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**Implementation of the international drug control treaties: International Narcotics Control Board****Conference room paper submitted by the International Narcotics Control Board, titled: “Guiding Industry Partnerships: A Policy Framework for Preventing Chemical Diversion”\*\****Summary*

This document outlines key concepts for enhancing industry cooperation, presents actionable options and offers tools to support policy efforts aimed at preventing the diversion of chemicals for illicit drug production. It also emphasizes strengthening the practical application of Article 12 of the 1988 Convention and encourages increased collaboration toward this objective.

Drawing on insights and best practices gathered through a series of events and surveys organized by the INCB, this document provides guidance that Governments may consider. It is intended to be adapted to each country’s specific context and aligned with their domestic legal frameworks.

Governments are encouraged to explore and implement the following key concepts and actions.

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\* [E/CN.7/2025/1](#).

\*\* This document has not been edited.



## I. Introduction

1. The rapid evolution of illicit drug markets and the ingenuity of illicit drug manufacturers, who have significantly expanded their options for sourcing the chemicals they use, call for proactive and innovative approaches. These approaches, regardless of the specific substances involved, can help reduce industry operators' risks of being exploited by drug traffickers. In this context, the International Narcotics Control Board (INCB) has repeatedly emphasized the crucial role of cooperation with industry as an effective and sustainable strategy to prevent the diversion and trafficking of chemicals used for illicit drug manufacture.
2. The concept of industry cooperation is embedded in the provisions of the 1988 Convention, in particular, article 12, paragraph 9 (a). The text reflects the fact that an effective monitoring system for Table I and Table II substances requires close cooperation with manufacturers, importers, exporters, wholesalers and retailers.

**From Article 12, paragraph 9(a) of the 1988 Convention**

“Each Party shall ... establish and maintain a system to monitor international trade in substances in Table I and Table II in order to facilitate the identification of suspicious transactions. Such monitoring systems shall be applied in close co-operation with manufacturers, importers, exporters, wholesalers and retailers, who shall inform the competent authorities of suspicious orders and transactions.”

3. While the mandatory provisions of the 1988 Convention remain foundational, voluntary cooperation has become increasingly vital in precursor control in order to balance the continuous evolution of illicit drug manufacture with a proactive stance respectful of the free trade policies of licit chemical markets. This is particularly relevant for addressing designer precursors and other chemicals not under international control, which continue to pose significant global challenges.
4. Over the years, INCB has encouraged public-private partnerships in various industries and promoted successful initiatives taken by Governments. As early as 2009, INCB developed guidance materials<sup>1</sup> for establishing or improving voluntary cooperative mechanisms with the chemical industry. Since 2016, INCB has also encouraged and supported the concept of “twinning” in order to facilitate the sharing, and possible replication, of successful public-private partnerships arrangements among specific countries. In addition, INCB has designed and promoted national mapping exercises<sup>2</sup> aimed at facilitating Governments' understanding of the risks some industrial sectors (not only the chemical sector) may be exposed to in the current illicit drug manufacturing dynamic. INCB has also carried out surveys and conducted several events focused on cooperation with industry. The most recent of these was an international conference “Engaging the private sector to address illicit drug manufacture – Know your industries”, which took place in Vienna, from 12 to 13 December 2024.
5. The conference offered a significant opportunity to review and exchange a wide range of experiences, best practices, and innovative approaches. It facilitated the sharing of national cooperation models and insights derived from the industry mapping initiative, while also raising awareness of the tools available to address the diversion of chemicals into illicit channels. It also emphasized the important role and potential of national, regional, and international industry associations.

<sup>1</sup> [https://www.incb.org/documents/PRECURSORS/Global\\_Project/Multipage\\_PPP\\_tools\\_and\\_resources.pdf](https://www.incb.org/documents/PRECURSORS/Global_Project/Multipage_PPP_tools_and_resources.pdf).

<sup>2</sup> Mapping exercise: An initiative of the Board aimed at aiding Governments in identifying industries that manufacture, consume or in any way deal with chemicals (whether or not under national or international control) that could also be used as precursors in illicit drug manufacture.

6. As regards the cooperation with industry, it has become evident that there is no single universally applicable approach. The definition, as well as subsequent implementation of, cooperation with industry vary significantly, depending on national contexts, including factors such as the size and complexity of the industry, the presence or absence of industry associations, and the legal frameworks in place. It has also emerged that, on one hand, the cooperation with industry holds considerable potential to enhance overall efficiency, owing to the ability of industry partners to swiftly adapt to evolving challenges and circumstances; on the other hand, it has yet to be fully leveraged. Section II below further outlines some of the key factors that enable effective and sustainable cooperation between competent national authorities and the industry. These factors were highlighted in various INCB events and surveys.

7. The relevance of public private partnership has also been confirmed by the international community through several resolutions of the Commission on Narcotic Drugs (CND), the policy decision making body of the United Nations in the area of drug policies.<sup>3</sup> In particular, in March 2022, CND adopted Resolution 65/3, titled “Intensifying efforts to address the diversion of non-scheduled chemicals frequently used in the illicit manufacture of drugs and the proliferation of designer precursors”. This resolution encourages Member States to establish and strengthen partnerships with private sector entities to contribute to efforts against the world drug problem. It also invites Member States and private sector entities to consider approaches and partnerships that provide appropriate assurances and legal protections for the private sector when taking action to safeguard platforms, services, and supply chains, thereby enhancing the identification and disruption of illicit drug trafficking and precursor diversion.

8. The need for assigning a more proactive role to cooperation with industry (public-private partnerships) is well acknowledged by States parties to the 1988 Convention. A survey carried out by the United Nations Office on Drugs and Crime (UNODC) revealed that 86 per cent of the respondents were of the opinion that the results with private sector involvement were better than without such involvement. A clear majority reporting better results due to private sector involvement was found across all regions. The survey covered partnership projects in different areas of UNODC’s project portfolio. The greatest successes in public-private partnerships were reported in the areas of “prevention and treatment”, “fighting drug trafficking” and “precursor control”.<sup>4</sup>

## **II. Key factors enabling effective and sustainable cooperation between the competent national authorities and the industry**

9. The industry sector, whether in the form of a large corporation or a sole trader, carries out its business with the principal aim of generating financial reward. It provides employment and manufactured goods and generates revenue which feeds back into society. In this dynamic, no legitimate industry wants to be associated with any illicit activity as its reputation would be at stake.

10. The following factors enabling effective and sustainable cooperation with industry have been identified through various surveys and events conducted by INCB.

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<sup>3</sup> <https://www.incb.org/incb/en/precursors/resolutions.html>.

<sup>4</sup> [https://www.unodc.org/documents/donors/Public\\_private\\_partnership.pdf](https://www.unodc.org/documents/donors/Public_private_partnership.pdf); pg. 44.

**Key factors enabling effective and sustainable cooperation  
between the competent national authorities and the industry**

- Knowledge of national industry landscapes, including industries that deal in non-scheduled chemicals, and related relevant Government entities
- Commitment from the Government and industry
- Tailoring public-private partnerships to the national context
- Creating win-win partnerships based on mutual respect and trust
- Involvement of the relevant industry associations
- Having a single point of contact
- Seeing relationship building as a continuum
- Sharing and learning from experiences
- Availability of industry-specific guidance materials

11. Interventions by member states' national competent authorities responsible for precursors control and national, regional and international associations of industries attending the recent "Engaging the private sector to address illicit drug manufacture – Know your industries" conference stressed the need for including these elements in building non-invasive, mutually beneficial frameworks for public private partnership.

12. More detailed information on how these elements have been implemented in different national contexts are contained in INCB's publication "[National practices related to public-private partnerships in the area of drug precursors and non-scheduled chemicals used in illicit drug manufacture](#)", available to all competent national authorities on INCB's secure website.

### III. Options for action

13. Countries where the cooperation with industry has been implemented have demonstrated that it is possible to balance a favourable commercial environment for the licit trade in chemicals with effective precursor control. However, there is no one-size-fits-all approach to cooperation. The format of cooperation needs to be tailored to the national context considering various factors, including the size and complexity of the national industry, as well as the legislative frameworks. In some countries, national approaches may be further tailored to specific regions or cities to address the unique needs of areas with a high concentration of industry or a heightened risk of diversion. The forms of cooperation might vary from very formalized agreements clearly defining responsibilities and roles for both the public sector and industry, to relationships based purely on goodwill, trust, mutual respect and/or personal relations. In some countries, cooperation with industry is mandatory for the monitoring of markets of nationally controlled precursors.

14. In light of the dynamics in illicit drug markets and the supply of chemicals for illicit manufacture, cooperation with industry is more important than ever, and INCB considers that Governments may consider and explore the following key concepts and actions.

## 1. “Know your industry”

### A. Understanding the range of industries that are involved in the manufacture, trade and distribution of chemicals that could also be used in the illicit manufacture of drugs

15. Rapidly changing patterns, evolving demands and the emergence of new, mostly non-scheduled, substances for illicit drug manufacture reflect broader trends and developments in the structure of the chemical industry worldwide. The globalization of trade and supply chains is a major driver of competitiveness, in particularly concerning cost-effectiveness and product availability. In response to cost pressures, the chemical industry often outsources certain services, including research and development, small-batch production, made-to-order/custom synthesis and quality control. This trend has led to a new corporate landscape. Established producers/manufacturers of basic chemicals now focus on their core competency of producing/manufacturing commodities on a large-scale, adapting to the conditions of the world market. New, specialized, but also very flexible and skilled, small and medium-sized companies in the chemical industry have emerged, many of which have become well established in their respective core areas and services. These companies play a vital role in the international supply and value chains.

16. Therefore, the knowledge, understanding and involvement of the range of industries that deal with the chemicals used for illicit drug manufacture which might, often unknowingly, be exploited by traffickers is one of the key elements of the effective cooperation. This is particularly important as these chemicals are often designer precursors that are custom-made, in a form that makes it easy to convert them into the desired internationally controlled precursors or the drug itself.

17. Different categories of industry have different business models regarding their raw materials, intermediate and finished products, customer relationships, supply chains, research capacities, and flexibility in terms of adopting their industrial output to customer’s needs and demands. This has to be taken into account because different categories of industry could have a different level of vulnerability regarding attempts to divert precursor chemicals, including non-scheduled chemicals and designer precursors.

18. The different categories of industry and their peculiarities are outlined in INCB’s publication: “[Global review of categories of industries involved in the manufacture, trade and distribution of chemicals used in the illicit manufacture of drugs](#)”, available to competent national authorities on INCB’s secure website. The document has been used to guide Governments in mapping their national industry landscapes, and in particular, for identifying the existence of the relevant industries in the respective country.



**B. Mapping the national industries relevant from the perspective of illicit drug manufacture**

19. Effective cooperation with industry involves not just known industries that are typically licensed or otherwise regulated under national precursor laws to deal with controlled precursors but also other categories of industry. Over the past few years, INCB has encouraged Governments to map their national industry landscape and has already supported several countries to conduct national mapping exercises.

20. The aim of the exercises is to identify the existence and structures of all industry sectors on a national level and their relevance in the area of prevention of diversion of chemicals of concern. Specific country contexts, local needs and unique aspects of consumer markets must be taken into account.

21. Mapping exercises should also aim at identifying industry associations, their economic, scientific, and societal relevance, and their coverage relative to the individual categories of industry. Acknowledging the comparative advantages and the complementary roles industry associations can play versus individual companies are critical elements for developing holistic national public-private partnerships. Therefore, where they exist, national industry associations play a vital role in facilitating country mapping exercises as well as in ensuring the alignment between the public and private goals.

22. Mapping exercises are also useful for identifying existing mechanisms for cooperation, information sharing, and the reporting of suspicious transactions, including those related to non-scheduled chemicals. In several cases, the mapping uncovered new opportunities for collaboration with industry sectors identified during the mapping process.

**2. Cooperation with industry in practice****A. Establishing communication channels**

23. Once the Government is aware of the national industry landscape, including the existence of various national industry associations, contacts need to be established and maintained with identified industries. In this regard, industry associations can act as a catalyst, facilitating communication and cooperation between competent national authorities and member companies. The associations can distribute official communications, policy documents, and news to their member companies. Acknowledging the distinct advantages and complementary roles that associations offer — compared to individual companies — is essential for fostering effective national cooperation between authorities and the industry. Different industry categories may be represented in different industry associations.

24. Having clear communication channels is also key for full implementation of “know your customers” approaches, reporting suspicious transactions and ensuring that technical information reaches operators including the dissemination of surveillance lists of non-scheduled chemicals and ad hoc alerts. Having a single point of contact in both the competent national authority and in each industry facilitates communication and the building up of mutual trust has been identified as good practice by both Governments and industries.

**B. Involving industry associations**

25. The primary role of industry associations is to safeguard the supply chain and ensure that legislative amendments consider industry concerns. However, they can also play a catalytic role to facilitate interaction between competent national authorities and member companies. Large companies are usually well organized and members of industry associations, while smaller businesses involved in the sale and distribution of chemicals have a relatively lower rate of membership in industry associations and relatively lower participation rates in public-private voluntary

agreements. It is possible that lack of communication among industry peers — a communication facilitated by industry associations — can lead to poor or incorrect comprehension of industry affairs and initiatives. Reasons given by small business owners for low participation rates in voluntary agreements to regulate the chemical trade often made reference to issues such as administrative burdens associated with compliance, and potential reduction of income from lost sales. The accessibility for Governments (e.g. via the established trade associations) of such rather small and very specialized entities, operating in niche-markets, is a difficult exercise.

Industry is the first line of defence. In the partnership, the industry acts as the eyes and ears, with associations serving as the voice that represents its interests.

### C. Formalizing the cooperation

26. Experiences indicate the usefulness of supporting voluntary cooperation agreements with clear frameworks, including memoranda of understanding (MoU), voluntary codes of conduct or other forms of agreements. In general, MoUs facilitate the identification of parties, their overall responsibilities and their commitment towards the achievement of common objectives. Codes of conduct are inward looking documents aimed at listing and formalizing the actions and procedures well specified actors would be ready to voluntarily implement for the achievement of mutual beneficial outcomes.

#### *Memorandum of Understanding (MoU)*

An MoU is intended to serve as a declaration of the willingness of the participants to voluntarily cooperate to prevent chemical precursor diversion through a mutually agreed series of actions. It is generally negotiated between the competent national authorities and the representatives of industrial sectors and formalizes the arrangement between the Government and the company/ies or the industrial association involved in a given market. The MoU usually outlines the intent of the stakeholders to collaborate as well as objectives, roles, responsibilities, mutual expectations and the communication channels of the cooperation.

#### *Code of Conduct*

A code of conduct serves to ensure that all stakeholders act according to certain agreed principles. This may include the implementation of the “know your customers” principle as well as the exchange of information, the participation in trainings and awareness raising campaigns and the development of alert systems aimed at preventing sales of substances with no known legitimate use. As a result, customers of suppliers of precursors are subject to close scrutiny executed by the operators who are committed to the code of conduct. In some cases, the code of conduct includes the surveillance lists of non-scheduled chemicals and sets methods for their dissemination.

### D. Reporting of suspicious transactions

27. Reporting of suspicious transactions is a crucial element of cooperation with industry and is required under the provisions of the 1988 Convention for Table I and Table II substances. As regards voluntary cooperation aimed at addressing non-scheduled chemicals, including designer precursors, the success of industry cooperation depends, to a large extent, on the reporting of suspicious transactions. It is therefore important that the industry voluntarily reports to the authorities any suspicious activity along the supply chain, from inquiries and requests for supply to actual orders, to enable the authorities to identify and investigate the source. Information about suspicious requests and transactions voluntarily shared by industry with national authorities helps to alert other companies in the same country. If the information is shared internationally, with INCB (through the respective national

authorities), the authorities of other countries can be alerted, thus helping to prevent traffickers from placing the same order elsewhere.

28. The mechanisms of reporting of suspicious transactions have different forms in various countries. In some countries or regions, such reporting is also mandatory for certain non-scheduled chemicals.

#### **E. Raising awareness about and disseminating surveillance lists of non-scheduled chemicals**

29. INCB's limited international special surveillance list of non-scheduled substances (ISSL) for which substantial information exists of their use in illicit drug manufacture was established in 1998, with a view to guiding Governments to take appropriate action to prevent diversion of the listed chemicals for use by traffickers in illicit drug manufacture. Due to its nature, ISSL has not been made publicly available, and it is therefore available only to competent authorities. Those authorities who have identified trustworthy companies (based on background checks – due diligence) should then ensure the distribution of the list to the operators either directly or through the respective associations.

30. In addition to ISSL, some countries and regions have their own national or regional surveillance lists, reflecting chemicals of national/regional concern.

31. The dissemination of lists of non-scheduled chemicals and other confidential guiding documents (including the latest trends in the diversion of chemicals for illicit purposes and seized chemicals) is a crucial component of cooperation and important for building mutual trust and creating win-win situations.

### **IV. Other approaches, initiatives and tools**

#### **A. Industry-specific guidance materials**

32. Industry-specific tools and resources can support Governments to develop or enhance the cooperation with industry. An [interactive compendium](#), a one-stop shop of information on tools and resources focused on cooperation with industry developed by INCB, is available on INCB's website. In a user-friendly and visual manner, these documents discuss the benefits and uses of many different normative and operational tools and resources.

#### **B. Monitoring legitimate international trade in chemicals not under international control**

33. In 2022, INCB has launched the PEN Online Light system for the voluntary exchange of information on shipments involving chemicals not under international control but known to be used in illicit drug manufacture. In 2024, 66 importing Governments were regularly notified of shipments of such chemicals to their territories. Governments should consider leveraging this platform to voluntarily share information about planned shipments of chemicals not under international control. This would allow importing countries to take proactive measures before the arrival of any unwanted or unauthorized shipments, helping to prevent potential diversion.

#### **C. Twinning**

34. A critical success factor for building successful cooperation with a specific industry is learning from practices other Governments have in place. To foster broader industry cooperation in precursor control and to support Governments in this regard, INCB has actively promoted and supported the concept of twinning. The twinning initiative involves counterparts from both the public and private sectors of countries with well-established industry cooperation frameworks. These counterparts assist interested Governments in the process of establishing and implementing similar cooperation efforts. Additionally, the initiative offers opportunities to acquire firsthand knowledge and experiences in a coordinated process. Countries that have



participated in the twinning initiative have reported tangible results, with some leading to the formalization of cooperation between authorities and relevant industry sectors.

#### D. Voluntary industry initiatives

35. The chemical industry is well aware of a variety of risks associated with the handling and management and the potential misuse of chemical substances. Their commitment is incorporated in the Responsible Care programme,<sup>5</sup> the global chemical industry's voluntary initiative to drive continuous improvement in safe chemical management in order to achieve excellence in environmental, health, safety and security performance. Nowadays, nearly 70 countries around the world manage Responsible Care implementation in their respective territories.

36. Voluntary initiatives and proactive approaches by industry can also result in voluntary monitoring of international trade in substances of concern. Several companies manufacturing 1,4-butanediol (BDO) and *gamma*-butyrolactone (GBL) have developed a voluntary product stewardship code<sup>6</sup> to prevent the diversion of BDO and GBL two dual-use substances often associated with sexual activity and rape. The code was adopted in April 2017 by the International Council of Chemical Associations (ICCA) and has been perceived as a good practice example in the field of responsible care and product stewardship. National ICCA chemical associations members have broadcasted the BDO-GBL code and invited companies manufacturing these two substances to follow the best practices described in the voluntary code. As follow up in 2020, the same national associations appealed to the senior management of BDO/GBL manufacture companies to formally sign this code demonstrating the full commitment of these companies to the objectives and principles of the code. The list of signatories can be found [here](#).

37. The code consists of the following eight voluntary practices<sup>7</sup> designed to help prevent the misuse and diversion of these two chemicals for illicit purposes:

- Policies and procedures are documented and available
- Customers are assessed for legitimacy
- All customers provide end-use declarations
- The manufacturing company requires distributors to implement equivalent policies and procedures
- Authorities are notified of suspicious orders
- Steps are taken to prevent tampering with containers
- Requests for samples receive due diligence
- Policies and procedures are monitored and reviewed

#### E. Other initiatives

38. An important step forward in the fight against the diversion of chemicals for the illicit production or manufacture of drugs could include the use of technology for a more secure labelling of final products. Such measures can improve product safety, prevent counterfeit products from entering the market, and enable a more efficient backtracking of seized chemicals.

<sup>5</sup> <https://icca-chem.org/focus/responsible-care/>.

<sup>6</sup> [BDO and GBL Voluntary Product Stewardship Code – International Council of Chemical Associations \(ICCA\)](#).

<sup>7</sup> <https://icca-chem.org/wp-content/uploads/2021/12/voluntary-product-stewardship-code.pdf>.

## V. Benefits of industry cooperation at glance

39. The following table outlines some of the benefits of industry cooperation.

<b>Benefits for both for Governments and the Private Sectors</b>	
Enhanced monitoring Achieving balanced controls Mutual respect for the legitimate aspirations of all stakeholders Clear communication channels Regular consultation processes A mechanism to manage the often-divergent concerns, need and interests Educating and sensitizing all stakeholders at all levels Shared responsibility Meaningful cost-benefit ratio Clarity on the role and expectations of each side	
<b>Benefits for Governments</b>	<b>Benefits for the Private Sector</b>
Notified of suspicious transactions – possibility to investigate	Enhanced transparency, predictability and integrity in the business with drug precursor chemicals
Proactive, informed policy-making, thereby making regulations more effective and acceptable	Better and easier access to information
Enhanced voluntary compliance from business	Increased role for business associations in policy consultation and formulation process for scheduling new substances and more efficient administrative processes
Enhanced fundamental understanding of the operations and requirements of business towards business centred policy developments	Better understanding and appreciation of the control requirements, laws and procedures
Optimal utilization of resources	Enhanced reputation and visibility to Government, the public, clients and suppliers as a trusted operator
Reduced negative reactions to future unforeseen incidents and or impacts because of better understanding and communication	Improved environment for legitimate trade
In advance information on planned export shipments regarding non-scheduled substances	Ability to identify impact areas about which the chemical industry has concerns
Information on industrial uses/needs of newly identified substances	Voluntary co-operation in the area of drug precursor chemicals is a good fit for the global lighthouse initiative “Responsible Care®” of the Chemical Industry