders, thefts, methods of diversion
Public-private partnerships

Guidelines for a voluntary code of practice for the chemical industry

Including the 2013 Addendum

Quick guide

Synopsis
Synopsis: challenges

- Some chemicals are controlled, but potentially unlimited number: pre-precursors, chemical intermediaries, derivatives, products
- Changes in the sourcing of chemicals: off-the-shelf vs. made-to-order “designer precursors” (contract syntheses)
- Diversion possible at all stages and levels of the distribution chain; domestic diversion & smuggling
- Major increases in sophistication, diversification and scale of illicit manufacture (“no limitations”)
- Internationalized sourcing of chemicals, illicit manufacture and distribution
- Sophistication in disguising illicit intent; quality of falsified documents, front companies

Synopsis: role & inputs of industry

- Act on scheduled and non-scheduled chemicals
- Report suspicion, even when the order was denied/ no contract was concluded
- Share details of modus operandi, chemical diversion practices, trends
- Share relevant market insights: legitimate uses of chemicals, pre-precursors, common methods of synthesis
- Help to establish the concept of public-private partnerships worldwide (corporate responsibility: subsidiaries, branch offices)
- Be vigilant, act proactively & cooperate – strong public-private partnerships as flexible preventive measure
We, heads of State and Government, ministers and representatives of Member States … recommend the following measures:

(c) Establish and strengthen partnerships and information exchange with industries, in particular with chemical and pharmaceutical industries and other relevant private sector entities, and encourage the use of the Guidelines for a Voluntary Code of Practice for the Chemical Industry, issued by the INCB, and the Board’s model memorandum of understanding between governments and private sector partners, as and where appropriate, bearing in mind the important role these industries can play in addressing and countering the world drug problem.
**Starter questions**

- Are there any sectors of industry outside regulatory controls? Outside regular industry associations?
  - Contract manufacturers, Research chemical companies?
  - Tank farms?
  - Companies in free trade zones?

- Emerging, non-traditional precursors: what is the preferred industry response?

- Which regulatory requirements present the greatest challenges to industry?

- What are the key areas, from the industry point of view, that regulatory authorities (nationally) and INCB (internationally) should address?

- What are the chances of precursor control / diversion prevention being incorporated as an element of “responsible care” initiatives? (given that the typical elements at present are more in the direction of sustainability, safety, environment, consumer health, etc.)

- Share your challenges, at various levels