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The precursor chemical trade environment in Oceania

Rob McCusker

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Foreword

In the Pacific region, the legitimate trade, manufacture and use of precursor chemicals is relatively low and there is a lack of evidence of diversion from this trade and industry. However, several cases of illicit drug detection and seizures in the past six years have highlighted the vulnerability of the region to transnational crime. Due to the absence of systematic data collection, it remains unclear whether there is more use of illicit drugs other than cannabis, and the focus to date has been primarily on the region's vulnerability as a transshipment point or facilitator of transnational crime, rather than on domestic markets for illicit goods such as drugs.

The key characteristics of the region that contribute to its vulnerability to transnational crime – such as weak governance and economies, inadequate infrastructure and skills deficits amongst the workforce, along with its unique geography comprising island states spread over a huge area – are also the same factors that help explain why there are virtually no precursor chemical controls, either embodied in legislation or in what might be considered routine border controls. When faced with pressing economic, social and political challenges, governments in the region seem unlikely to prioritise this issue, nor would they necessarily have the capacity to implement rigorous and effective controls.

The report highlights that the majority of the Pacific Island nations do not incorporate the three United Nations conventions into their domestic legislation. However, it is argued that existing statutes and ordinances might be adapted quite readily to improve the policing of precursor chemicals. Ratification and implementation of UN conventions through legislative reform are not in themselves enough, and the main conclusion from the research is that reforms to customs processes are of paramount importance. A pragmatic approach is advocated that applies the principle of risk assessment within the context of the local threat environment and available resources. The report concludes that, in common with many other reform agendas, a regional approach to improved customs capacity and border management seems sensible. Even where illicit drugs and their precursor chemicals may not be a policy priority in some nations, it is highlighted that a regional approach to the sharing of information, for example on local industry and trade and control initiatives, will at least contribute to a stronger evidence base to underpin future and ongoing assessment of vulnerability to criminal activity, and of the efficacy of reforms.

Judy Putt

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Executive summary

Over a six-month period during 2007, the Australian Institute of Criminology (AIC) undertook a research project for the Australian Customs Service, with additional funding from the Attorney-General's Department, on the precursor chemical trade in Oceania. The aim was to discover and document the nature and extent of the manufacture, use, trade and regulation of precursor chemicals that may be used in the illicit manufacture of drugs within the region. Undertaken in two stages, the research involved consultations including in-country visits and workshops, and an extensive review of all public documentation relevant to the topic.

The criminal exploitation of the precursor chemical trade is significant, enduring and global in aspect. The broad parameters of the nature of precursor chemical diversion are well known, comprising basically of interference with legitimate trade, either en route to a jurisdiction or post-arrival; abstraction from pharmaceutical products, whether purchased legally or stolen from suppliers; and smuggling and/or trafficking. Equally, the methods by which such diversion can be mitigated are also well known, comprising of strict border control, and subsequent regulation and monitoring of premises that utilise the chemicals or supply them in raw or processed forms. The difficulty lies in aligning the two concepts in a situation, such as the Pacific, where collective knowledge of the nature of precursors and the processes of their diversion is lacking or insufficient, and where the capacity to interdict and control precursor movements pre and post-arrival is, for want of expertise and/or resources, lacking.

Quality and quantity of publicly available information

The Pacific Islands are not particularly well served by the publicly available literature on drug issues in general and precursor chemicals in particular. While there are a number of reports concerned with South-East Asia and the Pacific, or East Asia and the Pacific, they do not concern themselves with specific Pacific Islands nations. Where reports do consider drug issues – usually in the context of reviews of broader transnational crime in the Pacific Islands – they universally indicate the region as a transshipment hub for drugs transiting the Pacific en route to their final markets. There is also a relative wealth of information concerning the endeavours of the region's governments and agencies in recognising and taking appropriate steps to mitigate transnational crime threats in general and drug-related issues in particular.

Perceived weaknesses and vulnerabilities

The Pacific Islands are culturally, educationally and socially diverse; geographically isolated; and sparsely populated. They are typified in whole or in part by poor governance, corruption and a lack of law enforcement capacity. As a consequence, there have been a number of recorded instances of drug transshipment through, and seizures of methamphetamine and precursor chemicals within, the Pacific Islands.

Should the propensity for drug-related activities in the Pacific Islands increase, particularly in relation to precursor chemical diversion, the pervasive governance issues in the islands may make it more difficult for the governments to suitably address the problem.

Precursor chemical control situation

It is the lack of the majority of the Pacific Island nations to incorporate the three UN narcotics and/or psychotropic drugs conventions (i.e. Single Convention on Narcotic Drugs 1961, Convention on Psychotropic Substances 1971, and Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988) within their domestic legislation – and therefore drug enforcement framework – that renders the region as a whole ripe for incursion by criminal groups seeking to divert precursor chemicals for use in illicit drug manufacture. Despite this, there is hope that, in the context of the available Pacific Island drugs legislation, existing statutes and ordinances might be readily adapted to the intricacies involved in policing precursor chemicals.

Nine Pacific Island states remain non-parties to the 1988 Convention. The United Nations has noted that the Oceanic states achieve far less in precursor chemical control than their related sub-regional counterparts or other more global jurisdictions. In terms of information provided on precursor chemicals pursuant to the requirements of Article 12 of the 1988 Convention, Oceanic states, especially those who are signatories to the Convention, are found wanting.

The official figures for legitimate imports and exports of ephedrine and pseudoephedrine do not feature Pacific Islands nations as providers or recipients. In addition, the reported nature of manufacturing and/or industry within the region would suggest that the routine, or even infrequent, use of such chemicals remains unlikely. However, the noted vulnerability of the region to transnational crime incursion necessitates consideration of the potential movement of precursors towards island nations. This situation is exacerbated by the abundant availability of air and sea cargo facilities to and from the region.

Law enforcement policies and practices

Arguably, above the legislative provisions lies a pressing need to be fully cognisant of the methodologies of chemical diversion and of the key elements required for any realistic counter-diversion strategy. Only when these issues have been accommodated in government and/or law enforcement policies can any real impact be made on thwarting or mitigating the deleterious effects of precursor chemicals.

Border management

Even if the actual trade in precursor chemicals remains low and the diversion minimal, continuing with existing border management endeavours is no longer feasible. Difficulties exist in terms of defining and then protecting borders of countries that are defined by hundreds of islands rather than one single geographical territory. The need to modernise the approach taken by many customs authorities, particularly in terms of adopting a holistic risk management principle, remains important. It is recognised that Pacific Islands nations are not currently in the position to routinely incorporate the significant changes that larger jurisdictions might be able to achieve. The key issue in this regard, therefore, is for Pacific Islands authorities to incorporate the principle of risk management and adapt it to the defined local threat environment and available resources.

Regionalism

The available human and financial resources of most Pacific Islands nations (often involving contrasts in individual capacity) have led to suggestions that the regional approach adopted in relation to many other key issues (and endorsed by the Pacific Plan; Pacific Islands Forum Secretariat 2005) should also be utilised in connection with precursor chemical control. However, there remain difficulties in adopting a regional approach to such issues, particularly as there appears to be, in terms of the level of visible commitment to the 1988 Convention, a divergence of opinion as to the relevance and significance of precursor chemicals. The complexity and magnitude of the precursor chemical trade and subsequent illicit drug manufacture nevertheless infer that the collective efforts of all Pacific Islands nations remain a key ingredient in controlling the precursor chemical environment.

Precursor chemical control

There remains an inherent conflict in connection with precursor chemical control. The ideal solutions are characterised by the provisions of Article 12 of the 1988 Convention that provide a framework for effective control and a series of guidance reference points, the following of which facilitates the creation of an effective precursor control strategy. The reality is typified by the inherent difficulties faced by Pacific Islands nations in terms of prioritising other pressing economic, social and political issues; the divergence of opinion as to the danger of precursor chemicals; and the pragmatic difficulties in terms of resources, both human and financial.

Despite these perceived difficulties, the tendency has been to continue to press for ratification of the 1988 Convention and the creation of national legislation to assist with the Convention's implementation. It seems prudent to also consider ways in which current

experience and capacity might be garnered to better control the actual and/or prospective precursor control environment. Thus, for example:

- the perspectives of Pacific Islands agencies could be examined
- the procedures concerning the importation, control and monitoring of goods might be evaluated so as to ensure that the eventual framework for controlling precursor chemical imports and movements is not subject to failure at a general level
- a sound knowledge base capturing the nature of local industry might be created to anticipate the likely licit requirements for precursor chemicals and thereby render the control of imports of such chemicals subject to sound risk management principles.

Introduction

The AIC was engaged by the Australian Customs Service to undertake a project over six months on the precursor chemical trade environment in Oceania. Additional funding was provided by the Attorney-General's Department. The project sought to discover and document the nature and extent of the manufacture, use, trade and regulation of precursor chemicals that may be diverted for use in the illicit manufacture of drugs within the Oceanic region. The project as a whole examined:

- the nature of the current legislative and regulatory framework regarding the importation, licensing and monitoring of precursor chemicals
- the nature and extent of current regional initiatives in relation to precursor chemical control, including the identification of key stakeholders responsible for control
- the nature and sources of methamphetamine, amphetamine and ecstasy precursor chemicals within the Oceanic region
- the nature, range and volume of products produced in the Oceanic region containing precursor chemicals
- the nature of industry and manufacturers in the Oceanic region, and the concomitant use of precursor chemicals
- the nature, volume and capacity of air, sea and postal services, and the opportunities provided for the illicit trade in precursor chemicals
- the detection and prevention of the illicit use of air, sea and postal trade routes.

The project was undertaken in two stages, with separate reports provided for both stages. The first stage dealt with:

- the nature and extent of the regional knowledge and understanding of the dangers of amphetamine-type stimulants (ATS) and their precursors
- the nature of the current legislative and regulatory framework regarding the importation, licensing and monitoring of precursor chemicals
- the nature and extent of current regional initiatives in relation to precursor chemical control, including the identification of key stakeholders responsible for control.

The second stage examined:

- the nature and sources of ATS and their precursors within the Oceanic region, including the prospective role of the air, sea and postal routes in facilitating their movement
- the current level of regional capacity to prevent and control precursor chemical diversion within Oceania
- the nature and volume of products manufactured in Oceania and their relationship to the volume of chemicals imported

- prospective avenues for successful engagement by Pacific Islands nations in the mitigation of precursor chemical diversion and conduits for prospective policy development.

For the purposes of this project, and at the specific request of the Australian Customs Service, a detailed analysis of the situation in Australia and New Zealand was not required although, where relevant, this is provided as contextual information. For the purposes of this report, Oceania therefore comprises Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

While precursors are broadly defined as per Table I and Table II of the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988, this report, as per a request from the Australian Customs Service, focuses on those targeted by Project PRISM: ephedrine, pseudoephedrine, phenyl-2-propanone (P-2-P), 3,4-methylenedioxypheyl-2-propanone (3,4-MDP-2-P) and essential oils containing safrole.

Methodology

The principal research methods used comprised consultations and reviews of all available public documentation relevant to the topic.

Consultations

Consultations were crucial to the completion of both stages of this report, as they provided a context within which the issues pertaining to precursor chemical controls noted in the broader literature could be set. In-country visits – in terms of discussions, workshops and matters witnessed – provided a perspective from which assessment of the existence and success of those controls could be undertaken. However, it was not possible to utilise a generic set of questions for the Pacific consultations because the knowledge and data required were still at the development stage.

Consultations were held in:

- New Zealand with members of the Chemical Diversion Desk (Organised Crime Unit) within Wellington Central Police; National Drug Intelligence Bureau; New Zealand Customs Service; Pharmacy Guild of New Zealand; and both the Public Health Directorate and New Zealand Medicines, and Medical Devices Safety Authority, within the Ministry of Health

- Fiji with the Oceania Customs Organisation (OCO), Revenue and Customs Authority, Pacific Islands Forum Secretariat and Director of Public Prosecutions
- Vanuatu with the Vanuatu Police Service, Department of Public Prosecutions and Ministry of Health in Samoa with the Attorney-General's Office.

The consultations sought to elicit data on the nature and volume of precursor chemicals within the respective jurisdictions, the quality of information and understanding of such chemicals, and the scope of precursor control strategies both at the border and internally. More specifically, consultations in the Pacific Islands sought to determine the level of ratification and implementation of the three UN narcotics and/or psychotropic drugs conventions (Single Convention on Narcotic Drugs, 1961; Convention on Psychotropic Substances, 1971; and Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988), and to understand the nature and level of knowledge, experience, and difficulties posed in the Pacific Islands context of meeting these international requirements.

Literature reviews

All available public documentation, together with threat and other assessments not in the public domain, were sourced, analysed and applied to ascertain:

- the nature of the current legislative and regulatory framework regarding the importation, licensing and monitoring of precursor chemicals
- the nature and extent of current regional initiatives in relation to precursor chemical control, including the identification of key stakeholders responsible for control
- the nature and sources of methamphetamine, amphetamine and ecstasy precursor chemicals within the Oceanic region
- the nature, range and volume of products produced in the Oceanic region containing precursor chemicals
- the nature of industry and manufacturers in the Oceanic region, and the concomitant use of precursor chemicals
- the nature, volume and capacity of air, sea and postal services; and the opportunities provided for the illicit trade in precursor chemicals
- the detection and prevention of the illicit use of air, sea and postal trade routes.

An overarching theme of the literature review concerned the current regional capacity to prevent and control precursor chemical diversion including the identification of potential areas for policy intervention.

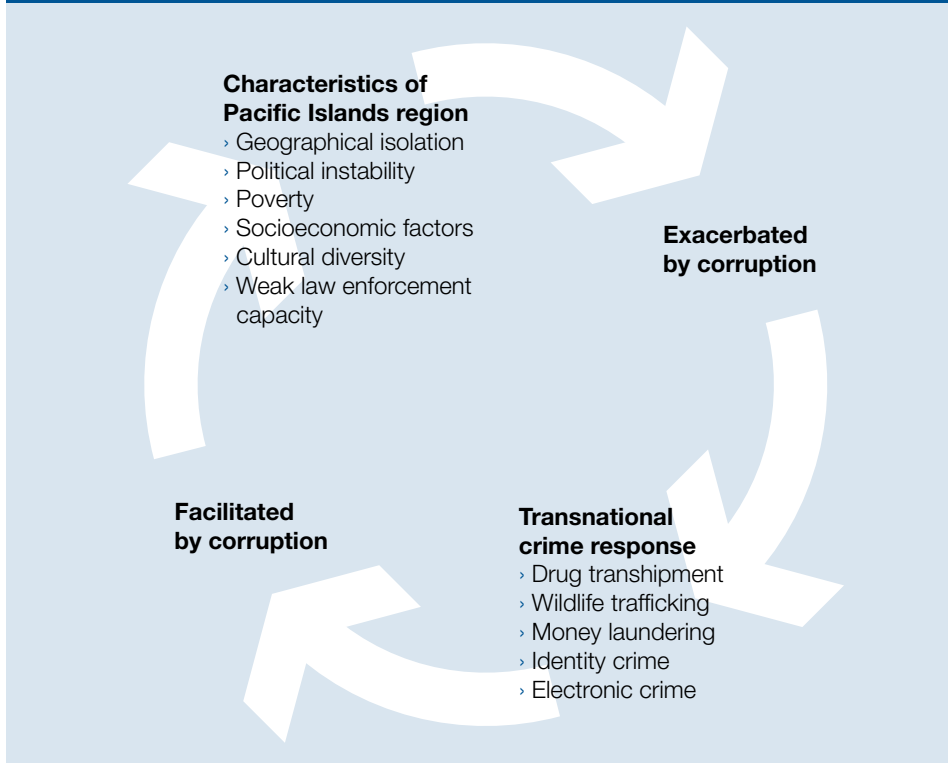
Context

There are a number of reports detailing ATS and/or their precursors in South-East Asia and the Pacific (UNODC 2005a) and/or East Asia and Pacific (APAIC 2005). However, these do not actually concern themselves with any Pacific Islands nations and only occasionally do they refer to the Oceanic nations of Australia or New Zealand. There has been limited systematic research undertaken on drugs such as methamphetamine in the Pacific Islands (Devaney, Reid & Baldwin 2006). Reliable, current and publicly available information on ATS and their precursor chemicals within the Pacific Islands nations is lacking. Consequently, details of ATS and precursor chemicals and/or their diversion within the region remain, at best, generic. However, details of the drugs legislation currently operating within the various Pacific Islands nations are available. Ironically, these indicate that in the main, such legislation either does not deal at all, or deals ineffectively, with precursor chemicals.

Vulnerability of the region

Transnational crime networks that utilise such chemicals tend to follow a well-established and logical pattern of activity. Simply stated, they target areas of least resistance. The vulnerability of the Pacific Islands to exploitation by transnational crime networks is recognised (Urwin 2005). The Pacific Islands are culturally, educationally and socially diverse; geographically isolated; and sparsely populated. They are typified in whole or in part by poor governance, corruption and a lack of law enforcement capacity. It is possible to discern a cycle of cumulative impact affecting the Pacific Islands (Figure 1). Broadly, the actual and/or potential nature of transnational crime activity in the Pacific Islands can be determined by the nature and characteristics of the islands themselves. Thus, the geographical characteristics of the Pacific Islands give rise, for example, to drug transshipment and wildlife trafficking. The socioeconomic and cultural characteristics of the islands give rise to corruption and money laundering, and the characteristics of law enforcement capacity give rise to identity and electronic crime. It has been recognised more recently that Pacific Islands countries and territories are, in the next decade, likely to face a number of significant challenges including official corruption, limited access to technology, and a lack of national and/or regional legislation (Secretariat of the Pacific Community 2006).

The potential for drug transshipment through disparate island groups such as those in the Pacific region may be readily seen in the Caribbean. The location of the Caribbean islands adjacent to major shipping routes and their geographical remoteness render them a natural trafficking transshipment point into the United States and Europe (Bethel 2003). Equally, in the northern Pacific, the Northern Mariana Islands appear to be a smuggling hub for illicit drugs – particularly crystal methamphetamine sourced from Asia, Hawaii and the United States – and distributed by a number of criminal groups, namely the Chamorro, Chinese, Filipino and Japanese, in addition to local residents of the Northern Mariana Islands (National Drug Intelligence Center 2003).

Figure 1: Cycle of cumulative impact, Pacific Islands

Source: McCusker (2006)

There seems little reason to doubt that the Pacific Islands will be similarly targeted and affected, and indeed factors thought to contribute to the susceptibility of the Pacific Islands to illicit drug activity include the geographic proximity of the islands to East Asia and South America, and the generally isolated nature of the islands' coastlines.

The potential misuse of the internet for obtaining drugs, which might resonate particularly strongly in the Pacific Islands region, can be seen in an exercise conducted by the General Accounting Office (2004). It obtained 68 samples of 11 different drugs, each from a different pharmacy website in the United States, Canada or other countries including Fiji. The General Accounting Office obtained most of the prescription drugs from a variety of internet pharmacy websites without providing a prescription. Although the drugs targeted do not appear in Table I or Table II of the 1988 Convention, a number were deemed to be controlled substances under the US Controlled Substances Act and indicate the level of control that might pertain more generally to pharmaceutical products containing Table I or Table II substances, particularly in Pacific Islands nations currently not party to the Convention.

Even if the legislative framework of the respective Pacific Islands in relation to precursor chemicals was universally or even selectively (in terms of individual nations) sound, it might nevertheless be undermined by the nature of the political, cultural and social infrastructure of the islands themselves. The levels of unemployment remain high and the extent to which Pacific Islands governments are meeting the commitments expected of a government (particularly Fiji in recent months), significant levels of serious crime, and severe health and environmental issues (AusAID 2006). The importance of governance in any mitigation of precursor chemical misuse cannot be overstated. The consequence of poor governance and variations in governance within respective countries in the region has been instability, violence and corruption (Eminent Persons Group 2004).

The World Bank's assessment of the international governance of 209 countries revealed that Pacific Islands nations score at the lower levels to the point where some are referred to as 'fragile states' (Table 1). There have been suggestions made to the effect that the degree of sovereignty achieved in the Pacific Islands countries is nominal rather than pragmatic, and that this has rendered the task of meeting even basic law and order commitments more difficult (AusAID 2006).

It has been recognised that drug control issues in the Pacific Islands region move well beyond the creation of effective legislation, as legislation without an appropriate policy framework and the political will and capacity to sustain and develop it is largely ineffective (Winslow n.d.).

Table 1: Governance indicators for Pacific Islands countries, 2004
(rankings out of 209 countries, from best [1] to worst [209])^a

	Government effectiveness (209 countries) ^b	Rule of law (208 countries) ^c	Control of corruption (204 countries) ^d
Melanesia and East Timor			
Fiji	141	109	94
Papua New Guinea	177	157	168
Solomon Islands	206	187	193
Vanuatu	144	102	128
East Timor	188	135	106
Polynesia			
Cook Islands	105	71	102
Samoa	86	69	84
Tonga	156	104	140
Tuvalu	159	56	153
Micronesia			
Federated States of Micronesia	119	81	107
Kiribati	145	86	89
Marshall Islands	132	105	157
Nauru	197	51	n.a.
Palau	72	52	n.a.
Income group			
Low income	175	164	156
Lower middle income	125	123	117
Upper middle income	77	79	74

a: Data for Niue are not available

b: Government effectiveness measures the competence of the bureaucracy and the quality of public service delivery

c: Rule of law measures the quality of contract enforcement, the police and the courts, as well as the likelihood of crime and violence

d: Control of corruption measures the exercise of public power for private gain, including both petty and grand corruption and state capture

n.a. = Not available

Source: World Bank (2006) as cited in AusAID (2006)

Drugs in the Pacific Islands

There is evidence of the presence of drugs in the Pacific Islands. In 2000, 350 kg of heroin bound for Australia, New Zealand and Canada were seized in Suva. In 2002, 74 kg of methamphetamine were found on a ship in Singapore bound for Fiji and Australia, and 2.5 kg of pseudoephedrine were found in scuba tanks shipped to Brisbane from Fiji in 2003 (Feizkhah 2004). On 9 June 2004, 5 kg of crystal methamphetamine ('ice'), 700 litres of liquid methamphetamine and sufficient precursor chemicals to produce an additional 1,000 kg of methamphetamine were seized from a warehouse in Suva (DEA 2004).

Indeed, evidence of transnational crime in the Pacific Islands is often obtained from that one common point of reference – drug trafficking, principally the transshipment of drugs through islands such as Fiji, Tahiti and Tonga (DEA 2004; UNODC 2003a). The extent of such transshipment remains unclear (INCB 2005; UNODC 2003a), although it is posited that drugs are transported primarily via existing commercial sea and air transportation routes and/or non-commercial vessels, with the drugs possibly being secreted on one of the numerous uninhabited islands of the Pacific region (UNODC 2003a). Drug transshipment may also be facilitated in the region by the lack of a universal legislative approach to drug trafficking.

A review of the illicit drug situation in Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu found limited pertinent data to assist in providing an understanding of illicit drug use. In addition, there appeared to be no systematic systems in place to monitor illicit drug use or its consequent socio-medical impacts. A good deal of the research carried out thus far seems to have focused on culturally related drugs such as kava and betel nut, and has – reflecting perhaps the dearth of primary and secondary data and lack of research focus elsewhere – been undertaken primarily in Papua New Guinea (Devaney, Reid & Baldwin 2006). Indeed, one of the most recent attempts to assess drug use in the Pacific Islands was a rapid situation assessment of drug use and drug-related harm in Papua New Guinea in 1998–99. However, the focus was on cannabis and home-brewed alcohol rather than ATS or precursor chemicals. A further review also noted the limited research on illicit drugs in the Pacific, and pressed for more formal drug research and the introduction/maintenance of data collection systems so as to provide a better understanding of the illicit drug situation in the Pacific (Devaney et al. 2006).

Illicit drugs production in the Pacific Islands is believed to be limited in scope and scale. The exceptions to this are the methamphetamine-related seizures in Suva (referred to above) and cannabis that has been observed growing in a number of countries including Fiji, Papua New Guinea, Federated States of Micronesia, Samoa and Tonga. Papua New Guinea, Fiji, Palau, Samoa and Tonga are known for the illicit commercial cultivation of marijuana (UNODC 2003a).

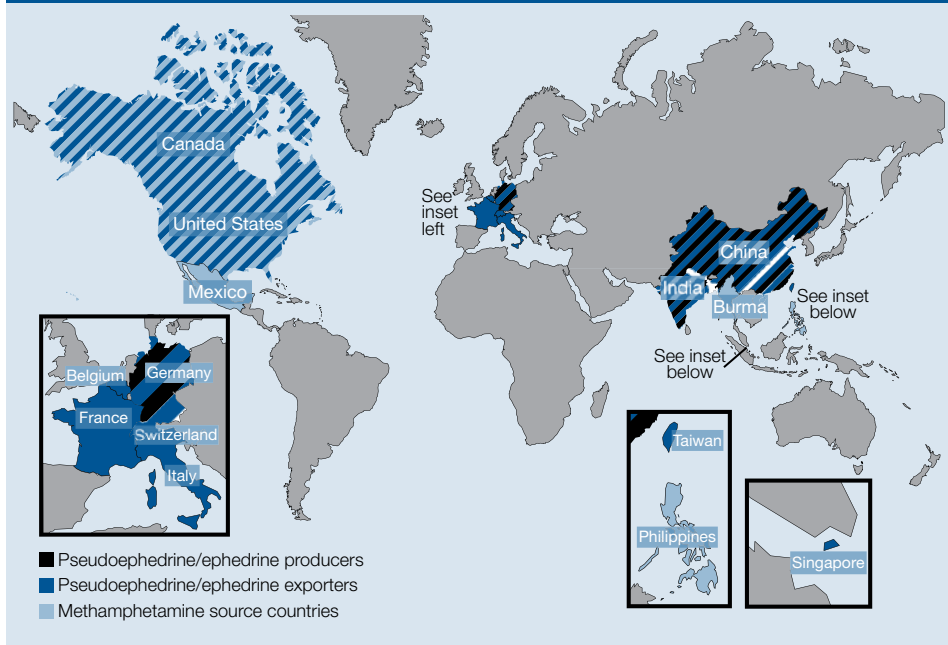
Observations of the East Asian and Pacific regions suggest a continued increase in ATS abuse, particularly methamphetamine. Ironically, given the noted increase, there remain difficulties with the collection of data in the region, with telling disparities among countries

in terms of their capacity to assemble data appropriately. Some countries have been able to monitor their respective drug situation systematically and routinely, while others continue to lack the appropriate infrastructure to do so. In consequence, if for no other reason than pragmatism, the development of regional data collection systems must continue to be flexible in its demands and expectations (INCB 2008). In the current climate, the lack of universality can only serve to undermine regional efforts to mitigate the impact of precursor chemical diversion and ATS manufacture.

Precursor chemicals and their diversion

Record seizures of precursors used in the production of ATS and dismantled clandestine laboratories suggest a global expansion of the production of ATS (UNODC 2006). This is reflected by the relatively wide distribution of precursor chemical exporters and methamphetamine source countries (Figure 2), and the exploitation of that distribution network by criminal organisations (Figure 3).

Figure 2: The international market: methamphetamine precursors



Source: Adapted from Office of National Drug Control Policy (2006: 9)

Figure 3: Trends in ephedrine and pseudoephedrine trafficking, 2004–05

Source: Adapted from INCB (2006: 3)

It is important to understand the nature of the global licit trade in precursor chemicals to appreciate the magnitude of potential diversion and to understand current diversion trends. The International Narcotics Control Board (INCB) (2006) has made a number of observations in terms of substances used in the illicit manufacture of ATS.

Ephedrine and pseudoephedrine

Under Project PRISM, the INCB was advised that between 1 November 2004 and 31 October 2005, 1,893 individual shipments of ephedrine and pseudoephedrine occurred. Those shipments were exported from 21 countries and territories, and imported by almost 100 countries and/or territories. The total volume of licit trade in ephedrine was 526 tonnes and for pseudoephedrine 1,207 tonnes. The number and volume of such shipments led the INCB to indicate '... the magnitude of the control issues facing Governments' (INCB 2006: 2).

The INCB noted that Australia reported seizures of both ephedrine and pseudoephedrine in relation to illicit methamphetamine laboratories it has dismantled. Australia also noted that based on seizures at ports of entry, smuggling of precursors occurred via underwater breathing apparatus, decorative wall plaques, tiles and in the bases of statues.

3,4-methylenedioxyphenyl-2-propanone, 1-phenyl-2-propanone and piperonal

The licit trade in both 3,4-MDP-2-P and P-2-P is deemed by the INCB to be limited.

During the period 1 November 2004 to 31 October 2005, only five shipments of P-2-P were notified amounting to 2,500 kg. Only one report was received for 3,4-MDP-2-P. During the same period there were over 150 shipments of piperonal, involving 3,800 tonnes reported.

During 2004 and 2005, Australian authorities identified small-scale illicit laboratories manufacturing MDMA (ecstasy). In one case, they seized over 1,000 litres of a mixture of 3,4-MDP-2-P and piperonal.

Safrole and safrole-rich oils

During the period 1 November 2004 to 31 October 2005, the INCB was notified of 33 shipments of safrole, including sassafras oil, amounting to 6.2 tonnes.

Lack of evidence of precursor chemicals and their diversion

Although Oceania is one of the geographical categories within the INCB's annual reports, focus tends to be placed on Australia and New Zealand, with other Oceanic nations only mentioned, if at all, in terms of their ratification, or lack thereof of, the three UN conventions. However, it remains important to understand the Australian and New Zealand context given that increased control measures in these two countries may displace activity to, or exploit the vulnerabilities of, the Pacific Islands.

By way of example of the consequences of displacement activity for precursor chemical and ATS control, the latest US National Drug Threat Assessment indicated a sharp decrease in domestic methamphetamine production, noting that since April 2004, 44 states had restricted retail sales of ephedrine and pseudoephedrine products and in 2005, federal legislation restricted retail precursor chemical sales (National Drug Intelligence Center 2006). Retail sales restrictions, supported by sustained law enforcement pressure, resulted in limiting the amount of pseudoephedrine available to small-scale methamphetamine producers. The precursor chemical restrictions and law enforcement pressure have forced many California super-labs (most of which were run by Mexican organised crime groups) to relocate to Mexico where bulk quantities of ephedrine and pseudoephedrine are more available. With possible parallels with the Pacific situation, it seems likely that in attempting to circumvent the government's efforts, chemical shipments are routed through transit countries in Central and South America for subsequent smuggling into Mexico.

In terms of precursor chemicals, the US Drug Enforcement Administration (2004) noted that there were no Pacific Islands nations with significant chemical industries, that the extent of precursor chemical trafficking in the region was unknown and that in any event, very few shipments of precursor chemicals had been detected within the large volume of maritime cargo that transits the region. This observation appears to be borne out by the lack of information provided by the majority of Pacific Island governments on the licit trade in, uses of and requirements for, substances in Table I and Table II of the 1988 Convention (Table 2). Failure to submit the required information suggests either that the trade is non-existent or inconsequential, or that the trade is not monitored sufficiently well enough to provide the requisite information. The first scenario seems, on the basis of precursor chemical seizures in Fiji alone, to be unlikely. The second scenario can serve only to undermine confidence in the Pacific Islands' precursor chemical control strategy.

Table 2: Submission of information by Pacific Islands governments on licit trade in, uses of and requirements for substances in Table I and Table II of the 1988 Convention, 2000–04

	2000		2001		2002		2003		2004	
	Trade	Uses and/or requirements	Trade	Uses and/or requirements	Trade	Uses and/or requirements	Trade	Uses and/or requirements	Trade	Uses and/or requirements
Australia	X	X	X	X	X	X	X	X	X	X
Cook Islands	X	X	X	X	X	X	X	X	X	X
Fiji	X	X	X	X						
Kiribati			X	X						
Marshall Islands										
Nauru										
New Zealand	X	X							X	X
Palau							X			

Source: INCB (2006)

Drug controls in the Pacific Islands

UN conventions

The principal guidance for combating illicit drugs is located in three separate UN conventions (Single Convention on Narcotic Drugs, 1961; Convention on Psychotropic Substances, 1971; and Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988), with precursor chemical control and diversion issues being dealt with specifically by the 1988 Convention. Kiribati, Nauru, Niue, Tuvalu and Vanuatu are not parties to any of these counter-narcotic treaties. The Solomon Islands is party only to the 1961 Convention; Samoa, the Cook Islands and the Federated States of Micronesia to the 1988 Convention; and the Marshall Islands, Palau and Papua New Guinea to both the 1961 and 1971 conventions (Table 3). The INCB (2005) has continued to express concern that the rate of accession to the three UN conventions is lower in the Oceanic region than in all other regions of the world.

Table 3: Parties and non-parties to the 1988 UN Convention

Party	Non-party
Australia (16 November 1992)	Kiribati
Cook Islands (22 February 2005)	Marshall Islands
Federated States of Micronesia (6 July 2004)	Nauru
Fiji (25 March 1993)	Niue
New Zealand (16 December 1998)	Palau
Samoa (19 August 2005)	Papua New Guinea
Tonga (29 April 1996)	Solomon Islands
	Tuvalu
	Vanuatu

Source: INCB (2006)

Given that nine of the Pacific Islands nations are not parties to the 1988 Convention, it is a relatively simple task to determine the likely level of precursor chemical control currently and/or in the future. The view that '[p]recursor control and regulation in the Pacific Islands is, for the most part, nonexistent' (Schloenhardt 2007: 116) is perhaps an accurate reflection of the current situation.

The control systems established under the 1988 Convention are based on the premise that exercising control over the movement of precursors from the stage of production through to disposal will restrict illicit drug manufacturers' access to them. It is suggested that following the introduction of the 1988 Convention, a number of countries – including those in the Pacific Islands region – may have encountered difficulty in applying its precepts to their respective legal, socio-political and cultural environments (Jayasuriya 1998).

However, the guidance contained within Article 12 of the 1988 Convention provides a useful starting point for any dedicated Pacific Islands precursor control framework. Article 12, paragraph 1 of the 1988 Convention requires parties to ‘... take the measures they deem appropriate to prevent diversion of substances in Table I and Table II [Table 4] used for the purpose of illicit manufacture of narcotic drugs or psychotropic substances, and shall co-operate with one another to this end’. Suggested measures parties might adopt include controlling ‘... all persons and enterprises engaged in the manufacture and distribution of such substances’; controlling ‘... under licence the establishment and premises in which such manufacture or distribution may take place’; requiring that ‘... licensees obtain a permit for conducting the aforesaid operations’ and preventing the ‘... accumulation of such substances in the possession of manufacturers and distributors, in excess of the quantities required for the normal conduct of business and the prevailing market conditions’ (Article 12, subparagraph 8(b)).

Each party to the 1988 Convention is, in relation to the substances in Table I and Table II, required among other things to ‘... establish and maintain a system to monitor international trade in [those] substances’ and those systems should be applied ‘... in close co-operation with manufacturers, importers, exporters, wholesalers and retailers ...’ who should in turn report suspicious orders and transactions (Article 12, paragraph 9). Once there is sufficient evidence to indicate illicit manufacture of the relevant substances, the parties are required to provide for their seizure. Furthermore, parties are required to ensure that imports and exports are properly labelled and documented. Commercial documents, such as invoices and cargo manifests, should include the names of the substances, the quantity, and the names and addresses of the exporter, importer and the consignee. Such documentation is to be kept and made available for a period of not less than two years.

Article 12, paragraph 10 provides that, in relation to Table I substances, parties from whose country a substance is to be exported must on request provide to the importing country the names and addresses of the exporter, importer and the consignee, the name of the substance, the quantity, the expected port of entry and expected date of dispatch.

Crucially, each party is also required to provide an annual report to the INCB detailing the amounts of substances in Table I and Table II seized and their origin (if it can be determined). Any other substance identified as having been used in the illicit manufacture of narcotic drugs or psychotropic substances should, if the party deems it significant, be brought to the attention of the INCB. The methods of diversion and illicit manufacture should also be brought to the INCB’s attention. Most Pacific Islands provide irregular reports or tender no report at all; either situation could denote a lack of effective knowledge about, data for, or control of precursor chemicals (Table 5).

Table 4: Substances listed in Table I and Table II of the 1988 Convention

Table I	Table II
N-acetylanthranilic acid	Acetic anhydride
Ephedrine	Acetone
Ergometrine	Anthranillic acid
Isosafrole	Ethyl ether
Lysergic acid	Hydrochloric acid
3,4-methylenedioxyphenyl-2-propanone	Methyl ethyl ketone
1-phenyl-2-propanone	Phenylacetic acid
Piperonal	Piperidine
Pseudoephedrine	Potassium permanganate
Safrole	Sulphuric acid
	Toluene

Source: United Nations (n.d.)

Table 5: Submission of information by Pacific Islands governments pursuant to Article 12 of the 1988 Convention (Form D), 2000–04 ^a

	2000	2001	2002	2003	2004
Australia	X	X	X	X	X
Cook Islands	X	X	X	X	X
Fiji	X	X			
Kiribati	X	X			
Marshall Islands					
Nauru		X			
New Zealand	X				X
Palau		X	X	X	
Papua New Guinea					
Samoa	X				
Solomon Islands		X	X	X	X
Tonga			X		
Tuvalu	X	X		X	
Vanuatu		X		X	

a: Form D is a reporting mechanism for the annual information on substances frequently used in the illicit manufacture of narcotic drugs and psychotropic substances

Source: INCB (2006)

A number of countries have invoked Article 12, subparagraph 10(a) of the 1988 Convention, which ensures that exporting countries supply information about substances to importing countries. As at 1 November 2005, 43 countries and two territories had requested such notifications. To enhance the facility, the UN Office on Drugs and Crime has created an internet-based online system for the exchange of notifications, which is free of charge. However, in the Oceanic context, only Australia has requested pre-export notification, and only in relation to ephedrine and pseudoephedrine (INCB 2006).

Action Plan Against Illicit Manufacture, Trafficking and Abuse of Amphetamine-type Stimulants and Their Precursors

The General Assembly (United Nations 2006) has urged all states to ratify or accede to, and implement, all the provisions of the three conventions. In relation to illicit synthetic drugs, the General Assembly urged all states to renew their efforts to implement the measures contained in the Action Plan Against Illicit Manufacture, Trafficking and Abuse of Amphetamine-type Stimulants and Their Precursors (Action Plan) (United Nations 1998b). Furthermore, the General Assembly encouraged all states to establish or strengthen mechanisms and procedures to ensure strict control of substances used to manufacture illicit drugs, to support international operations aimed at preventing their diversion (including coordination and cooperation between regulatory and enforcement services involved in precursor control, in cooperation with the INCB), and to counter smuggling networks effectively, particularly in source and transit countries.

The Action Plan notes, among other things, the need to adopt measures to prevent the illicit manufacture, import, export, trafficking, distribution and diversion of precursors used in the manufacture of narcotic drugs and psychotropic substances. It argues that actions necessary for effective diversion can only resonate if states have established an adequate legislative basis or national system of control that allow them to monitor effectively the movement of precursors. Equally, legislation is of limited use if the requisite mechanisms and procedures are not established to enable effective implementation of the legislation. States need to identify competent national authorities and their specific roles, and to share that information with other states. They also need to share details of the actual control measures applied. The Action Plan concedes that many states had not taken these necessary steps.

The Action Plan suggests that states should:

- adopt and implement, where they have not already done so, the national laws and regulations required for strict compliance with the provisions and proposals of Article 12 of the 1988 Convention
- establish a system of control and licensing of the enterprises and people engaged in the manufacture and distribution of substances listed in Table I and Table II of the 1988 Convention

- establish a system for monitoring the international trade in such substances to facilitate the detection of suspicious shipments
- designate competent national authorities responsible for implementing such controls.

Furthermore, the states should review and take appropriate steps to strengthen existing precursor controls should any weaknesses be identified.

States should adopt penal, civil or administrative measures to punish, in accordance with their legislative provisions, the unlawful conduct of individuals or companies in connection with the diversion of precursors from legitimate commerce into the illicit manufacture of drugs. States should also share their procedures for adopting legislation, and combating and punishing illicit traffic in, and diversion of, precursors. They should also submit timely reports to the INCB on national regulations adopted to control the export, import and transit of precursors, including details of the requirements that have to be met for the authorisation of imports and exports.

The Action Plan argues for more universal international cooperation in precursor control, noting that achievements in preventing the diversion of precursors have been due to the activities of a growing, but still relatively small, number of governments of exporting, importing and transit states and territories worldwide. However, the Action Plan notes that many states had not developed adequate systems for precursor control, despite the fact that traffickers have exploited as points of diversion those countries and territories where controls are inadequate.

The Executive Director of the UN Economic and Social Council presented a summary and analysis of the efforts to implement the Action Plan as reported by states in their responses to the biennial report questionnaire for the third reporting period (2002–04) (UN Economic and Social Council 2005). States were asked whether they had implemented the provisions of the international drug control treaties; the resolutions and decisions of the UN Economic and Social Council and the Commission on Narcotic Drugs; and the recommendations of the INCB relating to the illicit manufacture, trafficking and abuse of synthetic drugs, in particular ATS. Only Australia and New Zealand reported from the Oceanic region.

The INCB (2005) argued that the actions necessary to prevent diversion of precursor chemicals and the success of those actions are only possible if states have established an adequate legislative basis that allows them to monitor the movement of precursors effectively. In addition, the mechanisms and procedures must be in place to permit effective implementation of the legislation.

The INCB also argued that, for governments to develop region-specific responses to the threat envisaged under Project PRISM, it is important:

- for governments to estimate their licit requirements for the relevant precursors and submit these data to the INCB
- to control pharmaceutical preparations containing scheduled substances in the same way as the scheduled substances themselves (particularly those containing ephedrine and pseudoephedrine)
- that sassafras oil be considered as safrole itself and referred to as 'safrole in the form of sassafras oil', and be controlled in the same way as safrole in its pure form. Governments should consider ways to ensure the acceptance of sassafras oil as safrole by the competent authorities and industry

The Action Plan also provides, as per Article 12 of the 1988 Convention, for the foundation of a Pacific Islands legislative and regulatory framework.

Key elements of a diversion control strategy

The 2004 National Synthetic Drugs Action Plan argued, among other things, that there was a need to concurrently improve chemical control at two levels:

- first, the international arena in which bulk quantities of precursor chemicals such as pseudoephedrine are diverted to large laboratories
- second, the retail and wholesale arenas in which smaller amounts of precursor-enriched products are purchased for diversion to, and use within, illicit drug production laboratories (Interagency Working Group on Synthetic Drugs 2005).

Any current and/or prospective drugs legislation in the Pacific Islands, and any current and/or prospective counter-drug strategy, must be aware of the methodologies of diversion and the key elements needed to be brought to the fore in any diversion control strategy. In one sense, the lack of pertinent legislation and subsequent control of precursor chemicals allow the Pacific Islands governments to adopt a fresh regional approach as discussed in various forums over the past decade.

Precursors for ATS are relatively easy to obtain, and from a control point of view have the disadvantage of being able to be obtained from legitimate sources. With the requisite technical knowledge and appropriate equipment, it is relatively easy to convert precursor chemicals into illegitimate products (Cherney, O'Reilly & Grabosky 2006).

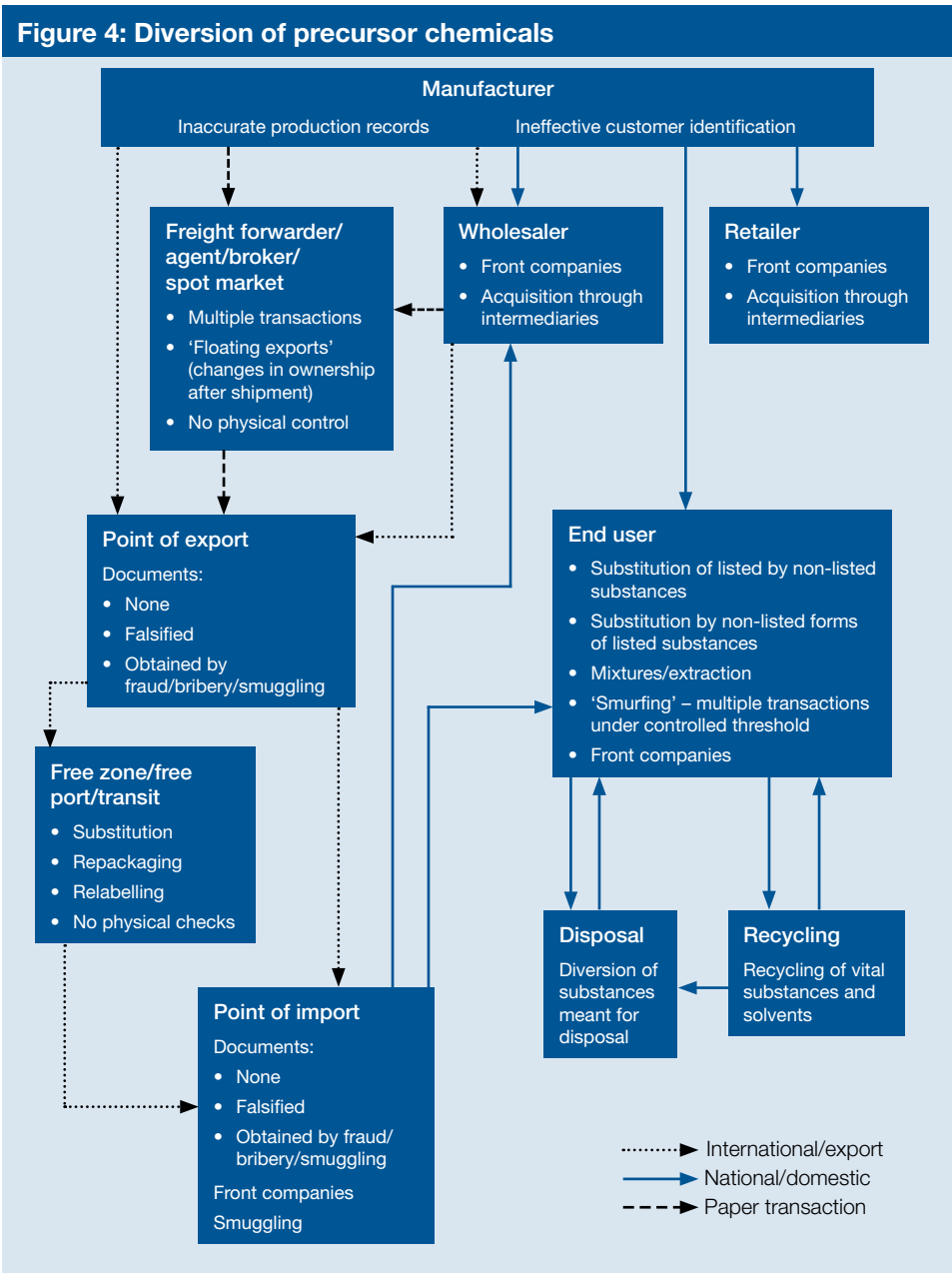
Controlling precursor chemicals is rendered all the more difficult for law enforcement agencies because of the 'double supply side system' they face, in which they have to deal with diversions from the licit pharmaceutical and chemical trade in addition to illicit manufacture. However, this situation may be mitigated by recognising that the production

of precursor chemicals vests in legitimate businesses and that preventing the initial diversion of chemicals from that licit production constitutes a sound point from which to launch a precursor control strategy (Cherney, O'Reilly & Grabosky 2006).

The methodologies of diversion are significant and include:

- theft – theft of licit chemicals particularly in circumstances in which wholesale, retail and export–import companies hold shipments of products without adequate security measures in place
- substitution – substitution of precursor chemicals with other materials so as to complete the required synthesis
- circuitous routes – routing controlled chemicals among various middlemen to reduce detection. The volume of the chemical trade exacerbates the impact of such actions, which may be further enhanced as a result of differing reporting requirements between and within states for precursor chemicals
- use of warehouses – criminals storing precursor chemicals in warehouses for long periods of time. This can be an issue for law enforcement agencies that lack the appropriate resources to frequently check such warehouses for movement of chemicals
- smuggling – smuggling of precursor chemicals into a state, thereby avoiding standard recording requirements in relation to them
- relabelling or mislabelling containers – relabelling containers so as to prevent the ready identification of the actual chemical by the requisite inspectors. This is further exacerbated by the fact that many chemicals are sold under trade names that may be less well-known to law enforcement officers and others
- smurfing – involves the practice of purchasing amounts of precursors that fall under the limit at which a supplier is required to report the transaction (commonly used in the context of money laundering)
- front companies – these may be established by illicit drug manufactures to disguise their illegitimate use of precursors
- bribery and coercion – the use of precursor chemicals by a large number of legitimate companies provides opportunities for criminal groups to exploit or cajole company owners and/or employees to assist with the diversion of chemicals
- diversion in the international arena – a number of methods of diversion at the international level have been identified including misusing or abusing opportunities afforded by international trade such as free-trade zones and free ports, misdescribing goods on commercial or customs documents, and changing ownership after shipment (Sevick 1993).

Any of these methodologies actively utilised with the Pacific Islands region would impede significantly on any purely legislative approach to diversion control. Figure 4 outlines a number of key ways in which diversion of precursor chemicals might also occur.



Source: Adapted from Sevick (1993)

The areas for diversion indicated in Figure 4 include:

- manufacturers – the manufacturers' own plants or warehouses present the first opportunity for diversion. Inaccurate production records enable the theft of large amounts of chemicals without the manufacturers' knowledge. Manufacturers can also unwittingly facilitate the diversion of chemicals through ineffective customer identification so that, for example, criminals posing as legitimate users of such chemicals can buy them from the manufacturer. Unless the manufacturer follows the procedures required by legislation to ensure that the customer has a legitimate need for the chemical product, then the possibility of diversion exists
- wholesalers and retailers – companies that sell chemicals on a wholesale and retail basis constitute a second source of diversion. Wholesale and retail companies can be established as 'fronts', which can then obtain precursor chemicals for subsequent use in the drug-production process. The possibility of selling to such front companies is the principal reason why manufacturers must attempt to identify their customers' legitimate need for the precursor chemicals. In addition, wholesalers and retailers, like manufacturers, may unwittingly sell these chemicals directly to criminals or indirectly through intermediaries working as agents for the drug manufacturers
- freight forwarders, brokers and spot markets – freight forwarders, who assist importers and exporters in packaging, warehousing and shipping products, and brokers, who attempt to match clients who may be looking to buy or sell chemical materials, may be involved in a 'spot' market, namely an informal market in which surplus volumes of products are sold. Such professions obfuscate an already opaque world and render it more difficult to track diverted chemicals. Furthermore, shipments may be stored in warehouses or other areas that have little or no security, making theft easy
- point of export – most countries require that the export of manufactured goods or raw materials be controlled at all points of entry into and out of the country. However, the vast amount of materials that enter and leave at these points makes it easy for criminals to successfully divert chemicals needed for the manufacture of illicit drugs. In many jurisdictions, customs officials and others may not have the time, ability or capacity to test and certify that a barrel labelled as containing a particular chemical actually contains that product. Thus, inaccurate or false export documents can be used to divert precursor and essential chemicals to illegal use. Furthermore, illicit chemical shipments may be able to pass through points of export if intermingled with legal shipments. In addition, bribery of customs officials and other export controllers may also occur
- free zones, free ports and transit – many international shipments of chemicals stop at the ports or travel on the roads of several countries. At each of these intermediate stops, as well as while they are on board ships and other vehicles, chemicals can be diverted. The lack of physical checks on the materials due to the volume of traffic through free zones and free ports may permit other forms of diversion

- point of import – required documentation at the point of import can be forged or otherwise falsified, resulting in the entry of illicit precursors into a country. Illicit precursor chemicals can also arrive in a country through smuggling. Drug manufacturers produce their own precursor and essential chemicals by mixing or extracting the needed chemicals from other chemical products that are not listed in Table I or Table II
- disposal and recycling – criminals can gain access to precursor chemicals by recycling their own materials or the waste materials of other companies. They may also process the waste products of legitimate manufacturers into the precursors needed for their own illicit drug production. For this reason, it is important that companies which use precursors and essential chemicals ensure that waste is disposed of legitimately
- loopholes in the law – loopholes in existing laws, or indeed a lack of pertinent applicable legislation, may also contribute to diversion. This is particularly so in the Pacific Islands context.

Consideration of each of these areas, and the manner in which they might be mitigated or prevented, must form part of any dedicated diversion control strategy in the Pacific Islands region.

Cherney, O'Reilly and Grabosky (2005) suggested a number of ways in which precursors might be controlled. These include:

- conscription – this involves mandating (e.g. via legislative provisions) third parties to carry out particular functions. For example, in the United States, chemical companies that produce and sell listed chemicals are required by law to report to the Drug Enforcement Administration the sale of 'above threshold quantities'. Under the Methamphetamine Anti-proliferation Act 2000, retail sale and mail order of pseudoephedrine-based products above three or nine grams must be recorded by the retailer, and consumers are required to provide personal details
- required private interface – some professions are ideally placed to prevent, detect and disclose illegality on the part of others. In some states of the United States, prescription drug-monitoring programs collect information about prescribing, dispensing and use of prescription drugs. This information is passed onto medical practitioners, pharmacies, and law enforcement and regulatory bodies, and assists in identifying illegal prescribing, dispensing and procuring of prescription drugs
- required record keeping and disclosure – the US Drug Enforcement Administration requires that transactions of listed chemicals be recorded by companies and the records kept for a defined period. In this way, possible future requests for, and examination of, such records acts as an informal regulator of those required to maintain and keep them
- cooptation of external interest (private and public sector) – in the United States, for example, Wal-Mart stores have limited the sale of the majority of over-the-counter cough, cold and diet pill products containing ATS precursors.

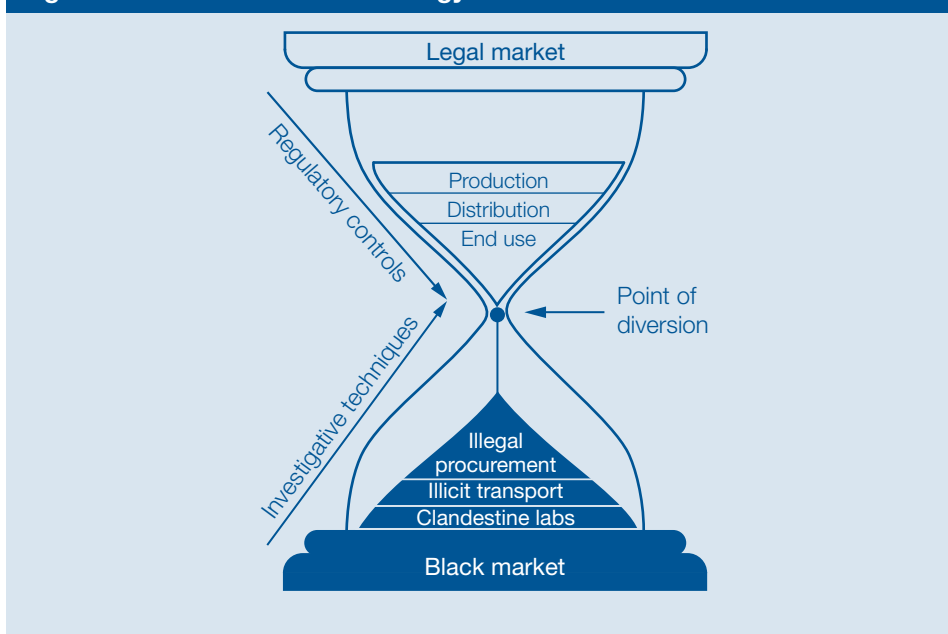
Between the processes of diversion of chemicals and synthesis into products, a number of intermediaries are involved. Accordingly, law enforcement intervention without a regulatory framework understood by, and applied to, the manufacturing, distribution and retail sectors will have limited impact on precursor chemical control.

The focus of chemical diversion control and the key factors of production within legal and illegal markets that affect ATS supply are represented in Figure 5.

In addition, Sevvick (1993) suggested a number of generic approaches including:

- increasing awareness of the use of precursor chemicals in illicit drug production
- improving labelling of chemicals so that a consistent approach is adopted that mitigates the common practice of using trade names in addition to the names of the constituent chemicals
- requiring identification of customers so that those who form part of the chemical distribution chain are fully cognisant of who their customers are, and more importantly why they require the chemicals concerned
- improving record keeping so that the sale, import, export, transshipment and transit of listed chemicals are fully documented
- increasing knowledge and awareness in law enforcement of the role of precursor chemicals in the drug trade.

Figure 5: Chemical control strategy



Source: Cherney, O'Reilly and Grabosky (2005)

Pacific Islands drugs legislation and policies

Drug-related legislation

Drug legislation is present in a number of Pacific Islands nations, although much is outdated and most fail to address the precursor chemicals listed in Table I and Table II of the 1988 Convention. The existing legislation in large part is concerned primarily with criminalising the use, possession, cultivation and trafficking of drugs (UNODC 2003). In relation to precursors, there is a concern in relation to the legislative capacity of Pacific Islands countries to control the import and export of chemical precursors, and to successfully prosecute those responsible for their illicit use (Devaney et al. 2006). In addition, there have been reports of drug thefts from dispensaries or hospitals in Papua New Guinea and Samoa, which suggest that the legislation governing the control of such substances is not being rigorously enforced (UNIDCP 2001).

The UN Office on Drugs and Crime (2003) noted that '[f]ew of the Pacific countries have comprehensive legislation pertaining to drug control. Existing legislation is aimed primarily at criminalising the use, possession, cultivation and trafficking of drugs'. Two of the parties to the 1988 Convention (Fiji and Tonga) have, however, produced the most effective legislation in the sense that it recognises offences pertaining to precursor chemicals and details appropriate punishments for breaches of the Convention.

Fiji

Fiji's Illicit Drugs Control Act 2004, among other things, makes it an offence to unlawfully import or export an illicit drug, rendering the person concerned liable to a fine not exceeding FJD1m or imprisonment for life, or both (s 4(1)). An illicit drug is defined as any drug listed in Schedule 1 of the Act and includes those substances listed in the 1961 and 1971 conventions.

The Act also makes it an offence to unlawfully possess, manufacture, cultivate, supply, use or administer an illicit drug (s 5(a)) or to engage in any dealing with any other person for the transfer, transport, supply, use, manufacture, offer, sale, import or export of an illicit drug (s 5(b)). The penalties are a fine not exceeding FJD1m or imprisonment for life, or both.

The Act makes it an offence to import, export, manufacture, possess or supply any controlled chemical (listed in Schedule 2 of the Act and comprising those chemicals listed in Table I and Table II of the 1988 Convention), or controlled equipment (listed in Schedule 3 of the Act and comprising encapsulating machines; machines used to prepare, make and manufacture or produce tablets; rotary evaporators and laboratory equipment with a capacity for large-volume productions such as flasks with a capacity of 25 litres or above; and related condensers, separating funnels and heating apparatus) if the person concerned knows that the chemical equipment is to be used in, or for, the commission of an offence

under s 5 (s 6(a)) or is reckless as to whether that chemical or equipment is to be used in, or for, the commission of an offence under s 5 (s 6(b)). The penalties are a fine not exceeding FJD1m or imprisonment for life, or both.

No offences are committed if the person acts with 'lawful authority', although how such authority might be obtained or verified is not indicated within the Act.

The Act specifically exempts three groups of people (s 11(1)). These are:

- s 11(1)(a) – a person undergoing treatment of a medical condition who is entering, leaving or transiting through the Fiji Islands. A person may possess such quantities of an illicit drug that have been lawfully prescribed or supplied to that person or a person under their care for the purpose of treating a medical condition for a period of not more than one month
- s 11(1)(b) – a person whose lawful occupation or profession involves the possession, supply or administration of an illicit drug, controlled chemical or controlled equipment is exempt from ss 5 and 6 if that possession, supply or administration is for the specific purpose of their lawful occupation
- s 11(1)(c) – a person may possess such quantities of an illicit drug that have been lawfully prescribed or provided for the purpose of treating a medical condition of that person or person under their care.

The Minister of Health, in consultation with the Pharmacy and Poisons Board, may issue a licence with or without conditions for the lawful import, export or manufacture of an illicit drug, controlled chemical or controlled equipment.

Tonga

Tonga's Illicit Drugs Control Act 2003 provides for the control of illicit drugs, controlled chemicals and equipment. The Act makes it an offence to knowingly without lawful excuse import or export any illicit drug and provides a penalty of a fine not exceeding TOP1m or imprisonment for a term not exceeding 30 years, or both (s 3). Illicit drugs are defined as any listed in Schedule 1 of the Act, and include those chemicals listed in the 1961 and 1971 conventions.

The Act makes it an offence to knowingly without lawful excuse:

- s 4(a) – possess, manufacture, cultivate, use or supply an illicit drug
- s 4(b) – engage in any dealings with any other person for the import, export, possession, manufacture, use, cultivation, supply, transfer, transport, offer or sale of an illicit drug.

These offences attract a penalty of a fine not exceeding TOP750,000 or imprisonment for a term not exceeding 25 years, or both.

The Act makes it an offence for any person without lawful excuse to import, export, possess, manufacture or supply any controlled chemical or controlled equipment if they:

- s 5(a) – know that the chemical or equipment is to be used in, or for, the commission of an offence against s 4
- s 5(b) – are reckless as to whether that chemical or equipment is to be used in, or for, the commission of an offence against s 4.

A controlled chemical is any listed in Schedule 2 of the Act, and includes those chemicals listed in Table I and Table II of the 1988 Convention.

Controlled equipment is anything listed in Schedule 3 of the Act (namely, encapsulating machines, tableting machines, rotary evaporators, laboratory equipment with a capacity of 25 litres or above, and related condensers, separating funnels and heating apparatus).

The Act grants an exemption for international travellers (s 6). A person who is undergoing treatment of a medical condition and who is entering, leaving or transiting through Tonga may possess such quantities of an illicit drug that have been lawfully prescribed or supplied to that person or person under their care for the purpose of treating a medical condition for a period of not more than one month. This only applies where that person has written authority from the doctor by whom they are being treated.

The Act provides a more general exemption in relation to two categories of people. Section 7(1) provides that any person whose lawful occupation or profession requires the possession, supply or use of an illicit drug, controlled chemical or controlled equipment is exempted from the offences under the Act provided that such possession, supply or administration is for the specific purpose of their lawful occupation. Section 7(2) provides that any import, export, possession, manufacture or use of any illicit drug, controlled chemical or controlled equipment by the Ministry of Health shall be exempt from offences under the Act.

Other Pacific islands

Other Pacific Island jurisdictions may not provide appropriate cognisance of the 1988 Convention chemical listings in Table I and Table II, but they do provide an indication of how readily such legislation might be brought to apply effectively to the Convention were they to incorporate provisions in that legislation which dealt with precursor chemicals.

Kiribati

In Kiribati's Dangerous Drugs Ordinance 1948, 'dangerous drugs' are defined as any substances that might fall within the purview of the Ordinance. However, these substances do not include any of the chemicals listed in Table I and Table II of the 1988 Convention.

Broadly, the Ordinance prohibits the import or export of raw opium, Indian hemp and coca leaf (s 4); the manufacturing, selling or use of prepared opium (s 12); and the importation or exportation of opium, morphine, cocaine and certain other drugs (s 14). The Ordinance also provides an indication of the types of measures the relevant Minister may employ in relation to latterly defined dangerous drugs (s 15). These include:

- prohibiting the manufacture of dangerous drugs
- prohibiting the sale or distribution of dangerous drugs
- regulating the issue by medical practitioners of prescriptions containing dangerous drugs and the dispensing of any such prescription
- requiring those involved in the manufacture, sale or distribution of any such dangerous drugs to keep appropriate records of their activities and to provide estimates of the amounts of any such drugs that are likely to be required annually.

The Ordinance also makes provision in relation to the storage (s 20), export (s 21) and import (s 25) of dangerous drugs.

Marshall Islands

The Marshall Islands' Narcotic Drugs (Prohibition and Control) Act 1987 is concerned with the importation, exportation, cultivation, manufacture, dispensing, possession and distribution of narcotic drugs. 'Narcotic drugs' refers primarily to opium and its derivatives, and does not include any of the precursor chemicals noted in Table I and Table II of the 1988 Convention. However, in relation to narcotic drugs, the Act does make it an offence for a person to:

- possess, sell or dispose of a narcotic drug
- knowingly plant, cultivate, produce, manufacture or have under their control a narcotic drug
- prescribe or administer to themselves or another a narcotic drug
- import, export or transport a narcotic drug or be concerned with any such action (s 903).

The Act also requires medical practitioners to be issued with a valid licence before being in possession of narcotic drugs (s 907) and for records to be kept by medical practitioners in relation to all narcotic drugs received, administered, dispensed or otherwise used by them (s 908). Such records are to be kept for a period of at least two years.

Papua New Guinea

In Papua New Guinea's Dangerous Drugs Act 1952, 'dangerous drugs' refer to those substances listed in Schedule 1 of the Act and to any other substance declared to be a

dangerous drug under s 2 of the Act. Schedule 1 does not include any of the chemicals listed in Table I and Table II of the 1988 Convention. Section 2 provides that the relevant Minister may declare a substance to be a dangerous drug. Although the Act does not concern itself with precursor chemicals, it does – in relation to dangerous drugs – make it an offence for a person to:

- knowingly cultivate a plant from which a dangerous drug can be made
- make a dangerous drug
- export a dangerous drug
- be in possession of, or convey, a dangerous drug or a plant of part of a plant from which a dangerous drug can be made (s 3(1)).

The Act also makes provision for licensing the importation of dangerous drugs and subsequent recordkeeping in relation to all such imports (s 5). The holder of an import licence is required to notify the minister of their intention to import dangerous drugs, and state the exact description and quantity of the drugs to be imported, and the name and address of the firm in the exporting country (s 7). Finally, the Act requires a licence holder who has dangerous drugs in their possession to ensure that they are stored securely (s 8).

Solomon Islands

The Solomon Islands' Dangerous Drugs Act 1941 defines 'dangerous drugs' as any substances that might be subject to the provisions of the Act. The Act is not concerned with any of the chemicals listed in Table I and Table II of the 1988 Convention. The Act concerns itself instead with the prohibition of the importation or exportation of raw opium, Indian hemp and coca leaf (s 5); and the manufacturing, selling or using of prepared opium (s 12). In addition, the Act requires dangerous drugs to be stored appropriately (s 16), and prohibits the exportation (s 23) and importation (s 26) of dangerous drugs.

Samoa

Samoa's Narcotics Act 1967 defines 'narcotics' as any substance listed in the First and/or Second Schedule of the Act but not any of those listed in Table I and Table II of the 1988 Convention. In relation to those listed substances, the Act makes it an offence, among other things, to possess narcotics (s 7), to import or export prepared opium or prohibited plants (s 10), to illegally import or export narcotics (s 17), and to unlawfully supply or possess narcotics (s 18).

Niue

Niue's Misuse of Drugs Act 1998 is an extension of New Zealand's Misuse of Drugs Act 1975. The Misuse of Drugs (Amendment) Act 1998 (New Zealand) provides specifically for precursor substances in Schedule 4 Part 1 and Part 2, which respectively mirror Table I and Table II of the 1988 Convention. New offences include those of supplying, producing or manufacturing equipment, material and substances used in the production or cultivation of controlled drugs (s 12A).

Vanuatu

Vanuatu's Dangerous Drugs Act 1939 does not define 'dangerous drugs' and does not in any event concern itself with any of the chemicals listed in Table I and Table II of the 1988 Convention. The Act makes the importation, sale, supply or possession of a number of substances including opium, marijuana and cocaine offences (s 3). Curiously, the Act makes a number of preparations exempt from the provisions of the Act including those of morphine, cocaine, heroin, dicodide and eudodal.

Pharmacies and poisons-related legislation

Many of the Pacific Islands jurisdictions have introduced legislation in relation to pharmacies and poisons. These include the Pharmacy and Poisons Act 1941 (Solomon Islands), Poisons and Dangerous Substances Act 1952 (Papua New Guinea), Pharmacy and Poisons Ordinance 1949 (Kiribati), Sale of Medicines (Control) Act 1966 (Vanuatu), and Poisons and Dangerous Substances Act 1952 (Papua New Guinea). Each of these pieces of legislation provides an indication of the willingness and capacity of respective Pacific nations to control the substances akin to the chemicals listed in Table I and Table II of the 1988 Convention.

Drug-related policies

Regional initiatives

There are no international or regional treaties or conventions that govern the nature and substance of drug control legislation or systematic law enforcement coordination and cooperation for the Pacific Islands region as a whole (DEA 2004; Devaney, Reid & Baldwin 2006). A general lack of appropriate resources and training, and the inevitable constraints of ineffective legislation, have resulted in law enforcement agencies fulfilling the additional role of drug enforcement agents (Devaney, Reid & Baldwin 2006). As a consequence, there is an identified need to create a national and/or regional drug policy (Devaney et al. 2006).

The recognition of the need for a national and/or regional drugs policy in the Pacific Islands is relatively long-standing. In September 1999, a number of Pacific countries attended a Drug Control Masterplan Workshop in Fiji (UNIDCP 2001). The purposes of the workshop were to introduce to participating governments the concept and process of a drug control master plan and assist them in the analyses of their illicit drug problems and ongoing drug control activities. At the workshop, the need was expressed for a specialised policy-level coordinating body concerned with drug abuse, or strengthening existing bodies to enable them to take on this role. Another issue raised was a review of national drug control legislation.

In 2002, in recognition of various shortcomings in the operation of drugs legislation within the region, a joint working group was established comprising the South Pacific Chiefs of Police Conference, the Oceania Customs Organisation (OCO) and the Forum Secretariat to assess current legislation and formulate a common framework and model legislation (Pacific Islands Forum Group 2002). The Illicit Drugs Control Bill 2002 was subsequently produced as a template for legislation across all of the Pacific Islands countries. Primarily, the Bill makes it an offence for any person without lawful authority to import, export, possess, manufacture, cultivate or supply an illicit drug (ss 2.1, 2.2, 2.3). An illicit drug is defined in Schedule 1 of the Bill, which incorporates those substances listed in the 1961 and 1971 conventions. Of greater importance, perhaps, are the provisions in the Bill that relate to controlled chemicals and equipment. The Bill makes it an offence for a person without lawful authority to import, export, manufacture, possess or supply any controlled chemical or controlled equipment (s 2.4). A controlled chemical is defined by Schedule 2 of the Bill, which incorporates the Table I and Table II substances in the 1988 Convention; and controlled equipment is defined by Schedule 3 of the Bill, which incorporates encapsulating machines, tableting machines, rotary evaporators, laboratory equipment with a capacity for large-volume production such as flasks of 25 litres or more, and heating apparatus.

It is clear that if this Bill were to be adopted across the region using Fiji's Illicit Drugs Control Act 2004 as a further template, the propensity for more effective precursor chemical control would be greatly enhanced.

In 2002, Fiji, Tonga and Kiribati established Combined Law Agency Groups, which were designed to provide for the exchange of information, enhance cooperation efforts and develop joint target strategies between the countries' counter-narcotics officials.

Concern was expressed in 2004 about the emergence of ATS, and the increasing propensity for the establishment of clandestine laboratories and subsequent illicit trade in precursor chemicals within the Pacific Islands. An assessment prepared for the OCO suggested the targeting of key (but undisclosed) areas of risk, and recommended the establishment of relationships with legitimate chemical importers and pharmaceutical industry groups (OCO 2004).

In June 2005, the Regional Security Committee of the Pacific Islands Forum discussed various security issues, including the need to strengthen legislation to prevent illicit drug manufacture and trafficking (INCB 2005).

The 29th meeting of the Heads of National Drug Law Enforcement Agencies, Asia and the Pacific was held in 2005. No Pacific Islands nations were represented (although Fiji, Kiribati and the Federated States of Micronesia are reportedly active members), but Australia and New Zealand (as members of Oceania) were. At the meeting, a number of recommendations were made in relation to responding to the threat posed by the manufacture of ATS within the region. Principally, these were:

- for governments to share information obtained from investigations into ATS trafficking
- to endeavour to use the pre-export notification procedure (under Article 12 of the 1988 Convention)
- to improve domestic control, and mitigate diversion, of precursor chemicals (UNODC 2005b).

At the following meeting of the Heads of National Drug Law Enforcement Agencies, Asia and the Pacific in 2006, a working group was established to examine the control of ATS and their precursors. The brief was to discuss and analyse the current situation with regard to production and trafficking of ATS and the high level of ATS seizures in the region. Issues to be discussed with, and information to be obtained from, participants included an exchange of information held on the production of ATS in the region, the illicit diversion of precursor chemicals that supports that production, and the measures taken in response to ATS and their relative success or failure (UNODC 2006a).

The Pacific Islands Forum Secretariat (2006) noted that the purpose of the Pacific Plan was to establish proposals or strategies in connection with the bulk purchase, storage and distribution of certain key imports. The current focus is on petroleum, but it is expected to expand to pharmaceuticals and medical equipment. This bodes well for future precursor chemical and ATS control, given that it reflects the oft-expressed demands for regulatory structures rather than the legislative framework alone.

The 36th Meeting of the Committee of Representatives of Governments and Administrations confirmed a long-held view that a number of obstacles undermined regional endeavours against all forms of transnational crime. These included official corruption, limited access to technology and a lack of appropriate legislation. The translation of this recognition into holistic policy solutions is essential if the actual and/or prospective precursor chemical diversion is to be mitigated (Secretariat of the Pacific Community 2006).

Pragmatic responses to the recognition of the obstacles include the Pacific Transnational Crime Coordination Centre, transnational crime teams, the South Pacific Chiefs of Police

Conference, the OCO and the Pacific Regional Policing Initiative, which operates in Fiji and is a long-term (five years from January 2004) commitment by the Australian and New Zealand governments that aims to develop policing services for the benefit of all Pacific Island Forum member countries.

In terms of regional endeavours to control and/or understand precursor chemicals and their associated issues, there remain few publicly noted examples. In the Pacific Islands, the Pacific Regional Initiatives for the Delivery of Basic Education Project at the University of the South Pacific granted FJD40,000 to the National Substance Abuse Advisory Council at the Ministry of Education in Fiji to conduct workshops aimed at raising the awareness of drugs and substance abuse prevalent among students (University of the South Pacific 2006). In New Zealand, Wilkins et al. (2005) undertook a study on methamphetamine and other illicit drug trends in New Zealand.

Country-specific initiatives

The Pacific Islands' key policy and law enforcement activities are conducted under the auspices of the Pacific Islands Forum Secretariat. In Fiji, the National Substance Abuse Advisory Council exists to encourage, promote, sponsor and cooperate in research into the use and abuse of substances in Fiji, to disseminate information relating to this problem, and to encourage education programs designed to discourage the abuse of substances.

In Papua New Guinea, the National Narcotics Control Board is responsible for:

- initiating and implementing policies on drug abuse
- initiating adequate legislation covering all aspects of drug abuse
- advising the government on all international aspects of drug abuse
- liaising with the appropriate international government and non-government agencies on matters relating to all aspects of drug abuse
- undertaking, supervising and implementing the country's regional and international obligations relating to all aspects of drug abuse
- ensuring the proper screening and recommendation of people who may be licensed to import and export drugs
- issuing licences to people for the manufacture, import and export of drugs.

Under the auspices of the National Narcotics Control Board Act 1992, the National Narcotics Bureau was established. The functions of the Bureau include:

- making recommendations to the Board on policies and measures relating to the abuse of drugs

- coordinating and monitoring drug education, awareness and rehabilitation surveys
- conducting surveys, and collating and evaluating information on the consumption, cultivation, trafficking and manufacturing of drugs
- making recommendations to the Board on the licensing of people who, and institutions that, may possess drugs
- proposing or initiating necessary legislative or other measures prescribing methods to be used for screening and recommending people who may be licensed to import and export drugs
- ensuring compliance with the terms of the licences granted for manufacturing, importing and exporting drugs
- receiving information on the cultivation, use, manufacture and trafficking of any drug.

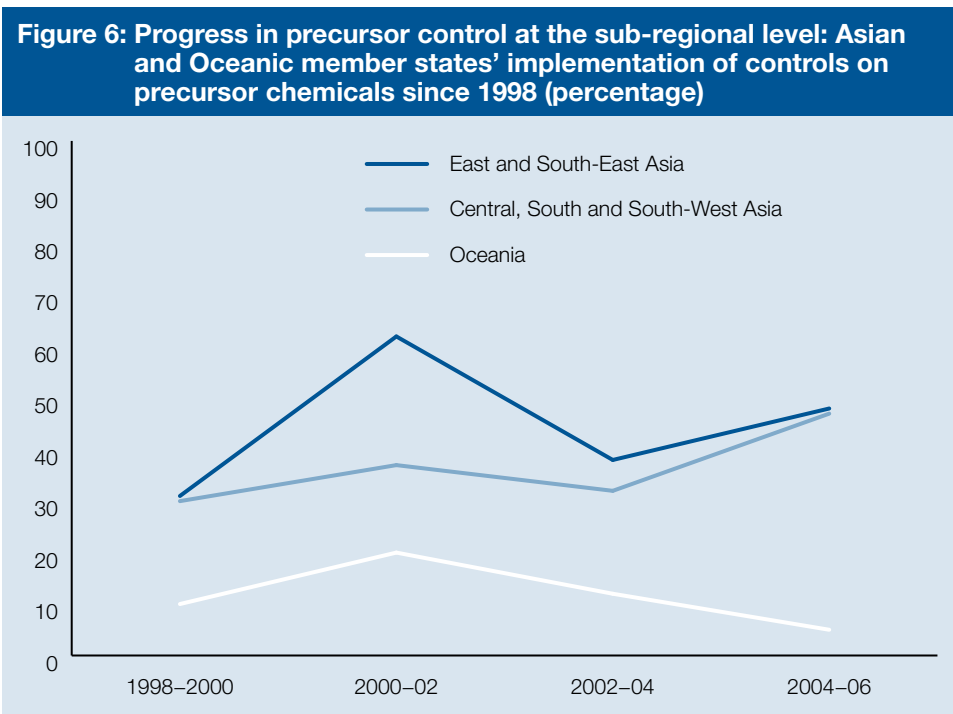
In countries such as Samoa, Papua New Guinea and Fiji, the ministries or departments of health are responsible for the control of narcotic drugs and psychotropic substances. The primary law enforcement agencies in the region comprise the police, the customs and excise, and immigration departments. More recently, a whole-of-government approach has been undertaken in relation to transnational issues, and the above agencies are now working with the defence forces (Devaney et al. 2006).

An indication of the current capacity of the Pacific Islands to introduce sufficient legislative controls of the precursor chemicals used in the illicit manufacture of ATS may be seen in relation to the implementation of the Globally Harmonized System of Classification and Labelling of Chemicals (UNITAR 2005). This system is a new international standard for classifying hazardous chemicals, including standardised labelling. It aims to establish a level of awareness and preparation for the implementation of the system in those countries wishing to adopt it. Fiji noted several pieces of legislation currently in place that indicate that the appropriate level had been reached. However, compared with other countries, Fiji did not have any specific chemical-related legislation, only proposed Health and Safety at Work (Control of Hazardous Substances) Regulations. Furthermore, Fiji noted that it had implemented a management structure – a National Industrial Chemical Management System – through which the Globally Harmonized System of Classification and Labelling of Chemicals might be introduced and established (under the auspices of the Ministry of Labour). It is important that the legislative, regulatory and policy principles created in relation to any chemical-related endeavour are firmly in place before the Pacific Islands can be deemed to be in effective control of precursor chemicals in terms of their importation, storage and distribution.

The precursor chemical control situation in the Pacific Islands

It is widely accepted that precursor chemicals are systematically traded, and that their diversion from licit manufacture and trade to illicit traffic and subsequent illicit drug manufacture constitute a continuing international challenge. Equally, and poignantly in the Pacific context, it is recognised that diversion of chemicals is likely on both logistical and logical grounds to occur in countries or jurisdictions in which control mechanisms are deficient or non-existent. It follows, therefore, that the establishment of effective control systems by each state to regulate and monitor the legitimate trade in precursors is crucial to prevent diversion from that trade into illicit drug manufacture.

Nine Pacific Islands states are non-parties to the 1988 Convention, and of those who are signatories, only three have created national drugs legislation reflecting the content of the convention. To place the Pacific position in context, 82 UN member states (43% of the global total) reported having laws pertaining to precursor control (United Nations Economic and Social Council 2007). However, it remains sobering that, in terms of progress made in precursor control as a whole, Oceanic states were perceived to be achieving far less than their other sub-regional counterparts (Figure 6).



Source: United Nations Economic and Social Council (2007)

When compared with other jurisdictions, the performance of the Oceanic region in precursor chemical control endeavours leaves, perceptually at least, a great deal to be desired (Table 6).

Table 6: Progress in precursor control by region, 2004–06

Area of interest within the framework of precursor control	Africa		Americas		Asia and Oceania			Europe	
	Northern Africa and the Middle East	Sub-Saharan Africa	North America	Latin America and the Caribbean	Central, South and South-West Asia	East and South-East Asia	Oceania	Western and Central Europe	Eastern and South-Eastern Europe
Precursor control legislation	Little	n.a.	Substantial	Little	Moderate	Moderate	n.a.	Substantial	Little
Prior import/export authorisation framework	Little	Little	Substantial	Little	Moderate	Moderate	n.a.	Moderate	Little
Monitoring and identification of suspicious transactions	Little	n.a.	Substantial	Little	Moderate	Moderate	n.a.	Moderate	Little
Code of conduct with chemical industry	Little	n.a.	Substantial	n.a.	Little	Very little	n.a.	Moderate	n.a.
Measures to prevent diversion of equipment and materials	Little	Very little	Substantial	Very little	Moderate	Little	n.a.	Little	Very little
Procedures to investigate diversion of chemicals and clandestine laboratories	Little	n.a.	Moderate	Little	Moderate	Little	n.a.	Moderate	Little
Cooperation with other governments	n.a.	n.a.	Moderate	Little	Little	Little	n.a.	Substantial	n.a.

n.a. = Not available or insufficient data

Source: United Nations Economic and Social Council (2007: 14–15)

In relation to providing specific information on precursor chemical control, the emerging picture within Oceanic states and territories does not reflect well on the extent to which the requirements of the 1988 Convention are being met (Table 7).

Table 7: Submission of information by Pacific Islands governments pursuant to Article 12 of the 1988 Convention (Form D), 2001–05 ^a

	2001	2002	2003	2004	2005
Australia	X	X	X	X	X
Cook Islands	X	X	X	X	X
Federated States of Micronesia			X	X	X
Fiji	X				
Kiribati ^b	X				
Marshall Islands ^b					
Nauru ^b				X	X
New Zealand				X	X
Palau ^b	X	X	X		
Papua New Guinea ^b					
Samoa					X
Solomon Islands ^b	X	X	X	X	
Tonga		X			
Tuvalu ^b	X		X		
Vanuatu	X				

a: Form D is a reporting mechanism for the annual information on substances frequently used in the illicit manufacture of narcotic drugs and psychotropic substances

b: Non-party to the 1988 Convention

Source: INCB (2007a)

It is interesting to note the distinction between the reporting practices of the 1988 Convention's parties and non-parties, with the Solomon Islands and Tuvalu, for example, reporting more frequently than Fiji (which has implemented illicit drugs legislation that reflects the content of the 1988 Convention).

A possible rationale for the apparent limited effort on the part of Oceanic nations, particularly small island states, could be attributed to their insufficient data collection capacity. Given that progress, or lack thereof, in precursor chemical control is generally assessed on the basis of a series of reports submitted to the INCB, the lack of appropriate data may not necessarily signify a lack of progress. Equally, the lack of data does not allow for an effective and authoritative determination of the real progress made. A recent assessment determined that:

[m]annual data collection appeared to be the status quo for routine data collected in Pacific Island States. Two member states reported electronic storage and retrieval systems for crime, but still relied on manual data collection as a back-up for the electronic systems. Discussions with agencies within Fiji suggested that there was limited IT support in terms of hardware and internet connections. The capacity to collect routine data on drug abuse is also severely limited by the lack of relevant infrastructure (i.e. lack of specialized drug treatment facilities) (McKetin 2007).

Initial consultations confirmed the established and accepted fact that transshipment of illicit drugs through the Pacific Islands was commonplace. The latest *Pacific transnational crime assessment* report also confirmed this (Pacific Islands Forum Secretariat 2007). It is important not to extrapolate from this fact alone that the Pacific Islands is a focal point for precursor chemical diversion and/or further significant methamphetamine production. It remains important for the Pacific Islands nations to continue to become signatories to the 1988 Convention, and to create national legislation to implement it, irrespective of the actual presence or threat of precursor chemical diversion and/or illicit drug production within individual islands.

Prior to assuming that the data capacity issues lie at the heart of the low reporting rate of Pacific Islands states, it is important to assess, on the basis of available intelligence, whether ATS production and trafficking and/or precursor chemical diversion are in reality significant issues. A threat assessment produced in 2003 argued that a number of precursor chemicals were being imported into OCO countries; although the apparent lack of manufacturing capability in terms of cocaine, heroin and LSD suggested that the area of potential risk was the manufacture of ATS, principally methamphetamine. At this time, the overall risk posed to OCO countries by the importation of precursor chemicals was assessed as 'high', although this was a generalised, as opposed to a specific, determination given that not all OCO countries would have a precursor chemical problem or the ability to manufacture illicit drugs through their use (New Zealand Customs Service 2003). A more recent report suggested that there are '... indications that Oceania may be developing into a significant transit area and a potential consumption area for methamphetamine' and that Oceania continued to be a major transshipment area for illicit drugs (INCB 2007b).

In 2005, over 40 tonnes of seized ephedrine and pseudoephedrine were reported to the INCB by 26 countries and territories. The INCB has noted the fact that more stringent controls of the legitimate trade in raw chemicals has led to traffickers focusing their attention on other forms of the substances including within pharmaceuticals, the controls of which are less stringent or absent. It has also been noted that the smuggling of pharmaceutical preparations in Oceania was a major problem. Ephedrine smuggled into Australia out of South Africa and Vietnam, and pseudoephedrine seized in New Zealand, constituted the majority of amounts seized. Pharmaceutical preparations were the primary source of

pseudoephedrine seized at the border and in clandestine laboratories in Australia and New Zealand. Large amounts of pseudoephedrine tablets were smuggled in a container from Indonesia and by post from Malaysia, which were seized in Australia in 2006. In New Zealand, the majority of pseudoephedrine was seized in the form of pharmaceutical preparations smuggled into the country out of Asia. Diversion of over-the-counter pharmaceutical preparations and thefts were also noted. The INCB recommended that all Oceanic countries and territories engage in appropriate law enforcement activities pursuant to identifying future smuggling activities.

During the period 1 November 2005 to 31 October 2006, the INCB was not informed of any shipments of 3,4-MDP-2-P and nine shipments of P-2-P amounting to eight tonnes. It was noted that the annual trade in P-2-P exceeded the figures notified through the pre-export notification system. Australia noted frequent seizures of P-2-P, but less frequent seizures in relation to 3,4-MDP-2-P. Seizures of piperonal have been increasing steadily over the last five-year period, but Australia is doubtful that piperonal is being used widely as a substitute for 3,4-MDP-2-P in the production of MDMA.

Concern was expressed that little information was being forwarded to the INCB on individual shipments of safrole (including sassafras oil) and isosafrole in international trade. During the period 1 November 2005 to 31 October 2006, only six pre-export notifications were received. Four of these related to the shipment of nine litres of safrole and two to shipments of sassafras oil in the order of 1,900 kg. According to the licit trade data provided by governments pursuant to Form D (Annual Information on Substances Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances) of the 1988 Convention for 2005, there were 13 exporting and 10 importing countries with annual trade reported for these substances standing at 126 tonnes (INCB 2007a). In terms of the level and frequency of information on the licit trade in Table I and Table II chemicals, the Oceanic picture remains of concern (Table 8).

Data on seizures of the substances in Table I of the 1988 Convention for Oceania reveal that only Australia and New Zealand featured within that category.

The South Pacific Precursor Forum (28 February to 1 March 2007) established, on the basis of presentations and discussions, that ATS were likely to be the major drug threat in the region in the foreseeable future. There have, of course, been amphetamine seizures reported by OCO members since 2002 and the latest *Pacific transnational crime assessment* report (Pacific Islands Forum Secretariat 2007) reported that '[i]ntelligence indicates that a number of small clan labs are also operating in the Pacific region and the procurement of precursors such as pseudoephedrine continues through the purchase of licit pharmaceuticals such as cold and flu medications'. The Pacific Islands Forum Secretariat (2007) reiterated that '[i]t is not only the importation of methamphetamine into OCO member states that is of concern, but also diversion of precursor chemicals for use in the illicit domestic manufacture'. The

assessment argued that '[a]ttempts to import large volumes of methamphetamine precursor agents into Pacific nations will continue' (2007) and cited a publicly sourced example of an attempted importation of pseudoephedrine by a Port Moresby-based businessman and others in 2005.

Table 8: Submission of information by Pacific Islands governments on licit trade in, use of and requirements for substances in Table I and Table II of the 1988 Convention, 2001–05

	2001		2002		2003		2004		2005	
	Trade	Uses and/or requirements	Trade	Uses and/or requirements	Trade	Uses and/or requirements	Trade	Uses and/or requirements	Trade	Uses and/or requirements
Australia	X	X	X	X	X	X	X	X	X	X
Cook Islands	X	X	X	X	X	X	X	X	X	X
Federated States of Micronesia					X	X	X	X	X	X
Fiji	X	X								
Marshall Islands										
Nauru										
New Zealand									X	X
Palau										
Papua New Guinea										
Samoa										
Solomon Islands										
Tonga										
Tuvalu										
Vanuatu	X	X								

Source: INCB (2007a)

Interestingly, during the period 1 January 2001 to 30 June 2006 there were only two precursor chemical reports received from OCO members, submitted in 2004 and 2005, both emanating from Papua New Guinea. What is ironic, and worrying, about Papua New Guinea importing precursor chemicals is that the INCB has roundly criticised the nation in

Table 9: Seizures of substances in Table I of the 1988 Convention, 2001–05

	Acetic anhydride (litres)	N-acetylanthranilic acid (kilograms)	Ephedrine (kilograms)	Ergometrine (grams)	Ergotamine (grams)	Isosafrole (litres)	Lysergic acid (grams)	3,4-MDP-2-P (litres)	I-P-2-P (litres)	Norephedrine (kilograms)	Piperonal (grams)	Potassium permanganate (kilograms)	Pseudoephedrine (kilograms)	Safrole (litres)
Australia														
2001	3	0	644	0	25	0	71	0	4	15	32	4	79	1
2002	10	0	90	a	a	0	173	3	O ^b	3	16,100	O ^b	62	1
2003	0	0	94	a	a	0	O ^b	0	0	14	0	0	762	405
2004	14	0	31	0	0	0	0	0	0	0	1,050,000	0	182	3
2005	2	0	430	0	O ^b	0	115	400	0	O ^b	2,000,000	O ^b	81	0
New Zealand														
2005	1	O ^b	20	0	0	0	0	0	0	0	0	0	147	0
Regional total														
2001	3	0	644	0	25	0	71	0	4	15	32	4	79	1
2002	10	0	90	a	a	0	173	3	O ^b	3	16,100	O ^b	62	1
2003	0	0	94	a	a	0	0	0	0	14	0	0	762	405
2004	14	0	31	0	0	0	0	0	0	0	1,050,000	0	182	3
2005	3	0	450	0	0	0	115	400	0	0	2,000,000	0	228	0

a: Australia reported seizures of preparations containing ergometrine and ergotamine. In 2002, 2,391 units of ergometrine and 50 units of ergotamine were seized, and in 2003, 350 units of ergometrine and 320 units of ergotamine were seized

b: No explanation of 'O' was provided in the original table

Source: INCB (2007a)

a number of regards. It argues that Papua New Guinea's national drug control efforts are undermined by a lack of coordination within the government, inadequate legislation, inadequate law enforcement capacity and a lack of the rule of law. It further notes that despite the existence of the National Narcotics Bureau, the government of Papua New Guinea has failed to comply with its reporting obligations under the three international drug control treaties for the last decade, and has also failed to respond to the INCB's requests for information on the drug control situation (INCB 2007b).

The latest World Drug Report (UNODC 2007) noted that the Oceanic region, notably Australia and New Zealand, continued to be important producers and consumers of methamphetamine, with production also being found in North America, East and South-East Asia, Europe and more recently, South Africa. However, the report also observed a degree of tangible stabilisation of methamphetamine production within Oceania, but noted that this had led to attempts being made to import methamphetamine, including crystal ice, from South-East Asia, notably China. The report observed that the Oceanic region accounted for 27 percent of the ecstasy seized in 2005 and that global seizures of ATS precursors in 2005 included sufficient ephedrine and pseudoephedrine to produce 28 tonnes of methamphetamine, sufficient P-2-P to produce 1.5 tonnes of amphetamine and sufficient 3,4-MDP-2-P to produce 10 tonnes of MDMA.

A recent appraisal of ATS and other drug data collection capacity in the Pacific region made a number of interesting observations. The main drug abuse issues in the region are said to be alcohol (including illicitly brewed alcohol), locally produced licit psychoactive substances such as kava and betel nut, and to a lesser extent cannabis. There is evidence of abuse of other illicit drugs including ATS (in Guam, American Samoa and French Polynesia), methamphetamine use in Samoa, and anecdotal reports of ecstasy use and street-level seizures of ATS in Fiji. Tonga and Vanuatu are deemed vulnerable to the potential spread of ATS and other illicit drugs. However, because:

ATS abuse is not perceived as a major issue within the region, the development of drug information systems needs to focus on locally relevant issues, including the need to monitor trafficking of ATS and local abuse of other drugs (cannabis, alcohol, kava and other local licit substances). Concern about the impact of cannabis use (and other drug abuse) on mental health among youth was apparent both within Fiji and in other parts of the Pacific region (McKetin 2007).

Information on illegal drug trafficking at a border level is collated regionally by the OCO, which collects drug detections data (by number and weight) by drug type in 23 Pacific Islands states annually (undertaken since 2001). McKetin (2007) has noted that '[t]he regional data collection mechanism also has the capacity to collect data on precursor detections, although no reports of precursor seizures were submitted in 2006'.

The evidence suggests that precursor chemicals and/or the drugs produced by their synthesis are not yet common in the Pacific region and therein lies a key issue. In the context of countries with pressing problems in all pertinent areas of social and economic life, the prospect of diverting precious and finite resources into an area such as precursor chemical control may seem rather exorbitant. It is certainly likely to pose a problem for governments if evidence of the infiltration and diversion of precursor chemicals remains largely intangible. It has been posited that tackling transnational crime, of which precursor chemical diversion is an increasingly key facet, on a national or regional basis will involve overcoming a number of actual and/or perceived obstacles. These include official corruption, limited access to technology, national and interagency rivalries, lack of human and financial resources, lack of national legislation to facilitate a regional approach to law enforcement activity, and reluctance on the part of states to cede investigative authority due to a perceived fear of loss of sovereignty (Secretariat of the Pacific Community 2006).

The apparent lack of evidence of precursor chemical incursion noted above does not necessarily stem from a lack of presence. A study has indicated that there are limited data available to facilitate any understanding of illicit drugs within the Pacific (Devaney, Reid & Baldwin 2006). Of note is the attractiveness of the Pacific region to the diversion, trafficking and/or smuggling of precursor chemicals, whether within the region as a whole or within particular islands, and whether the socioeconomic and political issues will exacerbate this propensity. There is a possible perception within Pacific Islands nations that the danger posed by precursor chemical diversion in the region is not, compared with other issues, absolutely pressing. If this is correct, it is both difficult and essential to ensure, for the security of the islands as a whole, that the potential growth in diversion and/or ATS production is circumvented in the best manner possible.

The precursor chemical trade environment in the Pacific Islands

Movement of licit precursor chemicals

From 1 November 2005 to 31 October 2006, 2,169 individual shipments involving the licit international trade in ephedrine and pseudoephedrine were monitored under the auspices of Project PRISM. These shipments were exported by 19 countries and territories to 113 importing countries and territories (INCB 2007a). The legitimate manufacturers and exporters of precursor chemicals remain largely known. The Bureau of International Narcotics and Law Enforcement Affairs (2007) has identified the key producers of such chemicals, the quantities exported and the key destinations for those exports (Tables 10 and 11).

Table 10: Exporters of pseudoephedrine, 2004 and 2005 (kg)

	2004	2005
Germany	579,000	390,000
India	393,157	270,600
China	177,907	107,914
Switzerland	84,370	41,084
Taiwan	41,141	31,546
<i>Subtotal</i>	<i>1,185,575</i>	<i>841,144</i>
United States	55,540	28,895
All others	47,983	19,088
Total	1,289,098	889,127

Note: All quantities are reproduced verbatim from the source data; errors in totals are acknowledged

Source: Bureau of International Narcotics and Law Enforcement Affairs (2007)

Table 11: Exporters of ephedrine, 2004 and 2005 (kg)

	2004	2005
India	79,708	217,106
Germany	23,000	51,000
Singapore	12,555	16,350
China	12,893	8,955
United Kingdom	3,000	4,000
<i>Subtotal</i>	<i>132,156</i>	<i>297,411</i>
United States	4,388	5,542
All others	73,435	6,083
Total	209,979	309,036

Note: All quantities are reproduced verbatim from the source data; errors in totals are acknowledged

Source: Bureau of International Narcotics and Law Enforcement Affairs (2007)

The largest producers of pseudoephedrine and ephedrine are noted in Table 12.

Table 12: Producers of pseudoephedrine and ephedrine, and principal markets, 2004 and 2005

		2004	2005
Germany	Pseudoephedrine	United States, Belgium, Mexico	United States, Belgium, Mexico
	Ephedrine	Japan, United States, South Korea	United States, South Korea, Russia
India	Pseudoephedrine	United States, Mexico, Canada	United States, Mexico, Germany
	Ephedrine	United States, Singapore, Canada	United States, Iran, Egypt
China	Pseudoephedrine	United States, Switzerland, Mexico	Switzerland, United States, Pakistan
	Ephedrine	Mexico, Hong Kong, China	Canada, Pakistan, Hong Kong

Source: Bureau of International Narcotics and Law Enforcement Affairs (2007)

Major importers of pseudoephedrine and ephedrine are indicated in Tables 13 and 14.

Table 13: Importers of pseudoephedrine, 2004 and 2005 (kg)

	2004	2005
United Kingdom	29,000	203,000
Mexico	226,574	124,552
South Africa	6,477	91,400
Switzerland	95,114	67,800
Belgium	70,000	52,000
<i>Subtotal</i>	<i>427,165</i>	<i>538,752</i>
United States	616,346	319,998
All others	372,972	365,419
Total	1,416,493	1,224,169

Note: All quantities are reproduced verbatim from the source data; errors in totals are acknowledged

Source: Bureau of International Narcotics and Law Enforcement Affairs (2007)

Table 14: Importers of ephedrine, 2004 and 2005 (kg)

	2004	2005
Singapore	14,529	19,875
South Korea	7,600	17,550
Indonesia	15,110	16,177
South Africa	11,185	14,374
United Kingdom	4,000	14,000
<i>Subtotal</i>	<i>54,424</i>	<i>81,976</i>
United States	218,118	178,657
All others	66,838	57,274
Total	337,380	317,907

Note: All quantities are reproduced verbatim from the source data; errors in totals are acknowledged

Source: Bureau of International Narcotics and Law Enforcement Affairs (2007)

There is little apparent legitimate export or import of pseudoephedrine or ephedrine to or from Pacific Islands nations. Indeed, on the list of annual legitimate requirements reported by governments for ephedrine, pseudoephedrine, 3,4-MDP-2-P and P-2-P, only two Pacific Islands nations appeared. Papua New Guinea noted 14 kg of pseudoephedrine, and the Cook Islands noted 1 kg of pseudoephedrine and 1 kg of ephedrine. In addition, Australia is the only Oceanic region government that has requested pre-export notifications in relation to Article 12(10)(a) of the 1988 Convention.

The nature of manufacturing

Precursor chemicals have legitimate uses in the manufacturing process, but the range of such uses remains somewhat limited. In terms of the chemicals of concern to law enforcement and government bodies (under the Project PRISM ambit), the following legitimate purposes can be identified:

- ephedrine and pseudoephedrine used in the manufacture of bronchodilators (cough medicines) and nasal decongestants
- safrole used in the manufacture of perfumes and piperonal
- 3,4-MDP-2-P used in the production of piperonal and perfume components
- P-2-P used in the chemical and pharmaceutical industries for the manufacture of amphetamine, methamphetamine and some derivatives.

Logic would dictate that any legitimate importation of such chemicals should coincide with the presence of a relevant industry in the Pacific Islands that utilises those chemicals in the quantities imported. However, the nature of manufacturing in the Pacific Islands does not reflect the presence of the required industry sectors, and the nature of imports to the islands does not feature the chemicals known to facilitate the production of ATS.

The manufacturing sector in the Pacific Islands makes a relatively small contribution to each country's gross domestic product (GDP). The exception is Fiji, where the manufacturing sector contributed to 16 percent of GDP in 1999. This sector is dominated by the garment manufacturing industry.

The most common manufacturing industries in the Pacific Islands include food processing and beverage production, furniture production, processing of coconut products, construction materials made from timber, concrete and imported metals, and garments and footwear (Table 15). A more complete picture of the nature of GDP and imports for the majority of the Pacific Islands is provided at Appendix A.

Table 15: Key manufacturing/industry sectors in the Pacific Islands

	Manufacturing/industry sectors
Cook Islands	Processed foods, timber products, garments, coffee roasting
Federated States of Micronesia	Garments
Fiji	Garments, footwear, processed foods, construction materials, furniture, packaging materials, soaps, beverages, metal products, small boats
Kiribati	Garment manufacturers, tuna jerky, handicrafts
Marshall Islands	Agriculture, fisheries, tourism, construction
Nauru	Phosphate mining, agriculture, tourism, fisheries
Niue	Agriculture, tourism, construction, forestry, fisheries
Palau	Agriculture, fisheries, tourism, garments and handicrafts, construction
Papua New Guinea	Metal manufacture, processed foods, agriculture, fisheries, forestry, mining and petroleum, tourism
Samoa	Automotive wire harness assembly, tourism, fisheries, agriculture, construction, forestry
Solomon Islands	Tuna canning, food and beverages, processed timber, forestry, agriculture, fisheries, mining
Tonga	Furniture production, food and beverages, agriculture, fisheries, tourism, construction, forestry
Tuvalu	Subsistence agriculture and farming, construction, small-scale timber processing and handicrafts, construction
Vanuatu	Processed foods, timber products, garments, agriculture, tourism, fisheries, forestry, construction

Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

The intrinsic nature of industry and/or manufacturing in the Pacific Islands should preclude the necessity for the legitimate importation of precursor chemicals. However, there have been instances of legitimate imports of such chemicals without apparent or acknowledged legitimate industrial need, which can only result in a circumvention of any precursor chemical control efforts mooted and/or introduced into the Pacific Islands. In October 2005, the Papua New Guinea government (via, ironically, the Minister for Health) awarded Ehviti Ltd the exclusive rights for a 10-year period to import large quantities of ephedrine and pseudoephedrine apparently to manufacture a dietary and weight-loss product for export (Solomon 2005).

Given the overall lack of manufacturing or industry sectors engaged in producing products requiring the use of precursor chemicals, customs authorities in conjunction with the appropriate trade authority and chamber of commerce may be able to undertake an appraisal of businesses with a perceived need for such chemicals. Based on this appraisal, the required usage and/or quantities imported could be determined, which would inform the propensity for the use of such chemicals for the illicit manufacture of drugs.

International and domestic sea freight

Assuming that precursors may be entering, or could enter, Pacific Islands nations through legitimate but undetected trade or illegitimate smuggling of products, it is important to be aware of the propensity for such cargo to enter the Pacific Islands' jurisdictions. Given the geographical isolation and ocean characteristics of the islands, it is inevitable that the governments of such nations are reliant on regular shipments of produce.

Indeed, the Australian Government Department of Transport and Regional Services (2007) has indicated the nature of Australian international transport trade by region (Table 16), and the relatively high volume of trade that exists between Australia and the Pacific Islands may be significant in terms of the potential legitimate and/or illegitimate movement of precursors into the islands.

Table 16: Australian international transport trade by region, 2005–06

	Imports (\$m)	Exports (\$m)	Imports (million tonnes)	Exports (million tonnes)
Africa	1,909	3,212	1.061	5.976
Asia	85,837	87,869	45.253	504.267
Europe	39,460	22,295	4.295	59.229
India	1,533	8,184	0.505	21.480
Latin and South America	1,601	1,743	1.280	8.022
Middle East	3,383	6,702	5.916	12.697
North America	28,621	13,742	5.699	13.878
Pacific	8,229	12,185	6.502	7.348
Other	1,312	901	1.369	1.846
Total	171,885	156,833	71.88	624.743

Note: All quantities are reproduced verbatim from the source data; errors in totals are acknowledged

Source: Department of Transport and Regional Services (2007)

All of the Pacific Islands depend on shipping services for both domestic and international freight movements. Shipping to the Pacific Islands usually originates from the east coast of Australia, New Zealand, Japan, Singapore, west coast of the United States and Hawaii. Fiji is usually the transshipment point for freight earmarked for the smaller Pacific Islands (Pacific Islands Trade and Investment Commission & Asian Development Bank 2001). In terms of regularity of international and domestic sea freight, the Pacific Islands are well served; this volume of container traffic might pose an issue for the customs administrations of such nations (Table 17).

Table 17: Pacific Islands sea freight providers and services

Line	Services/route
AAL (Austral Asia Line)	Three-ship service operating monthly services from South-East Asia to Papua New Guinea then on to Queensland ports and return to South-East Asia
ANZDL (Australian–New Zealand Direct Line)	Weekly service from the east coast of Australia to the Fiji Islands, French Polynesia, Mexico and west coast of the United States
Bali Hai (Swire/NYK/Kyowa)	Three-ship service from Hong Kong, the Republic of China and Japan to the Federated States of Micronesia; south through the Fiji Islands and Kiribati to Samoa, Tahiti, Tonga, New Caledonia, Vanuatu and return to Hong Kong
Bank Line (Andrew Weir Shipping)	Four-ship service from the United Kingdom and Europe to Tahiti, New Zealand, the Fiji Islands, the Solomon Islands and Papua New Guinea, then via Singapore and Suez to Europe

Table 17: Continued

Line	Services/route
CCS (Chief Container Services–Swires)	Four-ship service covering the main ports of Australia, New Zealand and Papua New Guinea, the Solomon Islands, New Caledonia, Vanuatu, Tuvalu, the Federated States of Micronesia, Palau, Guam, Nauru, the Marshall Islands and Kiribati
CGM/Marfret	Quarterly round-the-world service to/from Europe to Tahiti, New Zealand, New Caledonia, Australia, then westward to Europe via South-East Asia, in conjunction with Contship Containerlines
CINL (Cook Islands National Line)	Two-ship service from New Zealand to the Cook Islands; one direct, the other via Tonga and Samoa. Monthly service from New Zealand to the Chatham Islands
CMN (Compagnie Moana Navigation)	Brisbane to/from New Caledonia, Tuvalu and Samoa
Columbus Line	Fortnightly service in conjunction with P&O Nedlloyd from Australia and New Zealand to the Fiji Islands, Tahiti and Hawaii, and the Fiji Islands south-bound from the west coast of the United States. Three-weekly service from the United States to Tahiti, American Samoa, Samoa and Tonga
Consort Express Lines	Weekly service to/from the east coast of Australia ports and Papua New Guinea
CP Ships (Contship Containerlines)	Round-the-world service from Europe to Tahiti, New Zealand, New Caledonia, Australia, then westward to Europe via South-East Asia, in conjunction with CGM/Marfret
Express Cook Islands Line	Services every 21 days to the Cook Islands from New Zealand via Tonga, Niue and Samoa
FESCO Australia (North America Line)	Weekly service from Australia and New Zealand to Tahiti and the west coast of the United States
Hamburg Sud	Weekly service from the west coast of the United States to Australia via the Fiji Islands, Samoa and Tonga
Mataroa Shipping	Every four weeks to/from the Cook Islands and New Zealand
Matson Line	Monthly service from Honolulu, the United States, to Majuro and Ebeye, the Marshall Islands and weekly service from the west coast of the United States to Guam, Yap, Chuuk, Pohnpei and Kosrae, and the Federated States of Micronesia
Mell (Mariana Express Lines Ltd)	Weekly service from the east coast of Australia and the Federated States of Micronesia
Nauru Phosphate Corporation Line	Services every 21 days to/from the east coast of Australia and Nauru, Port Vila, Vanuatu and Honiara, and the Solomon Islands
Neptune Line	Fortnightly sailings to/from the east coast of Australia ports to the Fiji Islands, Tonga, Samoa and New Zealand
NGPL (New Guinea Pacific Line)	Three-ship service from South-East Asia to Papua New Guinea

Table 17: Continued

Line	Services/route
NZPCL (Reef Shipping Group)	One-ship service with PDL from New Zealand to New Caledonia. One-ship service with PDL, SCS and CMN from New Zealand to New Caledonia. One-ship service with PDL to Samoa, Tonga and Niue. One-ship service to Cook Islands
Oceanlink	Monthly service from Australia and New Zealand to New Caledonia, the Fiji Islands, Tuvalu, Wallis and Futuna
P&O Nedlloyd	Fortnightly service in conjunction with Columbus Line from Australia and New Zealand to the Fiji Islands, New Caledonia, French Polynesia and the west coast of the United States
PDL (Pacific Direct Line)	Fortnightly service with NZPCL from New Zealand to Norfolk Island, New Caledonia, Wallis and Futuna, Tuvalu. Fortnightly service with NZPCL to Samoa, Tonga and Niue. Fortnightly service with NZPCL from New Zealand to the Fiji Islands and from Australia to Noumea, the Fiji Islands, Samoa and Tonga
PES (Pacific Express Service)	Services every 21 days to/from the east coast of Australia and the Solomon Islands, Nauru and Vanuatu
PFL (Pacific Forum Line)	One-ship service from New Zealand to the Fiji Islands, Samoa and Tonga. One-ship service from Australia to the Fiji Islands, Samoa and Tonga. One-ship service plus NVOCC transshipment service from New Zealand to Papua New Guinea. Joint venture with CINL: one-ship service from New Zealand to Cook Islands; fortnightly one-ship service from Samoa to Tokelau Island
PM&O (Philippine, Micronesian and Orient Line)	Fortnightly service from the west coast of the United States to South-East Asia with stops in the Marshall Islands, the Federated States of Micronesia, Palau and Guam
Polynesia Line	One-ship service from the west coast of the United States to Tahiti and American Samoa
Reef Shipping (Australia Pacific Container Line)	Services every two weeks from the east coast of Australia ports and Fremantle to Tuvalu and Niue
Seaspan Pacific	One-ship service from New Zealand to Tonga, Samoa and American Samoa
Sofrana	Three-ship service from New Zealand to New Caledonia, Vanuatu, the Solomon Islands and Papua New Guinea
SPCL (South Pacific Container Line)	One-ship service from the west coast of the United States to Tahiti and American Samoa
Tasman Orient	Four-vessel service from South-East Asia to the Fiji Islands and Noumea every 15 days. Three-vessel service from the Philippines, Taiwan and Hong Kong to the Fiji Islands and Noumea every 30 days
Zim Israel Navigation	Monthly service from the east coast of Australia to Guam

Source: Pacific Islands Trade and Investment Commission Asian & Development Bank (2001)

International and domestic air freight

A number of Pacific Islands countries operate their own national air carrier with international services to and from the east coast of Australia, New Zealand, Singapore, Japan, the United States or the Philippines. Services provided by Pacific Islands airlines such as Air Pacific and Air Vanuatu are supplemented by flights by Qantas and Air New Zealand (Table 18). Access to the smaller Pacific islands tends to be via hubs such as Nadi or Suva in Fiji, and Nauru. Despite the relative frequency of flights to some destinations, there is limited export air-freight capacity from most countries because of the small aircraft used.

Table 18: Pacific Islands airports and air carriers

	Airport	Airline
Federated States of Micronesia	Pohnpei International, Kosrae International, Yap International, Chuuk International	Continental Airlines
Fiji	Nadi International, Nausori International	Air New Zealand, Air Caledonia, Polynesian Airlines, Pacific Blue Airlines, Air Marshall Islands, Solomon Airlines, Qantas, Air Vanuatu, Korean Airlines, Air Pacific, Pacific Sun
Kiribati	Bonriki International	Air Marshall Islands
Marshall Islands	Majuro International, Kwajalein International, Kwajalein Atoll	Air Marshall Islands, Continental Airlines
Nauru	Yaren International	Air Nauru
Niue	Hanan Airport	Polynesian Blue
Palau	Palau International	Continental Airlines, Far Eastern Air Transport
Papua New Guinea	Jackson's International, Boram, Daru, Gurney, Kagamuga, Madang, Misima, Momote, Nadzab, Vanimo	Air Niugini, Qantas
Samoa	Faleolo	Polynesian Airlines, Air New Zealand, Air Pacific, Pacific Express
Solomon Islands	Henderson	Solomon Airlines, Air Vanuatu, Air Niugini, Air Pacific
Tonga	Fua'amotu International, Nuku'alofa, Lupepapau'u International	Air New Zealand, Air Pacific
Tuvalu	Funafuti International	Air Fiji
Vanuatu	Bauerfield International, Tanna International	Air Calin, Air Vanuatu

Source: ACS (2006)

Postal system

The Australian Crime Commission (2007) noted significant border detections within Australia of ATS precursors in 2005–06. ATS precursor detections consisted mainly of a large number of postal and air cargo articles containing relatively small numbers of tablets or capsules containing ephedrine and pseudoephedrine. Given the relatively small size of pharmaceutical products containing pseudoephedrine and ephedrine, recourse to the postal system seems a logical conduit for transferring precursor chemicals into and within the Pacific Islands. In terms of the worldwide postal network, some 1.2 billion letter-post items are posted each day for delivery within national borders. Over 15 million letter-post items are sent each day beyond national borders (amounting to annual traffic of 5.6 billion international items). Some six billion parcels are sent by post annually (some 16 million parcels per day) (Universal Postal Union 2006). In 2005, 30.037 million items of mail were processed in Fiji (Fiji Post 2005). During 2005, Fiji Post installed two machines to enable the scanning of all inbound parcels and packets. It is unclear whether such a system exists within other Pacific Islands jurisdictions, although the lack or poor development of such systems throughout the islands is likely to pose policing issues in relation to precursor chemical control.

Regardless of whether there is reliable evidence of routine or infrequent use of air, sea and postal routes for the transfer of precursor chemicals, the border and its effective control remains the key point of interdiction.

Border management and precursor chemical control

Effective precursor chemical control starts beyond, at and within a nation's borders. Precursor chemicals enter a jurisdiction via air, sea or postal routes, whether legitimate or illegitimate. The Director of Enforcement at the Fiji Islands Revenue and Customs Authority reflected that '[c]ustoms is the primary-line single border agency that manages the country's borders' and that borders included '... airports, seaports, extended borders such as Parcels Post, Airfreight systems and bonded freight stations' (Ud Dean 2004). All Pacific Islands countries possess border control points, protocols and practices. It is accepted that within the region, the border control environment may differ in terms of scope, priorities and complexity among nations, but the environment exists nevertheless.

The key difficulty in the Pacific context is the fact that the geographical, cultural and socioeconomic characteristics of the islands are such that the notion of what constitutes a 'border' let alone 'border control' requires some consideration. It is usual to talk of Pacific Islands nations as if they were a single country with a single border. In truth, one island can comprise often thousands of islands. With finite resources, border control therefore becomes more a question of luck than of judgement. In this context, it is important to consider more broadly the notion of border and border control within the Pacific. Applying a non-Pacific definition of border and border control, and then attempting to apply a non-Pacific border monitoring system, may be counter-productive.

It has been suggested that no country in the Pacific region has a single border, there being different borders for different purposes. For example, the New Zealand border includes the Cook Islands, Niue and Tokelau, but its border for customs and biosecurity purposes excludes these islands. There are also internal borders such as those in Samoa, which have a cordon between Upolu and Savaii to prevent the spread of coconut beetle. Papua New Guinea has also created periodic security borders to prevent entry to Bougainville or to land adjacent to Indonesia (Moriarty 2006).

All Pacific Islands countries are by definition 'islands', with the requisite sea borders and lengthy coastlines. However, Pacific Islands countries comprise a multitude of smaller surrounding islands that render the notion of 'border' – and the task of monitoring, patrolling and managing the 'border' – more complicated than larger self-contained countries. The situation is further complicated by the fact that no island in the region is replete in financial and human resources, and that border management requires a multi-agency and, in the island context, a multi-jurisdictional approach. It is suggested too, that the evolution of border management has moved hand-in-hand with the evolution of bureaucratic control and vested agency interests.

Beyond the notion of border and border control lies an equally difficult concern – the nature of customs organisations in the Pacific. The primary role of customs bodies is to collect revenue, with attendant legislation to reflect that preoccupation. Crucially, in the context of effective border management, it has been noted that '[c]ustoms are also responsible for

facilitation of trade and investment’ (Moriarty 2006). This is certainly a tension that is perhaps felt more keenly in the Pacific context and may affect the degree of scrutiny cargo is subjected to in some jurisdictions. When the majority of resources are directed at revenue collection, it is not difficult to envisage the concomitant impact of this on the success of precursor chemical diversion control.

Despite this, precursor chemicals, whether legitimate imports or illicit concealed and smuggled goods, have to cross national borders. The nature and control of borders within the Pacific Islands is therefore an issue of key concern. In general terms, border agencies within the Pacific Islands such as the police, customs, quarantine and immigration are uni-focused. There is little coordination of effort or responsibility in many of the islands, although Fiji has transferred the task of border clearances at air and seaports from immigration to customs.

In the Pacific Islands context, effective and efficient border management is needed to facilitate trade in goods and services, with many states dependent on the revenue derived from the collection of taxes. However, for a number of island nations there is a divergence of opinion as to the priorities of border management. Risk in this situation is relative and based in some instances on ‘... what a country has to lose’ (Moriarty 2006).

Border management priorities and strategies cannot be viewed in some idealised and uniform situation. Each country within the region has to consider a range of internal and external political, social and economic pressures. The necessity to facilitate trade in terms of imports and exports may impact negatively on border management capacity, direction and success. In addition, the already established vulnerability of the region, and/or the countries of which it is comprised, to the impact of transnational organised crime suggests that unilateral border management decisions may not be the ideal approach to adopt. The movement towards a regional, and by definition cooperative, approach to the detection of criminal activities, including the movement of precursor chemicals, seems both logical and sensible. This would address the ‘weakest link in the chain’ concept, whereby one weak state within the Pacific Islands has ramifications not only for the state in question but also for its neighbours. As one commentator stated, ‘[a]ll members of the Pacific Islands Forum ... have a common interest in not being seen as a region in which conformance with international standards and obligations at the border is lax’ (Moriarty 2006).

Three factors impinge on effective border management and it is important to control for such factors when requiring island nations to react positively to precursor chemical control:

- the existing capacity of the border management regime in each country in terms, for example, of staff numbers and capacity, and financial resources
- the range and complexity of the tasks being imposed on border agencies
- the nature and scope of the assistance being provided to border agencies, and the conditions and priorities that are attached to it (Moriarty 2006).

The Revised Arusha Declaration (World Customs Organization 2003) stipulates that an effective customs integrity program must address a number of factors:

- leadership and commitment
- regulatory framework
- transparency
- automation
- reform and modernisation
- audit and investigation
- code of conduct
- human resource management
- morale and organisational culture
- relationship with the private sector.

It has been suggested that '[f]or many countries, achieving efficiency and transparency in customs operations remains a formidable challenge' (De Wulf & Sokol 2005). Many customs organisations face inexorable rises in trade volume without an increase in staffing or resource levels. Equally, the operating environment within which customs organisations now work continues to grow more complex and present a range of new and difficult law enforcement and border management-related issues. Such issues include the increased complexity of traders' operational and logistics systems, increased policy and procedural requirements created at the broader international level, a proliferation of regional and bilateral trade agreements that render border management more complex, and increased security issues connected to transnational crime and terrorist activity.

There are a number of generic deficiencies within customs organisations that may occur in the Pacific context. These include:

- legislation out of step with the international environment and containing complex procedures
- a lack of competence among staff to deal with an increasingly complex and sophisticated international trading environment
- complex operational procedures
- insufficient use being made of information and communications technology
- high levels of corruption within the agency
- smuggling activity that undermines revenue generation.

Another commentator, reflecting on the nature of the quarantine and customs agencies in Forum Island countries, noted that '[t]he capacities of virtually all FIC [Forum Island countries]

Customs and Quarantine Services in the context of trade facilitation is limited quite severely by a range of constraints ...' including:

- extent of resources available to support the quarantine and customs functions
- the level of in-country commitment to support some of the major development assistance initiatives undertaken in these areas
- facilities and equipment available to customs and quarantine services
- constraints of the education system and effectiveness of training provided
- computer equipment and computer/internet skills
- motivation and work ethics of officers
- cultural issues related to the Forum Island countries (Landos 2000).

Although these constraints relate to trade harmonisation rather than border security, it is arguable that constraints in the former may translate to under-achievements in the latter.

Modernisation of customs administrations calls for an assessment of the existing system to establish a route and strategy for reform, if necessary. Modernisation to an 'ideal' level must also realistically reflect the country's and/or region's capacity to implement the suggested changes, including whether the level of stakeholder and political support is appropriate.

Crucial to this process is the modernisation of customs laws and regulations, guidance on which may be found in the Revised Kyoto Convention. In the Preamble to this document, a number of guiding principles in relation to customs organisations are noted:

- a) application of customs procedures and practices in a predictable, consistent, and transparent manner
- b) provision of information on customs laws, regulations, procedures, and practices
- c) adoption of modern techniques, such as risk management and maximum practicable use of IT
- d) cooperation, where appropriate, with other national authorities, other customs administrations and the trade community
- e) implementation of relevant international standards
- f) provision of easily accessible administrative and judicial review to affected parties (De Wulf & Sokol 2005).

Risk management and border control

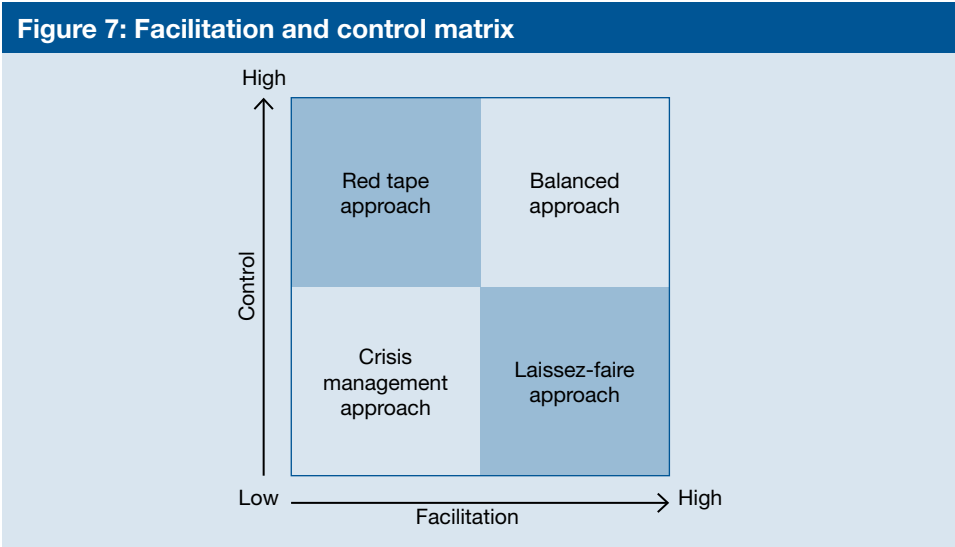
To strike a pragmatic balance between trade facilitation and regulatory control, customs administrations are generally departing from traditional 'gateway' approaches, and adopting principles of effective risk management. In its simplest form, 'risk' in the customs context refers to possible events and activities that may prevent the customs administration from achieving its objectives. Basic risk management has always been part of customs operations and has to a greater or lesser extent guided the nature and operation of border control. However, the global environment in terms of trade and movement of people has altered dramatically, and risk management strategies are becoming increasingly essential in formulating a more systematic and structured approach to managing risk at the border.

Customs organisations in the Pacific region need to evaluate the risks presented by the nature of their operations as well as by the nature of the environment. Typically, many customs organisations perform preventative operations at the point of arrival at the border, based on entry declarations. For precursor chemical control, this approach is unlikely to produce results. In essence, customs authorities will have to depend increasingly on information and associated risk assessments undertaken in advance of cargo arrival.

In relative terms, the Pacific Islands are dependent on trade, and therefore on the movement of air and sea cargo between respective nations. The need to achieve a balance between trade facilitation and regulatory control is crucial. There is a danger, given the preoccupation of many Pacific Islands customs authorities with revenue collection, that this balance may not always be achieved. In the context of the movement of precursor chemicals, this imbalance may have significant repercussions.

To mitigate the potentially dangerous consequences of trade, it is important for customs authorities to engage in a level of risk management beyond that typically adopted by authorities in which experience rather than intelligence may dictate the nature and level of intervention. In the Pacific Islands, given the relative lack of manufacturing industries and therefore reduced legitimate requirement for precursor chemicals and/or laboratory equipment, formalised risk management strategies would allow for a more systematic control regime than the current gateway approach.

Customs authorities may elect to follow one of four main approaches in their attempts to achieve a balance between facilitation of trade and regulatory control (Figure 7).



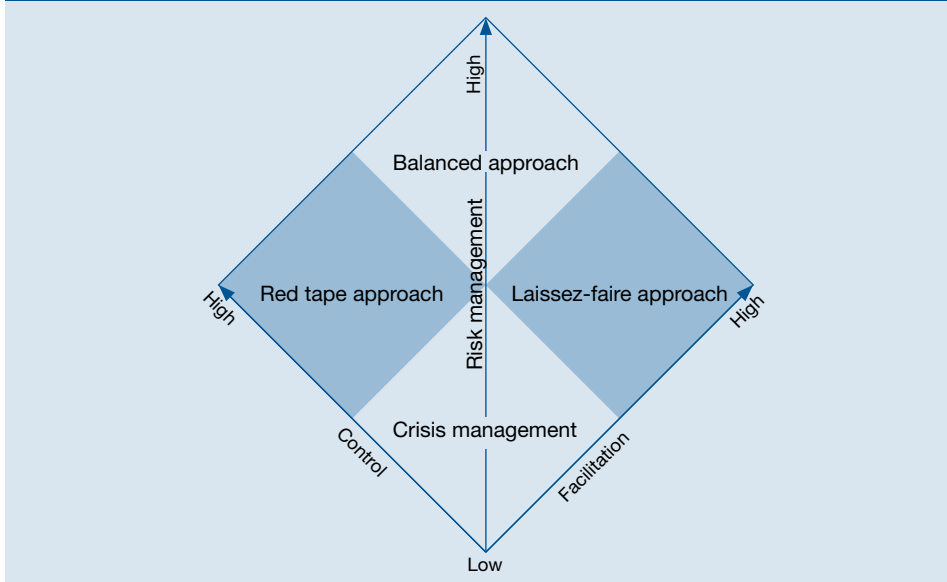
Source: Adapted from De Wulf & Sokol (2005)

In the 'red tape' approach, customs requirements are so stringent that trade facilitation becomes difficult. The crisis management approach involves the customs entity exercising little control and ironically achieving relatively little in terms of facilitation of trade. In the 'laissez-faire' approach, facilitation is the primary driver and there is relatively little by way of customs control. The approach that customs authorities ought to be striving for is the balanced approach, in which both facilitation and regulatory control are high achievers.

For those jurisdictions not akin to using systematic risk management strategies, the increased use of such strategies will ensure that the desired balance between facilitation of trade and regulatory control is achieved. In essence, any movement away from the status quo is a move towards a degree of systematic risk management. Recognising that an event or action may occur, which may in turn cause some harm within the customs control environment, is to a degree risk management. A regulatory strategy, however insignificant, can reduce risk; a facilitation strategy can enhance facilitation of trade. Achieving a balance between the two is risk management.

To understand the risk environment, it is helpful to apply a compliance management matrix that conceptualises the relationship among facilitation, regulatory control and risk management (Figure 8).

Figure 8: Compliance management matrix



Source: Adapted from De Wulf & Sokol (2005)

Within the risk management strategy, customs authorities need to establish the differences between the gatekeeper approach and the risk management approach to border control (Table 19).

In general terms, the gatekeeper approach entails indiscriminate intervention or a regime of 100 percent checks. A risk management approach is characterised by the identification of potentially high-risk areas, with resources being directed towards such areas and minimal intervention in low-risk areas.

The elements of these two approaches can be grouped into four categories:

- the country's legislative framework
- the country's administrative framework
- the type of risk management framework adopted by the country's customs organisation
- the available technological framework.

An appropriate legislative framework is an essential element of any regulatory framework because the primary role of customs is to ensure compliance with the law. The legislative framework must provide the necessary basis in law to achieve the range of administrative and risk management strategies that the administration has chosen to adopt.

The legislative framework is supported by the administrative and risk management frameworks employed by customs that reflect a move away from the gatekeeper approach towards a risk-based approach. The ideal combination of these categories can best be represented in a risk-based compliance pyramid (Figure 9).

Key to this approach is the need to provide the commercial sector with the ability to comply with customs requirements (see first and second tiers). Secondly, the elements of compliance assessment emerge (see third tier), and at the apex (see fourth tier) lie the strategies to enforce noncompliance and to reward compliance.

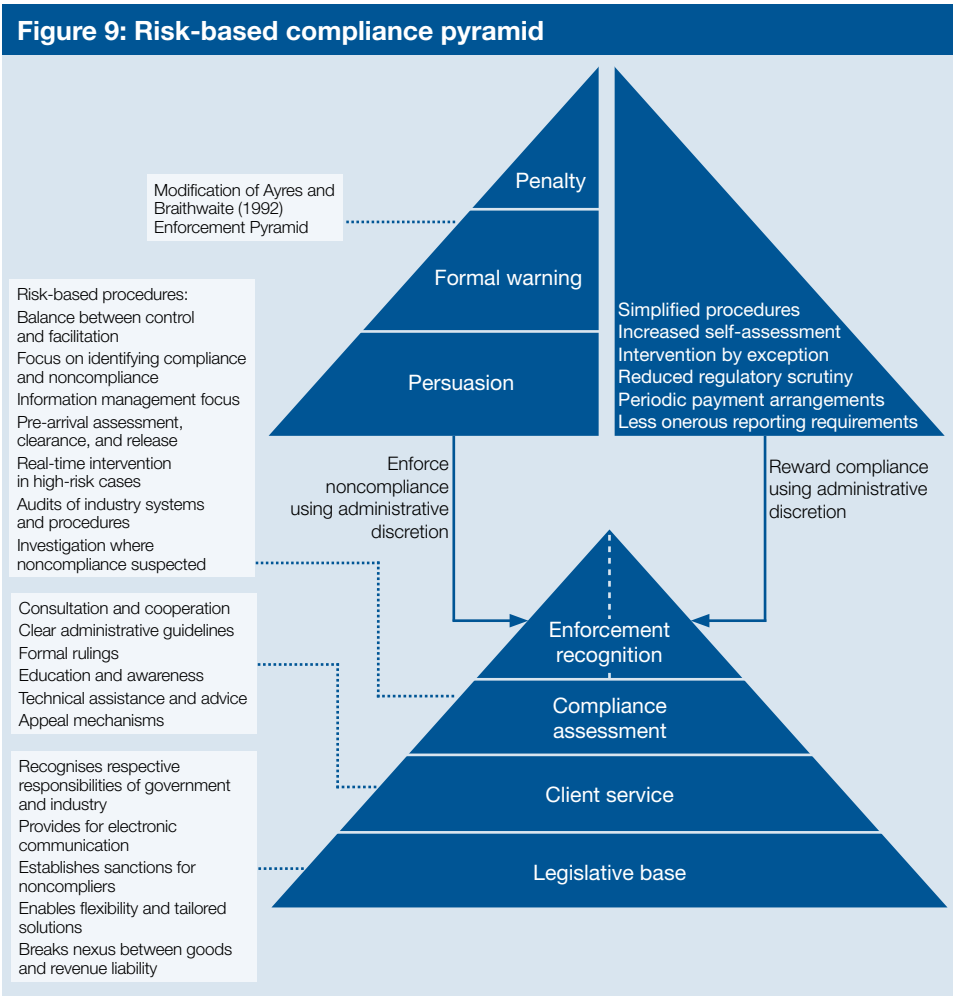
Table 19: Compliance management styles

Framework	Traditional gatekeeper approach	Risk management approach
Legislative framework	<p>Legislative base provides for a 'one size fits all' approach to compliance management</p> <p>Onus for achieving regulatory compliance is placed solely on the trading community</p> <p>Sanctions for noncompliers</p>	<p>Legislative base provides for flexibility and tailored solutions to enable relevant risk management and administrative strategies to be implemented</p> <p>Legislative base recognises responsibilities for both government and the trading community in achieving regulatory compliance</p> <p>Sanctions for noncompliers</p>
Administrative framework	<p>'One size fits all' compliance strategy</p> <p>Control focus</p> <p>Enforcement focus</p> <p>Unilateral approach</p> <p>Focus on assessing the veracity of transactions</p> <p>Inflexible procedures</p> <p>Focus on real-time intervention and compliance assessment</p> <p>Lack of or ineffective appeal mechanisms</p>	<p>Strategy dependent on level of risk</p> <p>Balance between regulatory control and trade facilitation</p> <p>Dual enforcement–client service focus</p> <p>Consultative, cooperative approach</p> <p>Focus on assessing the integrity of trader systems and procedures</p> <p>Administrative discretion</p> <p>Increased focus on post-transaction compliance assessment</p> <p>Effective appeal mechanisms</p>
Risk management framework	<p>Indiscriminate intervention or 100 percent check</p> <p>Physical control focus</p> <p>Focus on identifying noncompliance</p> <p>Post-arrival import clearance</p>	<p>Focus on high-risk areas, with minimal intervention in low-risk areas</p> <p>Information management focus</p> <p>Focus on identifying both compliance and noncompliance</p> <p>Pre-arrival import clearance</p>

Table 19: Continued

Framework	Traditional gatekeeper approach	Risk management approach
	<p>Physical control maintained pending revenue payment</p> <p>No special benefits for recognised compliers</p>	<p>Breaks nexus between physical control and revenue liability</p> <p>Rewards for recognised compliers</p>
Risk management enablers		
Information technology framework	<p>Legislative provisions provide the trading community with electronic and paper-based reporting, storage and authentication options. Such provisions should enable regulators to rely on commercially generated data to the greatest extent possible</p> <p>Appropriate communications and information technology infrastructure to provide for automated processing and clearance arrangements. Regulators should seek to achieve maximum integration with commercial systems</p> <p>Consultative business process re-engineering prior to automation</p>	

Source: De Wulf & Sokol (2005)



Source: Adapted from De Wulf & Sokol (2005)

The task of introducing risk-based strategies might appear somewhat daunting and possibly of low priority compared with other more pressing issues. This may be especially so in jurisdictions that rely predominantly on manual processing systems, as is the case in most of the Pacific Islands. However, as has been noted, ‘[w]hile it is clear that such impediments will limit the effectiveness of any risk-based strategies, applying a risk management approach to existing manual systems will prove far more effective and efficient than continuing to apply a gatekeeper approach to those same systems’ (De Wulf & Sokol 2005).

Customs administrations face a number of political and administrative pressures and challenges, including fluctuating workloads with stable or reduced resources and sustained pressure to meet the objectives of government revenue, trade facilitation, social protection

and national security. International trade and transport operators are increasingly using global logistics networks, and customs organisations are being required to align their systems and procedures with these developments. In practice, this has resulted in the increased use of information technology (IT). It is suggested that many customs organisations use IT in varying degrees in a number of areas of operation, including revenue collection, goods declaration processing and risk management.

Given the relative lack of financial and human resources, and limited access to a domestic IT market, customs organisations have been slow to take advantage of IT developments as they apply to customs regimes. Increased donor activity has mitigated this situation somewhat, but it remains the case that the technological infrastructure and support is not at the point where routine use of IT-supported customs systems is viable. However, it is necessary to ensure that existing non-IT procedures are effective prior to considering an IT roll-out. As has been suggested, '[i]n the absence of such simplification, the inefficient manual system may at best be replaced by an inefficient computerized system, with no gain to anybody' (De Wulf & Sokol 2005).

Table 20 provides an overview of customs processes and the IT support that is normally built into a customs management system. It summarises the entry and exit points for cargo, public and private stakeholders, the controls required, the strategies usually applied and the IT elements involved. Although the level of information and communications technology, and automated processes, in the Pacific Islands is low, it is crucial to pursue the increased use of technology in border management processes within the region.

Table 20: Customs parameters and information technology building blocks

Entry and exit points	<ul style="list-style-type: none"> Seaport Airport Border or free zone Inland controlled area Post office
Entries controlled or affected	<ul style="list-style-type: none"> Shipping and airline companies and agents Post office Transport companies and agents Port managers Airport managers Free zone managers Importers Exporters Customs brokers Freight forwarders Warehouses Other regulatory agencies (immigration, agriculture, health, cultural heritage, police, central bank) Banks Ships or airline crew Drivers Passengers Entity employees
Controls Required	<p>Physical</p> <ul style="list-style-type: none"> Secure entry and exit Secure movement Secure storage Inspection Seizure <p>Information</p> <ul style="list-style-type: none"> Summary data (manifest) Clearance data (bill of entry) Verification data (inspection, additional information, audit) <p>Authorities to deal with goods</p> <ul style="list-style-type: none"> To land (goods and mode) To move To store or unpack or break bulk To treat or transform To dispose
Strategies	<p>Information</p> <ul style="list-style-type: none"> Planned and targeted distribution of information on legal requirements, policies, procedures, incentives, facilities and sanctions <p>Facilitation tools</p> <ul style="list-style-type: none"> Gathering and mobilising knowledge Single regulatory window clearance for transport mode, goods and passengers Pre-release of cargo and passengers

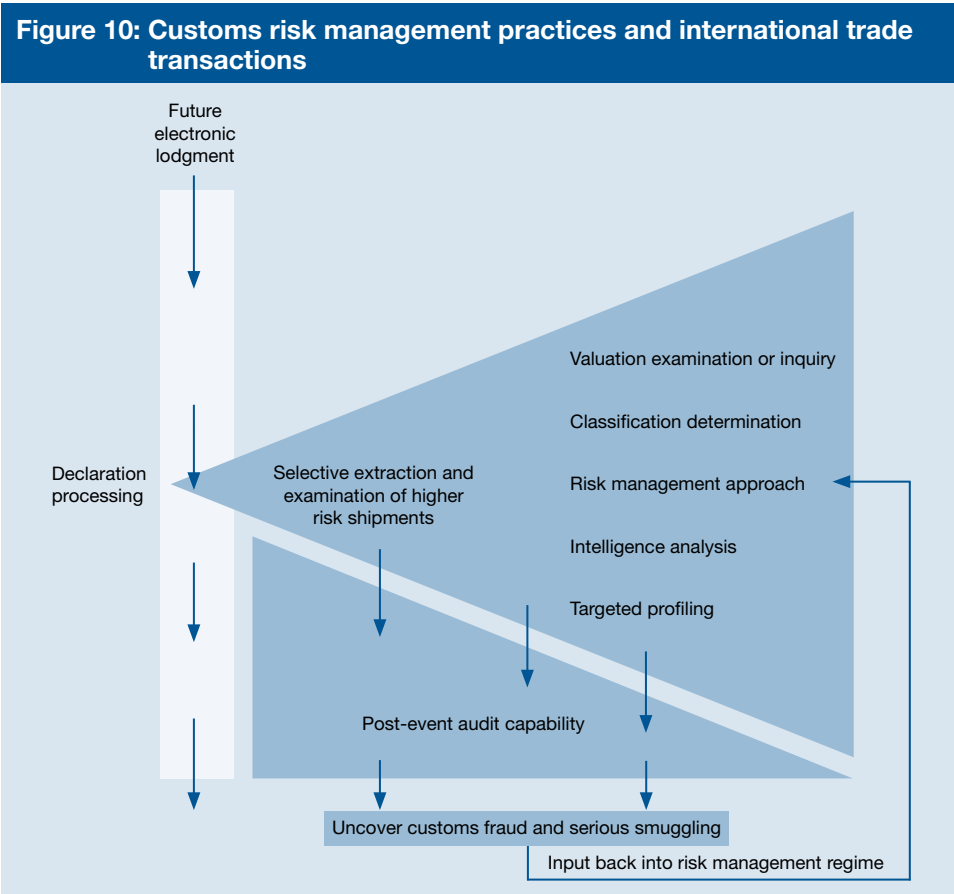
Table 20: Continued

IT elements	Client accreditation
	Periodic declarations
	Advanced customs declarations
	Electronic processing, payment and clearance
	Control tools
	Advanced cargo and passenger information
	International customs cooperation
	Effective threat assessment (intelligence service)
	Risk management and profiling
	Post-clearance audit
	Mobile inspection and audit teams
	Conveyance registers
	Ships
	Aircraft
	Land transport
	Report (inward and outward)
	Ship manifest
	Aircraft manifest
	Load list
	Consolidations (including couriers)
	Passenger manifest
	Crew list
	Stores list
	Licences and permissions
	By customs
	Store
	Move
	Pack and unpack
	Consolidate and deconsolidate
	Dispose
	By other parties
	Reference data
	Licences
	Permits
	Declaration regimes
	Importation for home use
	Exportation
	Warehousing
	Transit
	Transshipment
	Carriage of goods coastwise
	Inward processing
	Outward processing
	Drawback
	Processing of goods for home use
	Temporary admission
	Goods declaration data

Table 20: Continued	
	In accordance with World Customs Organization Data Model and including data fields necessary for all agency regulatory requirements
	Results of physical (by inspection) and documentary (audit) verifications
	Automated, online, real-time input of results in standardised formats
	Categories
	Variations
	Treatment (consequences)
	Intelligence profiles
	Information that has been analysed, classified and converted into profiles for targeting

Source: De Wulf & Sokol (2005)

Figure 10 illustrates the concept of modern customs risk management practices in relation to the processing of international trade transactions.



Source: De Wulf & Sokol (2005)

Beyond the risk management processes needed to be applied for effective border management, in the Pacific Islands – where geographical borders are less easily defined and monitored than in other jurisdictions and where individual island capacity may vary enormously – the adoption of a regional approach to border management and precursor chemical control may be the ideal and perhaps only path to pursue.

Precursor chemical control: the regional approach

The OCO conducted a survey of Pacific Islands customs administrations to determine their progress in relation to the Arusha Declaration. The survey revealed that on average, most administrations had been unable to implement more than 40 percent of the required measures under each category of the Declaration. The likelihood of full implementation of the measures was deemed to be low given a combination of factors including the lack of resources, lack of commitment by governments and the low priority generally attached to such reforms. However, a lack of commitment to an archetypal universal customs standard does not itself render Oceania customs organisations ineffective. That being said, there is little doubt that most customs administrations in the Pacific region remain seriously under-resourced. Few administrations have adequate information-processing systems at the border, and few have baggage screening and container x-ray equipment. A regional approach to border management could ameliorate the costs associated with major systems changes such as equipment, staff and training, particularly in nations with limited budgets. A regional approach would facilitate more coordinated action between countries and relevant international organisations, and across all relevant agencies with a role impinging on, or affected by, border management issues. This coordination of effort and resources would achieve a degree of synergy among numerous stakeholders (Moriarty 2006).

At the Pacific Islands Forum meeting in Papua New Guinea in 2005, leaders recognised that border management was a major regional issue requiring a coordinated approach by all Pacific border management agencies. The Pacific Plan, endorsed by leaders at the same meeting, identified a number of border management issues as regional priorities for immediate (2006–08) implementation. This included upgrading and extending country and regional statistical information systems and databases across all sectors, and building law enforcement capacity in the areas of border security and transnational crime. Specifically, the priorities comprised:

- development and implementation of strategies and associated legislation for maritime and aviation security and surveillance
- implementation of the Pacific Islands Regional Security Technical Cooperation Strategy in border security, including transnational crime, biosecurity and mentoring for national financial intelligence units
- strengthening of law enforcement training (e.g. regional policing initiative), coordination and attachments
- development and implementation of policies and plans for mitigating and managing natural disasters (Pacific Islands Forum Secretariat 2005).

Following this meeting, the Forum Regional Security Committee recommended the establishment of the Working Group on Border Management Issues and developed a strategic framework covering security, law enforcement, public health, facilitating the movement of people and goods, immigration, and revenue collection.

Although there may be a divergence of opinion as to how these objectives might be prioritised and achieved, there is a regional consensus on the importance of providing, for example, security against terrorism and criminal groups, and for ensuring the existence of institutions and systems that facilitate regional trade (Moriarty 2006). Potential difficulties arise in terms of the fact that regionalism requires a close intercountry working relationship in a situation where resources available to respective nations vary considerably.

Beyond financial differences lies the requirement to improve legislative and regulatory frameworks governing trade, security, etc. within the region, to align national policies on topics of regional concern and to facilitate jointly produced and implemented training programs for police, customs and allied officers. Historically, regionalism has been configured through harmonisation with international codes and standards (in the present context with the 1988 Convention), and with bilateral assistance to provide equipment and training. For longer-term development, it is suggested that harmonisation at the regional level, rather than regional harmonisation within the international context, together with the joint production of border management arrangements, may be more appropriate for the Pacific situation.






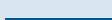

One commentator has noted a number of constraints on regional cooperation, including:

- Regionalism involves a high level of cooperation among countries to identify region-wide issues and appropriate region-wide policies in response. Resources then need to be mobilised at the regional level. Although this approach may be seen as relieving the burden at respective national levels, it may nevertheless demand scarce financial and human resources, which some nations might find difficult to bear and justify in light of other perceptually more pressing needs.
- Regional programs invariably focus on developing national capacity, and tensions might exist between the allocation of resources to national and regional activities respectively.
- Regionalism creates tensions at the domestic political level. Pressing domestic priorities make it difficult to subsequently commit the requisite resources to agreed regional issues.
- There seems to be recognition that the economic and social interests of Australia and New Zealand cannot be separated from those of the Pacific Island nations. As has been suggested, '[s]cope for cooperation lies where national interests substantially overlap, rather than precisely coincide. Assessing the degree of overlap is both a technical and political exercise involving all significant stakeholders ...' (Hughes 2005).

An exhaustive survey of differences between apparent and real state needs is beyond the scope of this report, but given the reliance of Pacific Islands countries on foreign aid, there is a degree of disquiet as to this relationship. The Development Assistance Commission Task Force sought the views of a number of countries (including the Pacific Islands Forum) on such matters (DAC 2003). The main finding was that there is '... a sense that there is a

significant lack of national ownership'. Respondents were asked to identify donor practices that placed the highest burdens on partner countries in terms of ownership, aid transaction costs and aid effectiveness. Each respondent was asked to name the three greatest burdens with regard to effective aid delivery (Table 21).






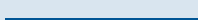
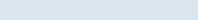
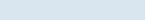
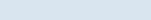
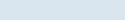
Table 21: Greatest burdens on effective aid delivery

Rank	Type of burden	Frequency of mention
1	Donor-driven priorities and systems	
2	Difficulties with donor procedures	
3	Uncoordinated donor practices	
4	Excessive demands on time	
5	Delays in disbursements	
6	Lack of information	
7	Demands beyond national capacity	

Source: Adapted from DAC (2003)

Respondents were then asked to note those areas in which reforms might contribute most to improving the effectiveness of development assistance (Table 22).

Table 22: Areas in which reforms contribute most to improving effectiveness of development assistance

Rank	Initiative suggested	Frequency of mention
1	Simplify procedures and systems	
2	Harmonise procedures	
3	Align procedures on partner systems	
4	Share information	
5	Untie aid	
6	Respect national priorities and strategies	
7	Strengthen local capacity	
8	Use a coordination structure	
9	Rely on budget support	
10	Rely on sector-wide approaches	

Source: Adapted from DAC (2003)

It is interesting to note in this regard an apparent disjuncture witnessed by the author in Samoa where the provision of a new fleet of police vehicles was undermined by the lack of sufficient petrol to operate them routinely in police business. It has also been noted elsewhere that '... a consistent perception among those consulted was that there is a

“disconnect” between national and regional processes’ (Tavola et al. 2006). Part of this disconnect lies in the fact that regional processes are often seen as drivers rather than reflectors of national concerns, and that they have relatively little perceived impact on the lives of people at the national level.

Smaller jurisdictions intimated that regional organisations often spoke on behalf of the region without necessarily canvassing opinion from all member countries. However, it has been noted that ‘... national policies and mechanisms for regionalism [are] ... the most critical element in ensuring that the best possible connections are made between national priorities and regional decisions and resource allocations’ (Pacific Islands Forum Secretariat 2005).

Regional harmonisation refers to striving towards, and achieving equivalence of, standards and regulatory requirements. The economic arguments for harmonisation include developing and administering different national systems are more costly for governments than a regional approach, and regulation is rendered more effective because it can be extended across the region. A degree of cooperation within the region on border management issues has already occurred in terms of information exchange and some coordination of national activities, but these endeavours have fallen short of true regional harmonisation.

Attempts to achieve parity in terms of model regional legislation to protect regional borders in connection with drug issues have had limited success. Part of the reason for this might be attributed to the fact that any model legislation may have to be redrafted to be consistent with other national laws. The shortage of parliamentary draftsmen, combined with a shortage of parliamentary time in different countries, renders the regional introduction of model legislation somewhat difficult. Attempting to force such legislation through might provide a perception of harmonisation, but could in fact create inconsistencies in application and approach, and subsequent exploitable gaps for transnational crime groups.

A common theme to emerge from those consulted was that regionalism should exist not for its own sake but as a vehicle for advancing national interests. In consultations concerning the link between regional and national functions, an important point made was that strengthening the regional architecture should not in any way detract from national sovereignty, nor should national sovereignty be ceded in any way to a regional organisation.

The development of country-specific engagement strategies (to be guided by national development strategies), which has long been a standard programming tool for donors, was also suggested as having great potential for strengthening links between national and regional initiatives. Another suggestion was to place more offices or personnel in member countries and territories. Tavola et al. (2006) concurred with the views of many stakeholders that the nexus between regional and national initiatives needs strengthening.

Precursor chemical control: ideal and pragmatic approaches

The ideal approach

Legislation and national control systems

There are a number of key issues to consider in relation to the prevention of the illicit manufacture, import, export, trafficking, distribution and diversion of precursor chemicals. A sound legislative framework forms the centrepiece of effective precursor chemical diversion and/or shipment control. There is also the need for sufficient capacity to implement the actual legislation. This point has particular resonance in the Pacific situation, given the finite financial and human resources that might reasonably be attached to such an endeavour. Beyond the legislative framework, it has been deemed necessary to establish effective systems of control, generally in the form of competent national authorities which, aside from adopting a guiding role in precursor control, also communicate effectively with other jurisdictions (crucial in the Pacific Islands context, given the importance of regional approaches), and also in terms of the specific control measures created and applied.

Best practice in relation to the above has tended to focus on ratification of the 1988 Convention and the creation of national legislation that reflects the aims of the Convention, also on drawing inspiration from associated resolutions passed by the Commission on Narcotic Drugs and the UN Economic and Social Council. Such resolutions have included the requirement to establish a system of control and licensing of the enterprises and people engaged in the manufacture and distribution of Table I and Table II substances, and a system for monitoring the international trade in such substances for the purpose of facilitating the detection of suspicious shipments.

In addition, best practice suggests the regular review of precursor chemical controls implemented within a state, attending to any weaknesses revealed during such reviews. In the spirit of information exchange, signatories to the 1988 Convention are also encouraged to submit regular reports to the INCB on measures taken to control the export, import and/or transit of precursors, and to complete the Form D declaration (Annual Information on Substances Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances) pursuant to the Convention (Article 12[12]).

Information exchange

Without rapid and timely exchange of information between importing and exporting states, the key ingredient of effective precursor chemical control – verification of the legitimacy of transactions – will be compromised. This is particularly so when a trafficker is spurned by one jurisdiction and attempts to obtain the same from another jurisdiction. If the latter state has not received notification of the earlier failed attempt, the control regime is seriously undermined.

The situation can be ameliorated through a systematic improvement of states' reporting mechanisms and procedures that might include the use of pre-export notifications in relation to the export by one state of Table I and Table II chemicals to another. States might also elect to verify the legitimacy of transactions before they occur by establishing, for example, whether there is a legitimate domestic requirement for the chemical due to be exported.

Data collection

Verifying the legitimacy of precursor chemical shipments must be based on a systematic analysis of the normal patterns of legitimate trade for a particular state, and on the licit uses of, and requirements for, such chemicals within that state. If states cannot provide that level of information and/or analysis, either because they do not have the capacity or simply have not elected to do so, this could indicate a lack of adequate control mechanisms, whether at the legislative or regulatory levels, or both.

To avoid the illegitimate infiltration of precursor chemicals, states have been advised to take active steps to obtain such information directly from those business entities that import the chemicals concerned. This might be achieved by establishing a register of companies that will then be required to provide details of suspicious orders, thefts, etc. States are also encouraged to establish and maintain effective relationships with the chemical industry and with any company connected with precursors. Typically, this is achieved through the use of a code of conduct.

In broad terms, the working group on the control of ATS and their precursors (under the auspices of the Heads of National Drug Law Enforcement Agencies, Asia and the Pacific) has made a number of observations on this issue, some of which may require qualification in the Pacific Islands context. First, the illicit manufacture, trafficking and abuse of ATS continued to increase in the region. Second, effective precursor control played a crucial part in restricting the illicit manufacture of ATS. Concomitantly, greater awareness of precursor chemicals and the role they played in ATS manufacture was needed among law enforcement agencies, as well as an improvement in their capacity to identify and test suspect chemical substances. Finally, the monitoring of the sale and shipment of new and second-hand pharmaceutical equipment could provide useful indicators of the existence of, or propensity for, clandestine laboratory operations (UNODC 2006).

Pacific perspectives

In reality, the three-staged approach referred to above may not be applicable in the Pacific Islands. Representatives from various law enforcement and government agencies in Fiji, Samoa and Vanuatu, who were consulted in preparation of this report, identified a number

of issues of concern and potential avenues to mitigate the impact of precursor chemical diversion. Several stakeholders claimed that the absence in most cases of automated processes in customs administrations was a key issue, given that it made it extremely difficult to check import and export records, and to carry out the necessary cross-checks against, for example, both the import of chemicals and dissemination of products to determine if there was an inconsistency between the two. There is a need for awareness-raising and training in terms of what precursors are and what controls might be implemented to prevent or mitigate their diversion.

Following discussion of the topic at the South Pacific Precursor Control Forum, there was broad acceptance of the need to establish a new national coordinating body, or to allocate a coordinating role to an existing agency or department, to and through which information could be passed, stored and disseminated. The Pacific Islands Forum Secretariat argued for a regional rather than a national approach in this regard, but suggested that the national conduit for the regional approach might comprise the Ministry of Health, given its first-hand experience of the impact of drug use and the cache attached nationally and regionally to impacts on the health of a nation. The apparently ideal solution to the lack of effective national legislation that reflected the aims of the 1988 Convention (in particular Article 12) – namely the Model Illicit Drugs Control Bill – required an appropriate facilitating mechanism. This would ideally entail a ministry or minister to place the issue on the national political agenda and seek appropriate parliamentary time. It was recognised that for customs authorities, which would inevitably become the focal point for diversion control via effective border management processes, there was perhaps little incentive to devote finite resources to this issue, given the predominant focus by such agencies on revenue collection to facilitate trade. With this prospective new role in precursor control, there remained a need for more effective border management systems and risk assessment procedures. To assess the likely success and demands of this new and/or enhanced role, the OCO will distribute a questionnaire to each of its members, the results of which will be presented at the next South Pacific Precursor Forum.

The office of the Director of Public Prosecutions noted that a precursor working group had been established following the inaugural South Pacific Precursor Forum, although meetings of that group had been fragmentary. While Fiji had introduced illicit drugs legislation using the Model Illicit Drugs Control Bill as a template, infrastructure and capacity remained issues in connection with its effective and ongoing implementation. This highlights the danger of resting on one's laurels once legislation has been passed. Regarding implementation, the Pacific Islands Forum Secretariat argued that there were issues surrounding drug testing capacity, both logistically and in terms of evidentiary rigour; for example, the wrong weight of a seized drug being sent offshore for testing, therefore rendering the test void.

There was felt to be a requirement for some form of information management system across the region to facilitate information on the nature and level of imported and exported goods.

An additional issue was the fact that having to report further under the auspices of the 1988 Convention may cause unease, as the Pacific Island nations already face significant and onerous reporting requirements in relation to other international agreements and standards. This is reflected in part by the relative lack of reporting to the INCB by a number of Pacific Islands countries. In several countries, issues raised and/or which were evident included the backlog of pending legislation, key infrastructure issues, the lack of appropriate knowledge of precursors (let alone the mechanisms by which they might be controlled), and the need for training of the judiciary regarding the relationship between precursors and subsequent drug manufacture.

The pragmatic approach

There has been a laudable tendency to argue for ratification of the 1988 Convention followed by the creation of new or amended drugs legislation. Although important, this ignores the unresolved general capacity and perceptual issues that might ultimately undermine the approach. The danger of pursuing ratification and subsequent national legislation is that action against precursor chemical control may be forestalled until such time as the overarching result is achieved. While priority must continue to be given to incorporation of the 1988 Convention, steps must also be taken in the interim to prevent further exacerbation of the actual and/or prospective precursor chemical situation.

There are a number of identified typologies for precursor chemical diversion. Chemical precursors may be diverted at various trade vectors, including:

- the place of manufacture
- the point of sale
- during transportation
- during importation
- during exportation
- during use or consumption
- during recycling
- during destruction of seized precursors.

As has been noted elsewhere in this report, the key point of vulnerability in the Pacific context (beyond the generic threat posed by transnational crime in terms of trafficking and smuggling) lies at the border. Precursor control is achieved primarily by focusing on the security of borders, then on the capacity of law enforcement and other agencies to interdict the chemicals once they have reached that border. It is important for agencies to evaluate their perception of the nature and level of border control within their country and region. It is

also crucial to assess the legitimate requirements for precursor chemicals within the Pacific Islands and control access accordingly.

Key to mitigating the impact of diversion within the Pacific context involves understanding the nature of legitimate trade within the region. If knowledge of that trade is missing or incomplete, monitoring the cargo shipments of precursors becomes little more than an abstract recognition of movements in which the volume and nature of a shipment remain figures without meaning. Unless there is a degree of knowledge of the nature of manufacturing bases in the region, their product base and range, and their legitimate requirements for chemicals and the quantities imported, then monitoring becomes meaningless. Equally, and perhaps ideally, a number of law enforcement and other agencies form part of the cordon around precursor chemical control. Key among these agencies is the customs administration that regulates import and export of all consignments, and which is therefore best placed to prevent diversion from international trade through a thorough examination of required documentation.

It is important to assess the nature of imports and exports themselves in terms of air, sea and postal cargo shipments rather than the nature of imports and exports concerned with precursor chemicals and/or related equipment. It is crucial to establish the nature and quality of import and export general procedures in terms of, for example, how customs organisations process, store and regulate generic imports (i.e. to assess the current capacity of customs organisations in relation to standardised procedures for importing any product into the Pacific Islands). This assessment might include how imports are recorded, where they are stored, what documentation is used, and how and why that documentation is subsequently processed and/or analysed. If the procedures for facilitating generic products remain open to abuse, directly or indirectly, then attempting to draw on such procedures when processing imports of chemicals listed in the 1988 Convention may result in failure. If flaws are discovered in relation to procedures for generic imports, they can be rectified so as to render precursor control more effective.

Risk management strategies should be introduced based on a sound knowledge of the actual and/or likely points of chemical diversion, licit and illicit routes that chemicals might take, and on the level and nature of data collection and sharing. Risk management strategies in the Pacific Islands will come to nought if the nature of the risk is not fully understood. Part of the risk management process should consider the broad and/or specific industry classifications, and the product bases of manufacturers in the Pacific Islands. Thereafter, it is possible to ascertain whether they have a legitimate need for the chemicals and, if so, whether they need those chemicals in the quantities ordered, and whether they produce goods that would have used all of the chemicals requested. It would also be useful to ascertain whether (and if not, why not) those manufacturers are vetted, licensed, regulated and inspected (e.g. how chemicals are stored and used, and whether the attendant documentation is completed and logged).

The number of Pacific Island nations that possess significant industrial concerns or concerns that make routine and/or sustained use of precursor chemicals is relatively small. The volume of chemicals imported should therefore be relatively small. A fairly low level of analysis should reveal the weight of chemicals needed by the companies identified to produce the products they list as producing. Introducing legislation requiring specific monitoring commitments on the part of Pacific Island nations is a laudable course of action, but it is perhaps necessary. Points of diversion can be assessed for vulnerabilities without customs agencies needing to know a vast amount about precursors in particular. For example, if the security of storage facilities is deemed an issue, then the security can be examined generically. Once security has been established, or at least the vulnerabilities understood, it becomes fairly easy to rule out precursor diversion from those facilities.

The difficulties in the Pacific context are exacerbated by the fact that the Pacific Islands' customs legislation makes no provision for precursor chemicals (either in raw form or within pharmaceutical preparations), and/or allied laboratory equipment under the schedules of prohibited articles. Thus, in the absence of appropriate illicit drugs legislation, there is no mechanism by which a person attempting to enter a Pacific Islands nation with quantities of such chemicals can fall within the ambit of law enforcement or border management agency control. If there is a systematic attempt to move precursor chemicals in the guise of tourists, this gap is likely to be even more problematic. Customs legislation needs to act in tandem with illicit drugs legislation and/or provide an alternative means by which otherwise lawful movements of precursor chemicals can be seized, even if subsequent punishment is lacking or inconsequential. A review of customs legislation currently being undertaken by the OCO might be able to determine the appropriate route through which this may occur.

As precursor chemicals can be sourced through importation or diversion of domestic products, both the border and domestic markets require monitoring. Routine monitoring of legitimate imports of ephedrine and pseudoephedrine, whether a manual or automated border management system exists, should not – given the relative lack of such imports – be unduly onerous. There are a number of basic details concerning the importer, exporter, weight, purpose of import, etc. that can provide a longitudinal picture. More importantly, if combined with an appropriate risk assessment of the companies involved, a rudimentary mode of border management and mitigation of precursor chemical diversion can be achieved. The Form D produced under the auspices of the 1988 Convention provides a uniform feedback mechanism for reporting seizures of precursor chemicals in Table I and Table II, and for monitoring licit movements of such chemicals. This form can be utilised irrespective of the ratification status of a particular Pacific Island nation. Further assistance can be obtained through guidelines that provide details of the total weight or volume of an illicit drug that can be manufactured using a specific quantity of precursor chemical.

It is somewhat redundant to control the importation of chemicals in raw form but to allow the unrestricted sale of pharmaceutical products containing those chemicals. Given that pharmacy shopping is a means of obtaining sources of ephedrine and pseudoephedrine,

this omission to patrol this segment of the market is potentially dangerous. However, it would be possible to institute a rudimentary reporting system for pharmacies in relation to the purchase of pseudoephedrine-containing pharmaceuticals without the need for the fully automated version that exists in many non-Pacific states. There are a number of basic indicators that could provide law enforcement agencies with the requisite information to undermine the abstraction of precursor chemicals for in-country production of ATS. These criteria include a customer:

- asking for a specific pseudoephedrine product
- displaying no symptoms of the illness for which the product is designed
- wishing to purchase more quantities of the product than the described illness should require
- making frequent purchases within a short time period
- refusing alternative products.

It might be prudent to introduce a code of practice, guidelines for storing products either out of sight or out of reach, and guidelines for pharmacy shopping that might include Project STOP or a less advanced version of it. It might require legislation to achieve a more authoritative and useful version of monitoring, but it may be feasible to enjoin the pharmacies operating within a particular district or controlling franchise to share information on trends and/or suspicious characters. Ideally, that collected intelligence could be forwarded to the relevant law enforcement agencies for more direct interdiction.

It is crucial for all agencies concerned with precursor chemical control to be aware of the nature, appearance and label pseudonyms of such chemicals. It is also important for agencies to be aware of the sources of such chemicals. Educating police, chemical manufacturers and distributors about the potential for, and methods of, diversion can assist with prevention, as can improved record keeping, container labelling and customer identification practices. This is particularly true of customs agencies, which could use such information to determine the relative risk of a consignment coming from known chemical-producing countries.

It is equally important for agencies to be aware of the true nature of the generic drug situation in the Pacific. If knowledge of the nature and volume of other drugs is poor, then the capacity of these agencies to impede precursor chemicals will be limited. There is a perception that precursors are not the key national issue of concern, which non-Pacific jurisdictions suppose they are. Ways must be found to render precursors a more relevant issue, possibly through the establishment of national, regional or sub-regional working groups. It is important for agencies to consider their areas of strengths or weaknesses in terms of legislative drafting capacity, law enforcement capacity and judicial capacity (e.g. to appreciate the seriousness of precursor chemicals as compared with cocaine, heroin

or marijuana). Agencies should consider the impact of such strengths and weaknesses on dealing effectively with drugs in general and with precursor chemical control in particular. There should be consideration of which, if any, agency should be responsible for dealing with precursor chemicals, especially in relation to other international treaties or organisations' obligations.

The 1988 Convention

Although not a panacea, a signatory to, or use of, the 1988 Convention marks an important first step in precursor chemical control. Although the 1988 Convention has not been ratified by all Pacific Islands nations, it still provides a useful and rudimentary framework by which precursor chemical control might be achieved.

It is important to ensure that the impact on Pacific Islands nations of the demand for, and/or actual signature of, the 1988 Convention is fully considered. Thus, it is crucial to understand the key impediments and key drivers involved and to appreciate the nature of the implementation process and progress achieved. The lack of progress in the application of the Model Illicit Drugs Control Bill, created in essence for ready and universal introduction, is an important and continuing conundrum. For those nations that have implemented the Bill, and for those who have not but might be considering doing so, there are questions as to whether the necessary infrastructure is in, or could be put in, place to support the implementation process. If that supportive environment is not present and cannot reasonably be created, this could be a further stumbling block to progress on the grounds that, for example, it involves the use of finite resources to protect against substances, the testing of which cannot be achieved in practical terms.

Tackling the diversion of precursor chemicals does not necessarily require the ratification of the 1988 Convention and the implementation of appropriate national legislation, although clearly these remain important goals, at least in creating the capacity to prosecute offenders. Without prosecution, the justification for monitoring the precursor chemical trade becomes somewhat difficult to maintain.

Fortunately, the measures contained within the 1988 Convention could be of use even if ratification and/or national legislation are not forthcoming. Article 12 simply requires parties to take measures they deem appropriate '... to prevent diversion of substances in Table I and Table II used for the purpose of illicit manufacture of narcotic drugs or psychotropic substances ...' Clearly, ideal measures include, as a primary force, legislation that implements the UN Convention. In the Pacific context, where seven Pacific Islands nations do not adhere to the Convention, the key question then becomes one of whether some or all of the components of Article 12 can nevertheless be acted on.

Article 12(9)(a) requires each party to establish and maintain a system to monitor international trade in Table I and Table II substances to facilitate the identification of suspicious transactions. All that is required of Pacific Islands nations is a system that monitors the trade from countries of known precursor chemical manufactures to businesses operating within their countries. Article 12(9)(b) requires parties to provide for the seizure of any Table I or Table II substance if sufficient evidence exists that it was used in the illicit manufacture of a narcotic drug or psychotropic substance. The absence of an applicable illicit drugs law renders this task difficult in terms of providing a basis for lawful intervention. However, it might be possible to obtain this provision via customs legislation on the grounds of a false border notification. Article 12(9)(d) requires that imports and exports be properly labelled and documented so that the usual customs documentation, such as invoices and cargo manifests, should include the names (as noted in Table I and Table II) of the substances and quantity being imported or exported, and the names and addresses of the exporter and importer. Article 12(9)(e) provides that such documentation should be maintained for a period of not less than two years and be made available for inspection by the relevant authorities.

This is facilitated by the requirement that parties from whose jurisdiction a Table I or Table II substance is being exported supply pertinent cargo identification details to the competent authorities in the importing country. Thus, Pacific Islands governments, even if not a signatory to the Convention, can still benefit from the advanced treaty status of other nations (although this might jar with those other nations). The Form D process (Article 12[12]) – in which parties to the 1988 Convention are required to provide the INCB with data on the amounts of substances in Table I and Table II seized – can be (and has been) undertaken by non-signatories. The same reporting principle applies in the case of Article 13, in which parties are instructed to take appropriate measures to prevent trade in, and the diversion of, materials and equipment for the illicit production or manufacture of narcotic drugs and psychotropic substances.

The lack of national ratification and/or national legislation might be mitigated by concentrating on enhancing current generic efforts, protocols and methodologies rather than insisting on the introduction and application of universal standards, which at best provide a perception of the requisite degree of control and at worst simply add another layer of international treaty complexity, doing little to tackle the situation on the ground.

Trafficking or smuggling precursor chemicals falls within the broader counter-trafficking/smuggling remit of law enforcement agencies; this report does not discuss the response adopted thus far at the regional and/or national level in the Pacific. The 1988 Convention is concerned primarily with the monitoring and enforcement of the legitimate trade in precursor chemicals and associated laboratory equipment. The key issue under review is the rationale for the creation of a national and regional response to the 1988 Convention. The existence and prevalence of drug-related criminal activity within the region have been established beyond any reasonable doubt. In the context of precursor chemicals, the discovery of

clandestine methamphetamine production is of concern. Indeed, the recent transparent action by the Minister of Health in Papua New Guinea to award a company with no apparent connection to the licit chemical industry the exclusive rights for 10 years to import large quantities of ATS precursors renders the task of controlling precursor movement simultaneously essential and redundant. International pressure to control precursors, let alone a host of other 'security' issues, continues to prove difficult for most Pacific Islands nations. The legislative requirements are rendered difficult by the fact that parliaments face a massive legislative backlog, with a woeful legislative drafting capacity adding to the pressure already posed by an increasingly busy parliamentary schedule with often, in domestic terms, more pressing matters than precursor chemical control.

Conclusion

The mechanics and logistics of the criminal exploitation of the precursor chemical trade are not, in principle, complicated. In essence, precursor chemicals – which in this report refer to ephedrine, P-2-P, pseudoephedrine, 3,4-MDP-2-P and essential oils containing safrole – can be diverted from legitimate imports, abstracted from legally obtained or stolen pharmaceutical products, or trafficked and/or smuggled across or within state borders. The common industrial use of precursor chemicals in manufacturing processes, and the concomitant vibrant export and import markets of the subsequent products, renders the goal of achieving a balance between effective control of chemical movements and harmonisation of trade extremely difficult. The gaps that exist in the grey areas between these two positions account for the persistence with which diversion is pursued.

In principle, diversion of legitimate imports can be mitigated by strict control at the border; abstraction opportunities can be reduced by creating and implementing systematic mechanisms and policies of control; regulating and monitoring pharmaceutical products and the premises that provide them; and mitigating trafficking and/or smuggling by the expansion of specialised law enforcement endeavours currently being applied to transnational crime within the ambit of the transnational crime units and the Pacific Transnational Crime Coordination Centre.

However, for a number of jurisdictions, complications have arisen in terms of the degree to which such control mechanisms are currently in place; and if they are in place, whether they work effectively at both the national and regional levels. If they are not in place, the disjuncture among individual islands, the region as a whole and other jurisdictions that have adopted such systems may impact on the nature and scale of precursor chemical diversion activity and, moreover, how that activity might become displaced.

The Pacific Islands are culturally, educationally and socially diverse, geographically isolated, and sparsely populated. In addition, they are typified in whole or in part by poor governance, corruption and a lack of law enforcement capacity (McCusker 2006). It has been argued that the islands' economic weaknesses and the consequences in terms of lacking infrastructure, poverty and instability may attract transnational crime infiltration. Moreover, the physical terrain, number of individual islands comprising Pacific Islands countries, and length of coastlines relative to border management capacity render the task of mitigating transnational crime extremely difficult even with the presence in some jurisdictions of transnational crime units.

More broadly, the Pacific region has a number of perceived maladies, all or some of which could lead to difficulties in terms of prioritising issues and ensuring the appropriate allocation of resources to tackling actual or potential crime. It has been noted in general terms that the overall performance of the Pacific Islands in the past two decades has been poor, with issues of high unemployment, social or political instability, or serious crime being of concern, along with some daunting health or environmental challenges (AusAID 2006). Furthermore, it has been suggested that many countries face a number of problems including the physical

disadvantages of remoteness and size, which increase transport and other development costs (AusAID 2006). In many cases, rapid population growth exerts pressure on already scarce resources and frustrates efforts to raise living standards. The severe shortages of professional and technical skills, paucity of domestic savings and vulnerability to external shocks pose further constraints.

The precursor chemical control environment remains a complex issue, with few jurisdictions – if any – that can claim to have successfully stemmed the flow of such chemicals or the illicit drugs produced through their synthesis. Given the general nature of the Pacific Islands – with their respective and variable socioeconomic and political issues, and geographical isolation and characteristics – and their subsequent vulnerability to transnational crime (whether directly through the establishment of clandestine drug laboratories or indirectly through transshipment activities), it is undeniable that for island nations, controlling the precursor chemical environment remains yet more problematic. Key to mitigating this problem is ensuring that the knowledge of the methodology of precursor chemical diversion and its prevention is provided to, and used by, those nations.

The increased diversion of precursor chemicals from legitimate enterprises has continued to raise the profile of national legislation in relation to, and regulation of, such chemicals. The Pacific Islands are, on the basis of legislative provisions alone, not yet equipped to deal with enhanced diversion of precursor chemicals. When governance, and law and justice issues also remain unresolved, the situation is exacerbated. An important step to create the framework necessary for precursor control activity would be for all Pacific Islands nations to sign and ratify the three UN conventions, particularly the 1988 Convention. Only when the chemicals listed in Table I and Table II of that Convention form part of the substances listed in domestic legislation can the Pacific Islands nations hope to develop appropriate strategies to tackle diversion. The reporting requirements alone imposed by the 1988 Convention can only serve to enhance broader regional counter-diversion efforts, because it will encourage Pacific Islands nations to gather and analyse data in relation to the importation of precursor chemicals, to monitor the use of precursor chemicals in the region, and to ensure that such chemicals are stored securely.

The pressure for Pacific Islands nations to ratify the 1988 Convention should be maintained. At best, ratification provides a disincentive for criminals to attempt large-scale diversions of chemicals and provides, through submitted data, a true picture of vulnerability and at worst, provides a framework on which to build a regulatory regime. It is essential that the process of ratifying the 1988 Convention – and subsequently implementing national legislation that reflects its content – does not remain or become the sole policy vehicle for precursor chemical control. Current efforts also need to be directed towards evaluations of existing capacity and vulnerabilities, to maintain and improve present customs border management, and to apply generic risk management capacity to facilitate stricter control of the border and beyond.

It remains very important to establish how the precursor chemical problem is defined by individual Pacific Islands nations, both as a problem in itself and relative to other problems that might, for the governments concerned, constitute more pressing matters. Without this, it remains somewhat difficult to then understand why the adoption of protocols and legislation has not been in evidence. As part of reaching an understanding of apparently low commitment to mitigate precursor chemical control diversion, it is important that messages concerning the rise of precursor chemical movement in the region are supported by evidence, and if such evidence is not available, by some indication as to how and why the prospective movement of precursor chemicals could impact negatively on an ill-prepared region.

Effective border management, both nationally and regionally, remains a cornerstone of precursor chemical diversion control. Whether consisting of legitimate imports or illicitly smuggled goods, the border remains a key buttress against the movement of such chemicals. Risk management, based on knowledge of actual and prospective risks within the Pacific Islands environment, remains a key constituent of border control. Given the divergence of resources and capacity, perception of the risk of precursor chemicals and divergent national concerns, the importance of collective regional efforts – from model universal legislation to frank and regular exchanges of personnel, skills, experience and resources – cannot be overestimated.

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All URLs were correct at 29 April 2008

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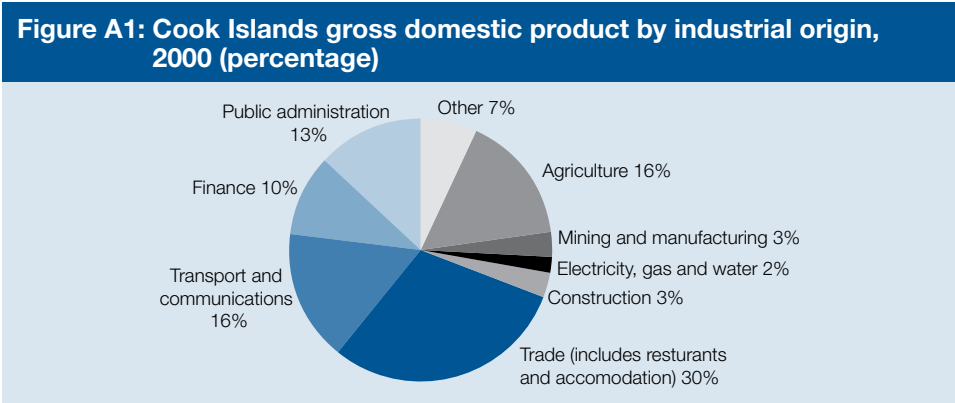
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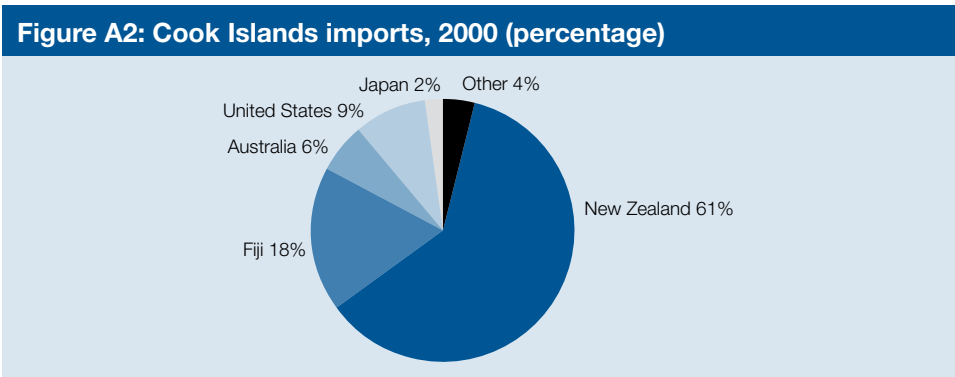
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Appendix

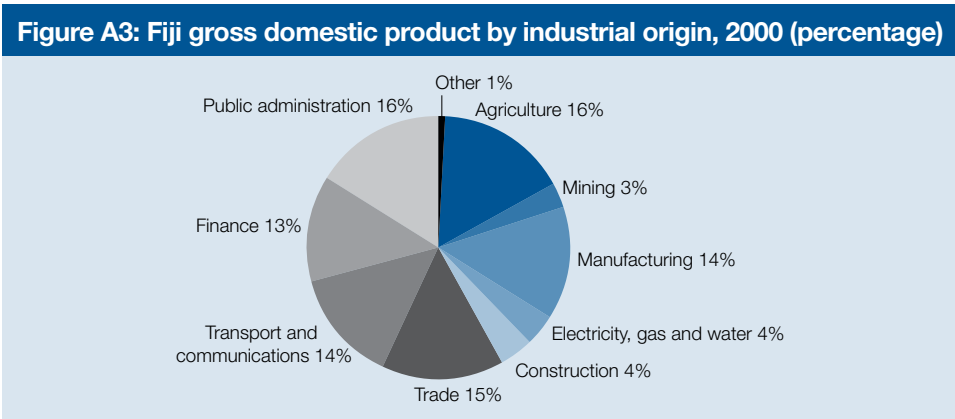
Appendix A: Manufacturing in the Pacific Islands



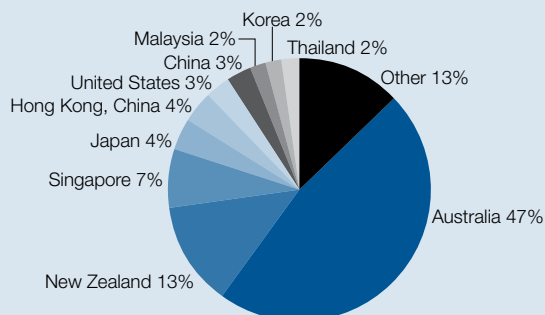
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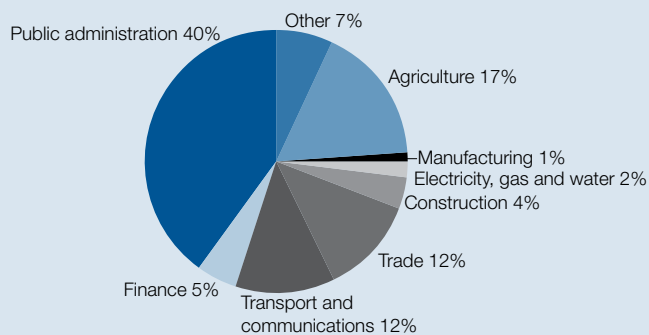
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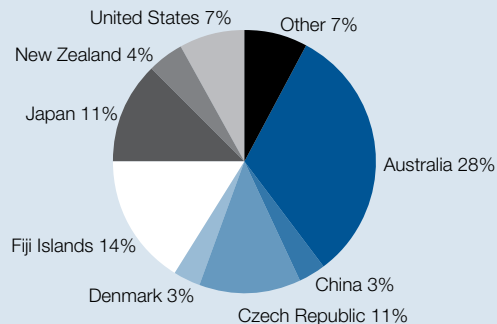
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Figure A4: Fiji imports, 2000 (percentage)

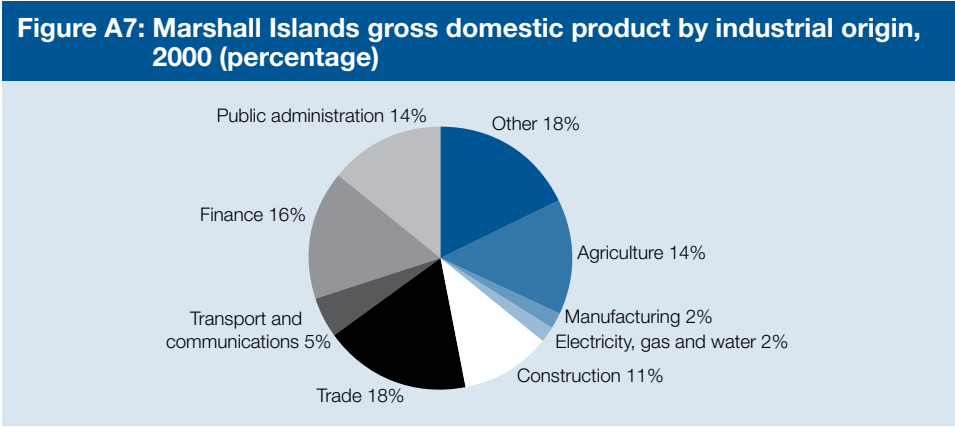
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Figure A5: Kiribati gross domestic product by industrial origin, 2000 (percentage)

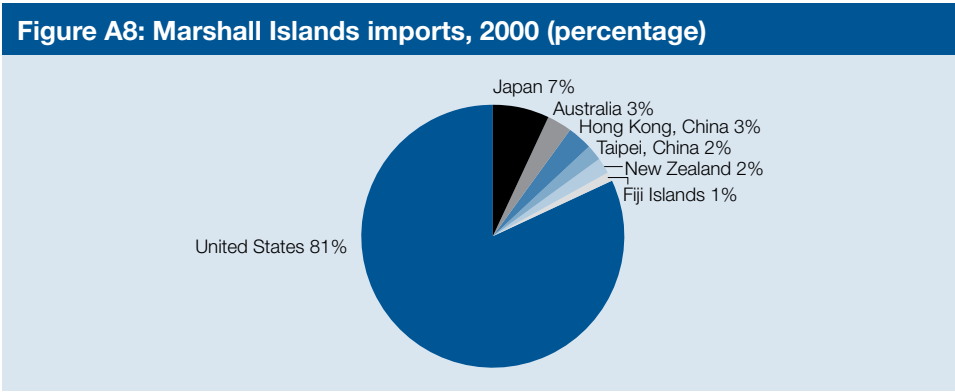
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

Figure A6: Kiribati imports, 2000 (percentage)

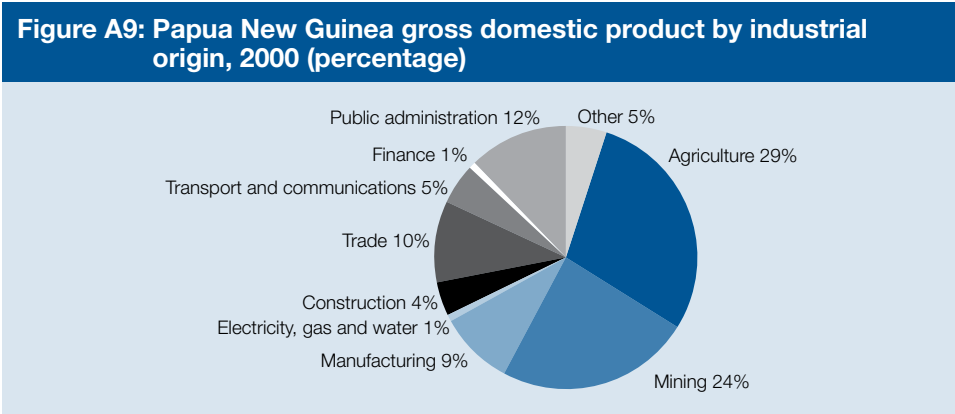
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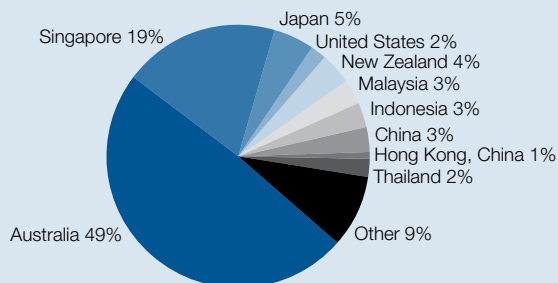
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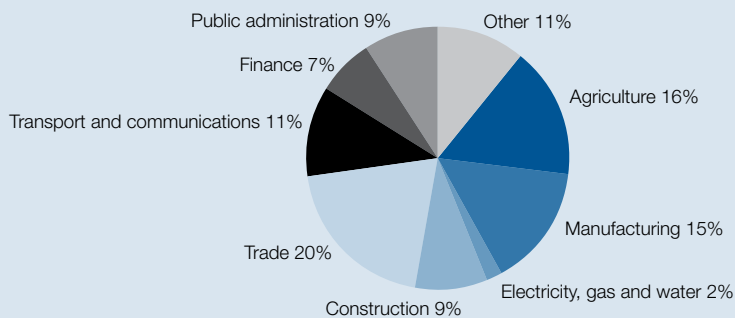
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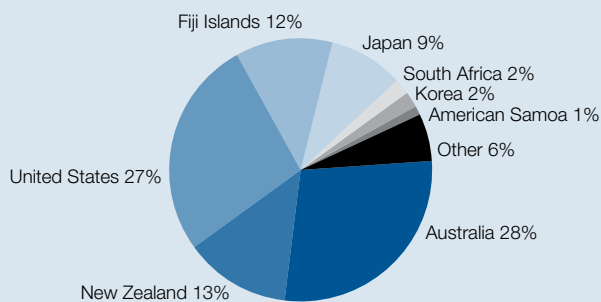
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

Figure A10: Papua New Guinea imports, 2000 (percentage)

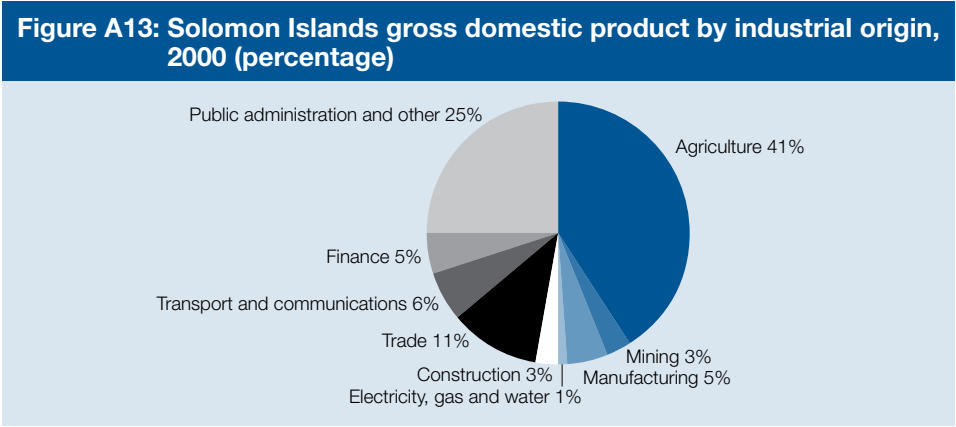
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

Figure A11: Samoa gross domestic product by industrial origin, 2000 (percentage)

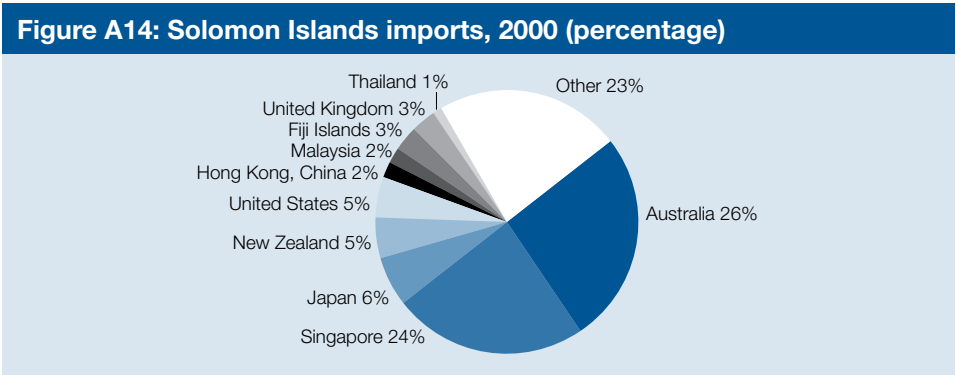
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

Figure A12: Samoa imports, 2000 (percentage)

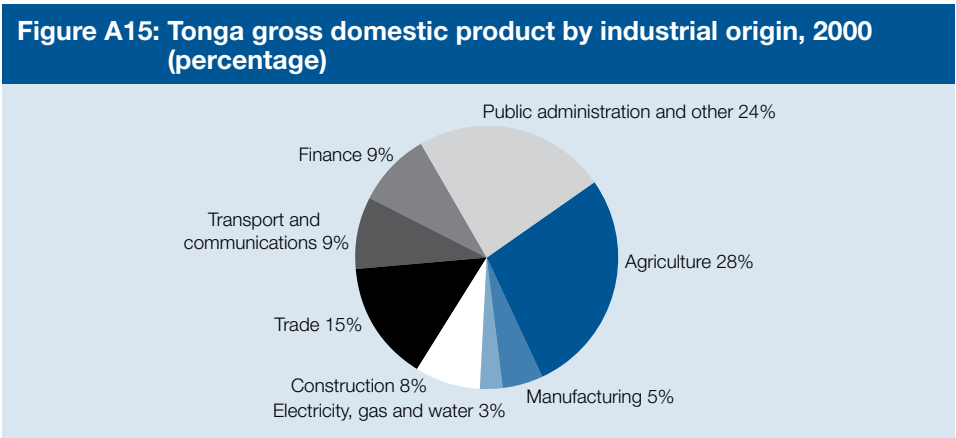
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)



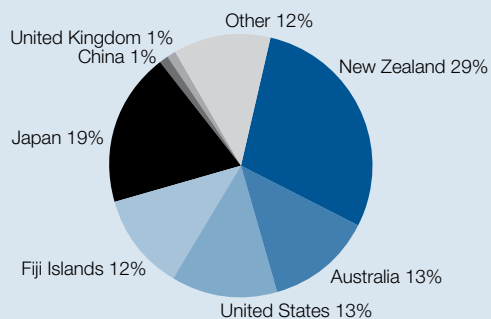
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)



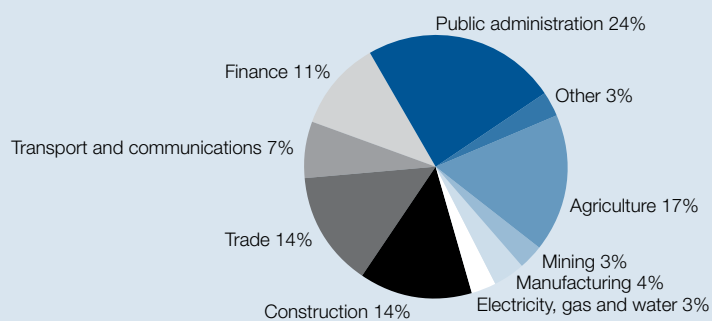
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)



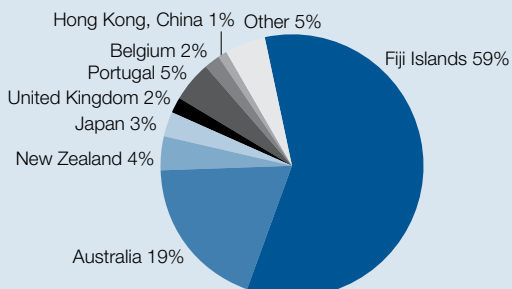
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

Figure A16: Tonga imports, 2000 (percentage)

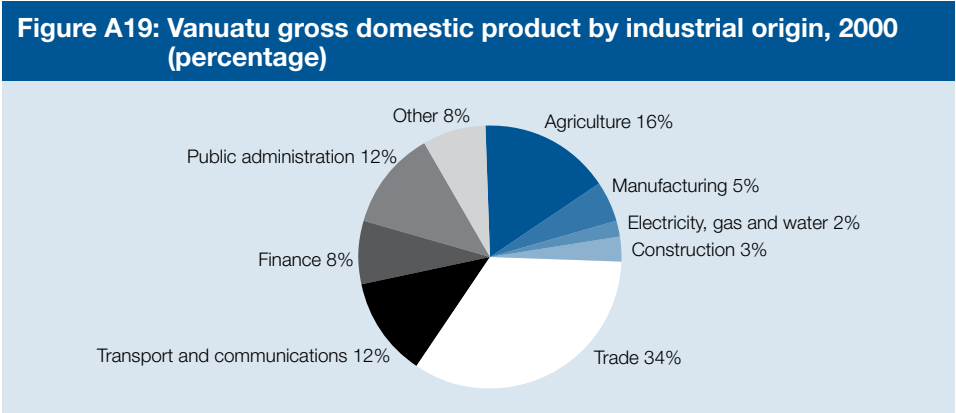
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

Figure A17: Tuvalu gross domestic product by industrial origin, 2000 (percentage)

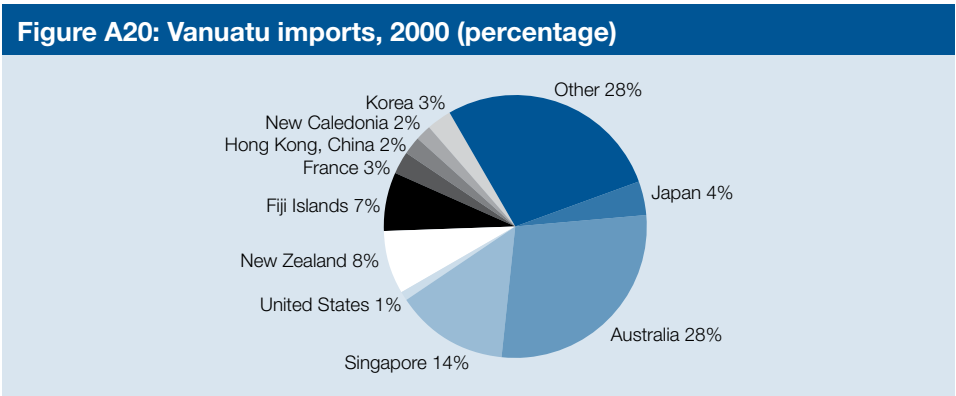
Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

Figure A18: Tuvalu imports, 2000 (percentage)

Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)



Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)



Source: Pacific Islands Trade and Investment Commission & Asian Development Bank (2001)

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This report describes the manufacture and use of, and trade in, chemicals that can be used to produce illicit drugs—precursor chemicals—in Oceania; explores border management and control of precursor chemicals; and analyses legislation and regional capacity to respond.

There is little to suggest routine, or even infrequent, use of precursor chemicals in the Oceania region. The region nevertheless is vulnerable. The report identifies factors that impede strategies to counter diversion of chemicals to illicit uses and that thus render the region open to transshipment of precursor chemicals and incursion of transnational drug crime.