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The governance of illicit synthetic drugs

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The governance of illicit synthetic drugs

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Executive Summary

Introduction:

- The focus of this report is on amphetamine type substances (ATS) mainly amphetamine, methamphetamine and ecstasy (i.e. MDMA).
- Throughout the lifecycle of an illicit synthetic drug there are a number of individuals or institutions in a position to reduce supply.
- The challenge for law enforcement is to find the means of leveraging these external institutions in furtherance of supply reduction.
- The aim of the project has been to:
    1. Identify concrete examples of law enforcement agencies harnessing external institutions (public, private and non-profit) in furtherance of amphetamine and other illicit synthetic drug control.
    2. Identify objective, replicable measures of each partnership's institutional properties, and their impacts.
    3. Analyse the strengths and weaknesses of each.
    4. Disseminate findings to Australasian law enforcement agencies.
- The research has focused on strategies adopted by law enforcement agencies overseas.
- In-depth evaluation of diversion control partnerships in Australia has yet to be conducted.
- The research involved fieldwork in Asia, Europe and the United States, where interviews were conducted with law enforcement, regulatory authorities and private sector groups.
- There are a number of operational challenges police face in engaging external organisations and groups in furtherance of illicit synthetic drug control.

Chapter One: The Problem of Illicit Synthetic Drugs

A Brief History of ATS and Global Trends in Supply

- ATS are the most seized drugs worldwide after cannabis.
- The production and trafficking of ATS has increased and has become more diversified.

Manufacture of Illicit Synthetic Drugs

- Production of illicit synthetic drugs depends in part on otherwise lawful enterprise.
- Manufacture of methamphetamine and ecstasy requires precursor chemicals, reagents, solvents and equipment, all of which are legitimately available and commercially traded goods.
- Clandestine drug laboratories can be set up in a range of environments and pose significant public health and environmental threats.
- The interface between the manufacture of illicit synthetic drugs and licit markets poses unique challenges for law enforcement.
- One of the most promising approaches of supply reduction is for law enforcement to identify opportunities within licit environments that facilitate illegal activity.
- This requires law enforcement to engage external organisations and groups in furtherance of limiting the supply of illicit synthetic drugs.

Chapter Two: Illicit Synthetic Drug Control

Chemical Diversion Control

- Reducing the supply of illicit synthetic drugs cannot be based on a strict law enforcement framework (e.g. interdiction and border controls).
- Illicit synthetic drugs have a double supply side system. That is diversion from legitimate pharmaceutical and chemical industry and illicit production.
- Preventing the diversion of chemicals and equipment into the manufacture of illicit synthetic drugs aims to reduce 'access points' within licit markets and impact on 'key factors of production' that determine levels of supply.
- This will target infrastructure that facilitates illicit manufacture of ATS.

International and Australian Diversion Control Initiatives

- Many state police in Australia have implemented a range of innovative programs to address chemical diversion, engaging external organisations and groups.
- Two important initiatives in Australia to address illicit synthetic drugs have been the establishment of a chemical diversion desk by each state and territory police service and the formation of a National Working Group on the Diversion of Precursor Chemicals.
- The United Nations *Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988* has resulted in the establishment of an international framework to address chemical diversion.
- Project Prism has aimed to assist governments worldwide (especially developing nations) to develop and implement operational procedures to prevent diversion both domestically and internationally.

Challenges of Diversion Control

Effective diversion control is not without its obvious challenges:

- Criminals may shift from one precursor to another.
- Chemical diversion control can have clear repercussion for legitimate commerce, including chemical manufacturers and retail pharmacists.

Hybrid Governance and Supply Reduction Strategies

- Policing has become pluralized and dispersed among many different agencies and groups.
- A range of terms have been applied to such practices, including co-production, multilateralization, interagency/multi-agency partnerships, third party policing and hybrid governance.
- There are many ways law enforcement can mobilise external agencies in furtherance of supply reduction.
- Engagement of third parties can be achieved through the following approaches: (1) conscription; (2) required record keeping and disclosure; (3) conferring entitlements; (4) required private interface; (5) co-optation of external interests (private and public sector); (6) incentives; (7) contracting out; and (8) delegation or deference to private parties.

Challenges of Supply Reduction Partnerships

- Engaging in partnerships presents a number of operational/implementation challenges for law enforcement and external organisations: i.e. participants lacking necessary skills, confidence, trust and clarity of roles.

Chapter Three: Case Studies

Domestic Chemical Precursor Control Models

- This section examines various models adopted by the United Kingdom, the Netherlands and the United States to prevent the diversion of necessary chemicals and equipment into the manufacture of illicit synthetic drugs.

The United Kingdom Experience

- The Home Office, the National Criminal Intelligence Service (NCIS) and Chemical Liaison Officers (CLO) are responsible for chemical diversion control in the UK.
- NCIS engages with the pharmaceutical and chemical industry.
- Industry voluntary Codes of Conduct exist in the UK relating to precursor chemicals. They are effective in facilitating cooperation with law enforcement.
- UK has a clearly defined structure, however some problems with retail liaison exist, given that Chemical Liaison Officers are under resourced.

The Dutch Experience

- The Economic Control Service (ECD) is responsible for monitoring precursor chemicals and engaging the private sector.
- ECD has a supervisory inspection role and conducts periodic inspections of businesses licenced to deal with listed (precursor) chemicals.
- ECD conducts the backtracking of chemicals, packaging and containers enabling identification of original supply sources.
- Media exposure of recalcitrant players is used to induce private sector cooperation.
- Mandatory reporting of suspicious transactions has been adopted in the Netherlands.
- ECD invests a lot of resources in following-up and engaging with the private sector.

The United States Experience

- Methamphetamine is the most widely used and clandestinely produced synthetic drug in the US.
- The US Drug Enforcement Administration (DEA) is responsible for domestic chemical control.
- The US is facing a two-pronged problem: super laboratories and large numbers of small 'mom and pop' labs.
- Legislative responses to chemical diversion in the US have been characterised by ongoing re-adjustments to trends in illicit manufacture.
- The DEA framework engages external institutions through the following regulatory strategies: registration; inspections; notice of diversion; letters of admonition; memoranda of understanding; administrative action; civil action and criminal prosecution.
- Retail level diversion of pseudoephedrine based products such as cold remedies is extensive.
- The key strength of the diversion control framework adopted by the DEA is that it enables the agency to induce long term compliance on the part of external organisations involved in licit markets, and to signal - if compliance is not forthcoming – that they are willing to escalate responses.

Meth Watch

- The Kansas Meth Watch program aims to prevent retail level diversion.
- Grocery stores, discount stores, convenience stores, pharmacies and agricultural cooperatives are involved.
- Mini grants are provided to assist with implementation of prevention activities.
- The program is one part of the Kansas Methamphetamine Prevention Project (KMPP).
- The KMPP has four key components: (1) building awareness among the community; (2) prevention, education and skills building; (3) environmental change; and (4) policy and practice changes.
- Evidence indicates that Meth Watch is effective in the prevention of retail level diversion.
- Evaluation of the KMPP found high levels of implementation, especially of the Meth Watch component.
- The Kansas Meth Watch model has been adopted by other US jurisdictions and is being implemented nationally. This national Meth Watch program is being funded by the Consumer Healthcare Product Association.
- A tamper tag program targets the theft of anhydrous ammonia (a reagent used in the manufacture of methamphetamine).
- Meth Watch programs have to be augmented by broader community awareness and education programs as well as interventions in other settings where opportunities for diversion exist.

UK Customs Anti Drug Alliance

- A Customs initiative aimed at preventing the use of legitimate commercial activities for illicit purposes, this strategy involves engagement with private sector groups.
- The Anti Drug Alliance is a Customs-led memorandum of understanding (MOU) program with the import/export industry.
- Anti-Drug Alliance Liaison Officers (ADALOs) were established to service MOUs and to liaise with members of the Alliance.
- The strategy is aimed at reducing the problem of drug smuggling and chemical diversion via commercial cargo and transportation routes.
- The strategy also consists of partnerships that share information and gather intelligence as well as provide information on security improvements to Alliance partners.
- Problems encountered during the implementation of the strategy included: unrealistic expectations among Alliance members; inadequate external and internal communication; insufficient resourcing of the Alliance; confidentiality issues, and management of the program.

United States Customs Industry Partnerships

Carrier Initiative Program (CIP)

- The aim is to help the private sector take action against drug smuggling on board commercial conveyances.
- Participation is voluntary and requires private sector carriers to enter into a MOU with Customs.
- Customs provides training and assesses physical security.
- Any penalties for breaches of law can be used to upgrade security.
- The program tended to favour large companies and was subsequently extended to smaller companies such as land carriers.

- Recommendations for security upgrades have to be realistic.

Business Anti-Smuggling Coalition (BASC)

- BASC is an industry led partnership program between Customs and the private sector that focuses on addressing drug smuggling via commercial cargo.
- As a voluntary program, it aims to enhance self-regulation through development of self-imposed business standards and security measures.
- Customs supports BASC through teams of Customs officers who consult and advise BASC members on security issues.
- The program covers companies involved in the whole supply chain process from manufacturing to shipping.
- Participating in BASC has had commercial benefits for members.
- There has been some misunderstanding among BASC members relating to the role of Customs in the program.

Customs-Trade Partnerships Against Terrorism (C-TPAT)

- The Carrier Initiative Program has been adsorbed under C-TPAT initiative.
- C-TPAT is designed to secure the international supply chain against terrorism and terrorist related activities from production, transportation, importation and distribution.
- C-TPAT provides useful lessons for industry partnerships between law enforcement and the public and private sectors.
- C-TPAT applicants enter into a MOU with Customs.
- After inspection, auditing and meeting security standards, companies are certified as C-TPAT members.
- Members receive reduced examinations.
- Customs supports the program through Customs 'supply chain specialists'.
- Members are subject to periodic assessments.
- Membership has had commercial benefits for private sector participants.
- Two main problems encountered were unrealistic expectations on the part of C-TPAT members and resourcing implementation.
- The voluntary nature of the CIP, BASC and C-TPAT has been important to their effectiveness and sustainability.

Phare Synthetic Drugs and Precursor Project (PSD-II)

- PSD-II is a European Union capacity building project aimed at enhancing capacities of law enforcement and the private sector to control illicit synthetic drugs.
- Targeting a number of countries in Europe, the scheme was based on a needs analysis of each recipient country.
- The program revolved around the delivery of five training modules:
    1. Training on synthetic drugs and precursors.
    2. Expert assistance missions.
    3. Advanced training and exercises in dismantling illicit laboratories.
    4. Interagency cooperation seminars.
    5. Policy seminars and practical implementation exercises.

- Update seminars were also held to keep participants abreast of new developments.
- Outcomes of the project include:
  - Increases in the reporting of suspicious transactions by industry to law enforcement.
  - Improved controls of ATS and precursor chemicals.
  - The establishment of a network of experts on synthetic drugs and precursors.
  - The establishment of a website dedicated to the project.
  - The signing of a number of MOUs between law enforcement and industry.
- Capacity building in the synthetic drugs and precursor domain is relevant to Australian police, given the significance of the Asia-Pacific region for production of ATS and as a source of precursor chemicals.
- The development and implementation of a 'PSD-II like project' for the Asia Pacific region merits consideration.

Chapter Four: Conclusions and Best Practice

- Law enforcement can harness the resources of other organisations in the public and private sectors through a range of mechanisms both mandatory and voluntary.
- Supply reduction partnerships have been achieved in a number of different ways, with a range of factors influencing successful implementation.
- A number of best practice principles have been distilled from the case studies. They include:
  - Dedicated personnel.
  - Clarifying expectations, roles of partners and returns.
  - Frequent feedback and follow-up by law enforcement to agency partners.
  - Attention to the most vulnerable 'access points'.
  - Program of capacity building.
  - Using a combination of programs.
  - Tackling availability of equipment (glassware/machinery) and infrastructure (technology/containers/transport).
- Many of these principles are being applied by law enforcement and regulatory authorities in Australia.
- However, a comprehensive study of diversion control partnerships and strategies of co-production in the illicit drug and precursor domain is yet to be conducted in Australia.
- No assessment has been made of the overall effectiveness of Australia's domestic chemical control program.
- Few of the programs examined had been formally evaluated.
- Law enforcement need to invest more in evaluation and cost-benefit analysis.

Introduction

> *"For years we had to deal with drugs derived from alkaloids to the plants, you know cocaine, heroin and of course marijuana from the alkaloids of cannabis. Synthetic drugs are a completely different challenge. The key thing with synthetic drugs is no chemicals equals no drugs. Chemical interdiction is the most important thing because…take methamphetamine for instance, methamphetamine is the only drug an addict can make himself, aside from marijuana, you can grow your own marijuana, but you cannot grow your own heroin, you can't grow your own cocaine. So in view of that interdiction is irrelevant, which is why I believe the Mexican organised crime groups got into methamphetamine – why spend million of dollars paying peasants to pick coca leaves in Bolivia and planes and boats and all those overheads for transportation and custom bribes, when all you need is five thousand dollars worth of chemicals and you can make fifty thousand dollars worth of meth in a trailer house outside of Kansas city? So the bottom line is that synthetic drugs make interdiction irrelevant, so the only key thing, the only thing you have left as far as interdiction, is interdicting the chemicals themselves."* (Interviewee: Guy Hargraves, US Drug Enforcement Administration, Midwest High Intensity Drug Trafficking Area, Intelligence, Kansas USA.)

The above quote perceptively highlights the challenges law enforcement faces in controlling illicit synthetic drugs. It illustrates that the complexity of the problem far exceeds the capacities of law enforcement alone to address. Throughout the lifecycle of an illicit synthetic drug, from the manufacture of precursor chemicals, to their diversion and synthesis into the final product and eventual consumption, there are a number of individuals or institutions in a position to reduce supply. The challenge for law enforcement is to find the means of leveraging external institutions in furtherance of supply reduction.

The evidence presented in this report illustrates that reducing the supply of illicit drugs entails much more than simple law enforcement. It encompasses initiatives that are underpinned by regulatory frameworks aimed at precluding opportunities for the production and trafficking of illicit drugs. This is particularly the case with illicit synthetic drugs, given that precursors required for the production of illicit synthetic drugs, such as amphetamine or methamphetamine, are licit products. The manufacture of Amphetamine Type Substances (ATS) relies upon the existence of lawful enterprise. The diversion of chemicals into illicit production is therefore a productive area to focus supply reduction efforts. Assessments indicate that some precursor chemicals and equipment are subject to formal controls at manufacturing, export and import levels, while others are easily accessible at retail levels and subject to little oversight.

The burgeoning literature on 'hybrid governance' identifies a number of ways by which state activities such as policing have been shared and devolved to private interests and external institutions. This literature identifies a number of viable policy options that aim to enhance the capacities of law enforcement to engage external institutions in strategies of co-production. This body of work is equally applicable to the field of illicit synthetic drug control. As is the case with many policy areas, theory has tended to develop in the wake of actual practice, with police agencies both in Australia and abroad already participating in various hybrid policing partnerships aimed at precluding the supply of illicit synthetic drugs.

The varied nature of these emerging partnerships and strategies presents an important opportunity to explore the practices and experiences of law enforcement agencies abroad, which can help to identify lessons of relevance to Australian jurisdictions. State and Federal police in Australia have

not lagged behind international efforts to control the supply of illicit synthetic drugs. Nevertheless, exploring practices adopted internationally can provide insight into what works or what does not, newly emerging trends in both illicit synthetic drug trafficking and new policing practices, and possible regulatory gaps in supply reduction. In doing so, one has to be mindful of the political and cultural differences between countries when undertaking such an analysis and conscious that illicit drug problems vary significantly across jurisdictions and contexts.

Project Aims and Objectives

This project aims to identify the various ways in which law enforcement have engaged with external institutions in furtherance of reducing the supply of illicit synthetic drugs. The control of ATS has been the primary concern of this research. The specific objectives of the research as stipulated in the original project brief submitted to the National Drug Law Enforcement Research Fund are to:

- Identify concrete examples of law enforcement agencies harnessing external institutions (public, private and non-profit) in furtherance of amphetamine and other illicit synthetic drug control.
- Identify objective, replicable measures of each partnership's institutional properties, and their impacts.
- Analyse the strengths and weaknesses of each.
- Disseminate findings to Australasian law enforcement agencies.

The main focus of this project has been to investigate strategies adopted by law enforcement agencies overseas. The bulk of the data reported here has been derived from a variety of law enforcement and regulatory authorities in Asia, Europe and the United States. This is not to say though, that Federal, State and Territory police here in Australia have done nothing of value. This is far from the case, with the work of police chemical diversion desks in each state and territory instrumental in forging partnerships with external agencies aimed at illicit synthetic drug control. Some of these initiatives are discussed in Chapter Two and it is clear Australian efforts are on par with initiatives abroad. However, an in-depth evaluation of chemical diversion control programs in Australia is yet to be conducted. Our aim has been to identify key lessons from experiences overseas that can inform policies and strategies here in Australia. This report is as much about regulation and partnerships as it is about supply reduction. In the context of regulation and partnerships, both present a number of 'operational challenges' in relation to attaining compliance and cooperation from partners. It is these operational challenges and ways of overcoming them that we hope to highlight in this report.

Methodology

The first eleven months of the project were devoted to reviewing literature and electronic databases. This preliminary research sought to identify relevant initiatives as well as to explore the nature of illicit synthetic drug markets and techniques of manufacture and distribution. This review was complemented by contacts with authorities such as the United Nations Office for Drug Control and Crime Prevention, the United States Drug Enforcement Administration and formal and informal contacts suggested by Australian Federal Police (AFP) Liaison Officers overseas. Consultations were also conducted with Australian law enforcement personnel to map Australian initiatives aimed at engaging external agencies in furtherance of limiting the supply of illicit synthetic drugs.

Based on this preliminary research, six locations in Asia, Europe and North America were selected for site visits. Contact was made with overseas AFP Liaison Officers, who assisted in identifying relevant personnel within each jurisdiction. Over a one-month period, site visits were made to Singapore, Bangkok, London, Amsterdam, Washington, St Louis, San Diego and Los Angeles. National, State and local law enforcement were consulted, along with regulatory authorities and some private industry and United Nations representatives. A complete list of agencies and individuals consulted is provided in Appendix A.

Analytical Framework

The following framework was used to guide interviews conducted with relevant agencies and to assist with the analysis of initiatives selected for the study. This framework was used as a guide only; it was modified and adjusted depending on the representatives being interviewed and their level of knowledge and experience in the field of illicit synthetic drug control. The framework is as follows:

Features and characteristics of the illicit synthetic drug problem within each jurisdiction:

- Which Amphetamine Type Substances are the main problem and in what form – powder, tablet or capsule?
- What are the patterns of production, trafficking and use?
- User – groups.
- Production – methods of production, ways of sourcing chemicals, locations/settings of large or small laboratories.
- Trafficking – local production and local consumption, importation/distribution (shipping, airlines, postal, motor transport).
- Are there any new emerging trends in manufacturing and trafficking?

Strategies of co-production adopted to tackle the supply of illicit synthetic drugs:

- Is there engagement with public and private sector organisations with the aim of supply reduction, and what form does it take?
- Who is engaged?

Origin of the partnership in question:

- What was the genesis of the idea for the partnership(s), and who were its original proponents? – was this based on an assessment of the drug markets and the nature of the problem?
- Were there any impediments or constraints to the creation of the partnership(s)? E.g. political, financial, cultural or organisational.
- Did front line workers or employees contribute to the development of the partnership (front line workers or employees often have knowledge of potential program improvements that can be usefully incorporated into agency operations).

Relational structure of the partnership:

- Are activities undertaken on behalf of, or in collaboration with the law enforcement partner?
- What problems or conflicts were encountered during engagement with external agencies?
- If so, what solutions were used to overcome such problems?
- What is the legal status of the partnership(s) and was it formalised?
- Has the partnership changed? If so how?

Challenges for police when engaging in partnership strategies aimed at controlling illicit synthetic drugs:

- Have problems of sustainability been encountered?
- Is there any resistance by parties involved in the partnership(s)?
- Do agencies possess relevant skills and resources to participate in such partnerships?
- Is there a high level of interest and participation and has this been ongoing?
- Are any agencies missing from the partnership(s)?

Degree of state intrusion and mandatory or voluntary participation:

- Is participation in the partnership(s) the result of mandatory requirement; induced by incentives; the product of moral persuasion; or driven by market forces (motivations of compliance – self choice, trust, reputation, shame, social expectation).

Resource inputs, costs and benefits to partners:

- What level of resources (financial, organisational and reputational) are invested in the partnership(s) by the respective parties?
- What is the relative mix of law enforcement/private input?
- What is the relative gain for respective parties?

Transparency and Accountability:

- What mechanisms/processes exist to monitor participation and ensure transparency and accountability?
- If so, how does this occur, to whom, how often?

Outcomes:

- Has the partnership(s) been a success?
- If so, how and why? What has made it a success?
- Has the initiative(s) been subject to some kind of formal evaluation?
- If so, what were the results; if not, why not?
- What kind of outcome measures were used?

Distributive implications and unintended consequences:

- Do any other interests benefit from or contribute resources to the activity/partnerships in question?
- Has the partnership produced any side effects, whether positive or negative, and what means were employed to identify or prevent downside/unintended outcomes?
- Do other neighbouring jurisdictions or local responses affect your own approaches to controlling the supply of illicit synthetic drugs?

What doesn't work/hasn't worked? –

- Were any partnership schemes/initiatives implemented that appeared to have failed to achieve their objectives? If so why?

Terminology

The focus of this report is on the control of illicit synthetic drugs, that is, drugs solely produced and derived from chemical synthesis and that do not rely upon harvested crops for their manufacture. The terms 'Amphetamine Type Substances' (ATS) and 'illicit synthetic drugs' refer to a wide spectrum of chemically synthesised drugs. However, for the basis of this report, the terms, unless specified, refer collectively to amphetamine and methamphetamine (speed, crack, base or yaba in South East Asia), crystal methamphetamine (crystallised methamphetamine hydrochloride known as crystal meth, ice or shabu in Asia) and ecstasy (MDMA or 3-4 methlenedioxymethamphetamine and other classes of phenethylamines such as MDEA or MDA). ATS can be swallowed, snorted, smoked or injected depending on which form they take. Specific reference will be made to other synthetic drugs such as ketamine (a synthetic anaesthetic and sedative) and GHB (gamma-hydroxybutyrate or liquid E). The term 'party drugs', which is often used to refer to both ecstasy and other forms of synthetic drugs, is avoided. While ATS are technically classified as psycho-stimulants, ATS such as ecstasy do have hallucinogenic qualities and it is often categorised as a hallucinogen. While chemically related to amphetamine, MDMA is not a derivative and is produced through a different chemical process (ACC 2003).

Chapter One: The Problem of Illicit Synthetic Drugs

The aim of this chapter is to place the current study in context. We have not set out to provide an exhaustive discussion of ATS, the health consequences of use, nor the effects of addiction. Other research has focused extensively on these issues (see Victorian Drugs and Crime Prevention Committee 2004). Rather, we have focused on trends in supply, diversion and manufacturing methods, all of which highlight the key challenges law enforcement face in controlling illicit synthetic drugs. One of these key challenges relates to the interface between licit environments and the illicit production of ATS. It is this interface that compounds difficulties in controlling levels of supply and use within ATS markets. It is this interface that requires law enforcement to engage external agencies. Before we outline how this is and can be done, and the operational challenges in doing so, we need first to discuss why the manufacture and supply of illicit synthetic drugs such as methamphetamine and ecstasy has become such a problem.

A Brief History of ATS and Global Trends in Supply

Amphetamine was first synthesised in 1887 and was marketed in 1932 as an over-the-counter inhaler to relieve nasal congestion. By the late 1930s amphetamine was available by prescription to treat a range of disorders such as narcolepsy, schizophrenia and alcoholism. Abuse of amphetamine, in particular methamphetamine, did not come to prominence until World War II, with Japan, Germany and the United States providing the drug to military personnel to increase their endurance and performance. In Japan, wide scale abuse became particularly rife. Similarly MDMA (i.e. ecstasy) while first synthesised in 1912, gained prominence in the 1970s due to its military and therapeutic uses (Anglin et al 2000; Chawla 1998; DEA 2003b; Gowing et al 2001; Klee 2001a).

It was not until the 1970s that the therapeutic usefulness of ATS was recognised to be limited, with controls on ATS manufacture and use becoming more stringent. Despite a decline in licit pharmaceutical manufacture of ATS, clandestine production became the major source of global supply for ATS (Chawla 1998; United Nations Drug Control Program 1996). While cannabis remains the most popular illicit drug globally, illicit synthetic drugs are now the most used and seized illicit drug worldwide after cannabis, with methamphetamine constituting the bulk of global seizures (Office on Drugs and Crime 2003b; 2004). Research from Australia has reported similar findings, with amphetamine and ecstasy consumption increasing since the 1990s (ACC 2003; 2004; Topp & Churchill 2002; Victorian Drugs and Crime Prevention Committee 2004).[1]

The number of detections of clandestine laboratories producing amphetamines has also increased since the mid 1990s, with the states of New South Wales and Queensland dominating the figures.[2] There have been detections of MDMA laboratories in Australia,[3] but the bulk of ecstasy coming into Australia originates from Western and Eastern Europe. This is beginning to change with the Asia-Pacific region increasingly a new source of MDMA for Australia (ABCI 2002; ACC 2003;

[1] For a review of this Australian data see the Victorian Drugs and Crime Prevention Committee (2004).

[2] Between 2000-01 a total of 201 laboratories were detected Australia wide, with it rising to 240 in 2001-02 and 314 in 2002-03 (see ACC 2004). In 2001-02 Queensland detected 128 laboratories, compared to 32 in New South Wales, 24 in Victoria, 22 in Western Australia, 20 in South Australia, 3 in Tasmania and 1 in the Northern Territory. None were found in the Australian Capital Territory (see ACC 2003). Comparable state figures for 2002-03 are not available from the ACC.

[3] See the ABCI (2002) and the ACC (2003). The former report states that Western Australia and Queensland each detected one MDMA laboratory, while the ACC (2003) reports Victoria Police seizing MDMA precursors that may indicate the existence of a MDMA laboratory. The production of fake MDMA tablets is reportedly on the increase in Australia. Usually tableted and stamped amphetamine or methylamphetamine, these tend to be cut with a range of additives such as ketamine, paracetamol and caffeine.

Victorian Drugs and Crime Prevention Committee 2004). In other regions such as Asia (e.g. Thailand; see Ahmad 2003) consumption of ATS, particularly methamphetamine, is the highest in the world (Office on Drugs and Crime 2003b; 2004). The United States is experiencing a similar situation, with thousands of clandestine drug laboratories, manufacturing mostly methamphetamine of varying quality, seized each year (Collier 2004; DEA 2003d; see Chapter Three). New Zealand is facing a comparable problem with increasing numbers of clandestine drug laboratories being discovered. In 1998, only one methamphetamine laboratory was detected; this increased to 83 in 2002, with detections rising each year (Ministerial Action Group on Drugs 2003; New Zealand Customs Service 2002).

Evidence indicates that the production of ATS is actually beginning to outstrip the global production of cannabis and heroin. While traditionally the trafficking of amphetamine and methamphetamine has been limited to outlaw motorcycle gangs, with the Netherlands customarily seen as the centre of MDMA production, these features in production and trafficking networks have gradually changed. Illicit drug producer societies in both the Asia Pacific and Central and South American regions, that conventionally have dominated heroin and cocaine markets, are increasingly diversifying into the production and trafficking of ATS, using established sites and networks to manufacture and distribute synthetic drugs (ACC 2003; Bureau for International Narcotics and Law Enforcement Affairs 2004; DEA 2003a; Gordon 2001; New Zealand Customs Service 2002; Office on Drugs and Crime 2003b; 2004; International Narcotics Control Board 2004a).[4] The reason for the rise in the manufacture of ATS can be attributed to a number of factors: profitability in ATS manufacture and trafficking, given input costs compared to outputs (i.e. low production costs relative to the size of the product produced and its wholesale price); the various and simple synthetic routes to manufacture the end product; and easy access to a variety of essential starting materials (DNE 2003; Gordon 2001; Office on Drugs and Crime 2003b; United Nations Drug Control Program 1996; Wilkins 2002).[5]

Manufacture of Illicit Synthetic Drugs

In contrast to more traditional drugs like cocaine, heroin or cannabis the production of illicit ATS is comparatively simple. It requires fewer inputs compared to cultivated drugs of a natural origin and is far easier to transport, their light weight allowing large amounts to be trafficked. On average one pill weighs 250 milligrams, with 4000 pills smuggled in a package weighing only one kilo. To produce one kilo of cocaine, one has to cultivate nearly one hectare of coca, and use nearly 200 kilograms of inputs which include acids, solvents, bases and salts. To produce one kilogram of synthetic drugs requires only five kilograms of inputs, an amount that can vary depending on the precursors used and the method of manufacture. The production of synthetic drugs can be completed in a matter of days and is a relatively non-labour intensive procedure compared to cultivating cannabis or heroin (DNE 2003; Wilkins 2002). Profitability and mark-ups are huge. Police in Australia report that 30 tablets each containing 60 milligrams of pseudoephedrine[6] (a key precursor in the production of ATS – see below) available in pharmacies for around $AUD 10.00, can produce more than 300 doses of methamphetamine which retails between $2000 and $8000 on the illicit drug market (see Victorian Drugs and Crime Prevention Committee 2004: 407). The United Nations Office of Drugs and Crime (2003b) estimates that the mark-up between the wholesale and retail value of ATS can be as high as 300%. While prices differ remarkably across

[4] There is also evidence that terrorist groups rely upon the trafficking of ATS to fund their activities (see Sanderson 2004).

[5] Of course one cannot discount increased global demand for ATS. One contested thesis for the popularity of ATS in Australia, especially among injecting drug users is due to Australia experiencing a heroin drought (see National Drug and Alcohol Research Centre - http://ndarc.med.unsw.edu.au/ndarc.nsf, Drug Trends Bulletin April 2002 and Victoria Drugs and Crime Prevention Committee 2004.

[6] Total 1.6G pseudoephedrine (Victorian Drugs and Crime Prevention Committee 2004).

jurisdictions, financial returns do not end with the final product. In fact, the highest ongoing operational cost is not that invested in establishing a clandestine drug laboratory, but rather the cost of obtaining the chemicals necessary for manufacture. The illicit price of these chemicals can be 20 to 50 times the legitimate commercial costs of the chemicals themselves. Black market prices in the US have been estimated between $US 3,500 and $US 4,000 per case of pseudoephedrine pills (one case containing 14,400 pills) which costs approximately $US 450.00 on the legitimate commercial market (DEA n.d.a; Office of Drugs and Crime 2003b). This has seen groups specialise in procuring the necessary chemicals, with a range of methods utilised to circumvent legal controls[7] (see ACC 2003; Bureau for International Narcotics and Law Enforcement Affairs 2003; 2004). For example, the Australian Bureau of Criminal Intelligence (see ABCI 2002; also see ACC 2003) noted that in Australia some methamphetamine producers assume the roles of specialised brokers of precursor chemicals, with individuals contracted by drug syndicates to source chemicals (also see Office on Drugs and Crime 2003b). In New Zealand it has been reported that criminal groups import precursors using front companies or 'piggy back' imports, in which legitimate commercial imports are used to conceal illicit products (New Zealand Customs Service 2002). The problem however, is that while obtaining precursors for illicit uses does pose obvious risks, it is highly profitable and is relatively straightforward.

The manufacture of ATS requires a range of precursors, reagents and solvents. Precursors are chemicals that become incorporated in full or part into the final ATS product. They are perhaps the hardest to substitute. Reagents are chemicals that facilitate a reaction, but do not become a part of the final product. A solvent is a liquid that dissolves another, usually a solid substance without any change in its own chemical composition. Like reagents, solvents do not form part of the final ATS (Dawson 1994). The majority of these chemicals can be legally purchased from a local chemist, hardware store or commercial chemical distributor. For example a key precursor used in the production of methamphetamine is ephedrine or pseudoephedrine, found in cold and flu tablets and nasal decongestants. Along with pseudoephedrine, the Birch (Nazi) method of methamphetamine production[8] uses lithium (as well as sodium metal) as a reagent, the lithium metal being extracted from batteries. This technique also uses anhydrous ammonia, a crop fertilizer and air conditioner refrigerant. Red phosphorus is used in the cold method or red-p method;[9] the red phosphorous is extracted from match box striker plates. The hypophosphorous method uses hypophosphorous acid as a reagent.[10] While having no legitimate household or retail use, it is used in commercial and laboratory fields (e.g. chemical plating, food preparation, water treatment and as a bleaching agent). The hypophosphorous method continues to be the most popular method of producing ATS in Australia (ACC 2003; DEA 2003e). Other chemicals also used include acetone, brake cleaner, camping fuel, iodine crystals, propane, rock salt and toluene i.e. paint thinner.

Along with the necessary equipment such as glass jars, bottles, plastic tubing, coffee filters, baking dishes, hotplate and strainers, individuals can easily set up their own clandestine laboratory in a range of environments such as rental properties, motel rooms, sheds, rural areas and car boots.[11] Such small scale laboratories (referred to as 'boxed labs', 'boot labs' or 'mom and pop' labs) are highly mobile and difficult to detect. The production capacity of clandestine laboratories varies enormously; some simply produce amounts of ATS for personal use and distribution to friends and acquaintances; others such as large 'super labs' having the capacity to produce up to hundreds of

[7] These various methods of diversion will be addressed in more detail in Chapter Two.

[8] There exist a range of methods for producing ATS, each given varying titles. In the course of conversations with law enforcement officials in Australia, two of the authors came across a technique referred to as the 'microwave' method.

[9] Heat can be added to yield a higher amount of finished product.

[10] Hypophosphorous acid is used in the ephedrine/pseudoephedrine reduction method of methamphetamine production (DEA 2003e).

[11] Car 'trunks' in North American parlance.

kilograms per week, which are then distributed through dispersed trafficking networks (ACC 2003; Blickman et al 2002; Castellano et al 2003; International Narcotics Control Board 2004a; McKwen et al 2002; National Drugs Intelligence Centre 2003; Office of Drugs and Crime 2003b; Steel 2003; DEA 2000; 2003c, n.d.b).

Sodium hydroxide – reagent used in the production of ATS. Corrosive to human tissue and can cause eye and tissue burns, and nerve damage.

Blister packs of cold and flu medication found at a clandestine drug laboratory – photo provided by Scott Collier DEA, Chemical Control Program, Washington DC, 9-7-2004.

Clandestine laboratories pose significant human and environmental threats. The waste from ATS production is highly toxic and flammable, some chemicals reacting violently with water[12] or a rise in temperature.[13] Fumes can cause serious injury such as eye, skin or respiratory damage, or in some cases even death. Harmful fumes produced include phosphine gas, hydrogen cyanide and hydrogen sulphide. The amount of waste produced by synthetic drug production is enormous. It is estimated that the production of one kilogram of amphetamine or ecstasy will, depending on the production method, result in five to 20 litres of waste. Much of this waste seeps into the surrounding environment and poses significant clean up costs and ongoing hazards (DEA 2003c: 71, 73, n.d.b; Hargreaves 2000; National Drug Intelligence Centre 2004; McKwen et al 2002; Martyny et al 2004a, 2004b; Scott 2002; Steel 2003; Wilkins 2004).[14]

Producers of synthetic drugs will use a variety of methods to dump their waste in order to avoid possible detection. This will include emptying the waste directly into soil or rivers, down drains and toilets, placing it in someone else's garbage bins or in landfills, or setting alight stolen cars that are loaded with chemical waste. Such methods place residents, property owners, local authority workers and police at risk (DEA 2003c; Inland Narcotics Clearing House 2003; Wilkins 2002).

The manufacture of MDMA is slightly more complicated compared to amphetamine or methamphetamine, requiring some level of chemical expertise to synthesise. However, it is no less reliant upon the existence of lawful enterprise, with MDMA production requiring an array of equipment such as pressure reaction vessels, vacuum separators and pill presses. Precursors essential to ecstasy production include safrole oil used in perfumes and soaps, and piperonal, also

[12] For example lithium metal.

[13] For example red-phosphorus.

[14] In the United States in 2003, narcotic officers from the San Bernardino Country Sheriff's Office raided one of the largest laboratories found during 2003. Hidden in a rural five acre area, over 2000 gallons (approximately 7500 litres) of flammable waste was found, including two and half tons (approximately 200 kg) of red phosphorous and 133, 55 gallon (approximately 208 litres) drums of chemical waste. Over four million pounds (approximately 1,800,000 plus kg) of contaminated soil was removed, costing in excess of $US 226,000.00 to decontaminate (Inland Narcotics Clearing House 2004).

Photo: Clandestine super lab red–p method. Provided by Antonia Loya, National Methamphetamine Chemical Initiative Coordinator, San Diego, CA.

Exploded stolen vehicle with drums of chemical waste. Source DEA (2003c).

With the use of a compressor, connected to the car cigarette lighter, chemical waste from ATS production was dumped from this vehicle via a PVC pipe, along a road in the Netherlands. Source Synthetic Drugs Unit, Helmond, Holland.

used in perfumery as well as being a glazing agent in zinc galvanisation industries (International Narcotics Control Board 2004; United Nations Drug Control Program 1996). Another key precursor is PMK (piperonyl methyl ketone) which has practically no licit purposes, the bulk of which is produced by a handful of chemical companies in China (Doward & Thompson 2003; National Criminal Intelligence Service 2003). The equipment required for ecstasy production all have industrial uses and can be purchased directly from legitimate commercial manufacturers and suppliers. For example, tabletting machines essential to the final phase of ecstasy production are used in the pharmaceutical and confectionary industries, with secondhand machines available for purchase over the internet, their durability enabling them to be recycled and reused. One process of manufacturing ecstasy (the deep freeze or cryogenic cold method) simply involves a freezer that acts like a reaction vessel.[15]

In some instances criminals have turned to manufacturing precursor chemicals through the synthesis of pre-precursors or to custom-making their own equipment (Inland Narcotics Clearing House 2003; International Narcotics Control Board 2004a; United Nations Drug Control Program 1996).[16] This can include custom-making pill presses and pressure reaction vessels. In some instances manufacturers of synthetic drugs will also recycle the chemicals themselves, using for

[15] Personnel communication with Anton Leenders, National Crime Squad/Unit Synthetic Drugs, Helmond, Holland 6-7-04.

[16] For example by synthesizing anhydrous ammonia for methamphetamine production. See http://www.mapinc.org/drugnews/v03/n664/a08.html?1886.

Pressure reaction vessel in the foreground and background – utilising PMK in MDMA production. Synthetic Drugs Unit, Helmond, Holland 2004.

Ecstasy pill punch - DEA logo. Synthetic Drugs Unit, Helmond, Holland 2004.

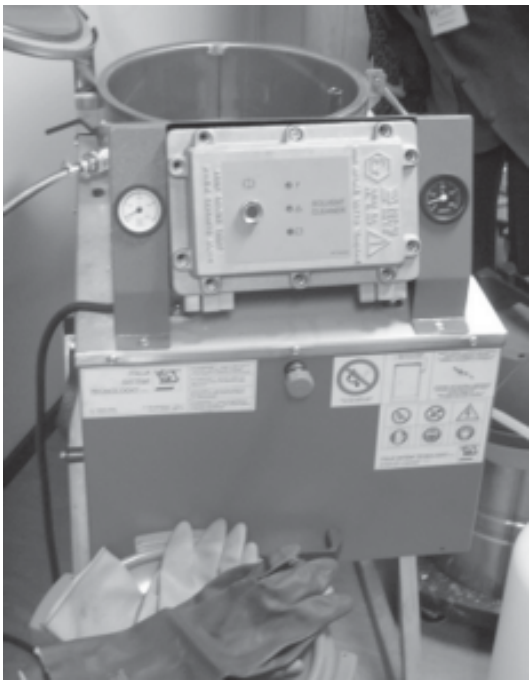
example distillation machines that clean used solvents and chemicals, enabling their reuse (DEA 2003c). In some instances in the US, individuals who manufacture methamphetamine (known as cooks) may offer what can best be described as a garbage collection service to remove chemical waste material. That is, they will contract themselves out to other cooks or groups to remove clandestine laboratory waste. This waste is either 'cooked off' or recycled through the use of distillation machines and then sold to other cooks or to smaller laboratory operators. This is a very useful service, especially for groups involved in large scale production, because it eliminates any overheads they may face in trying to remove and dispose of the waste themselves. It also offers another avenue for obtaining necessary chemicals.

Other more notable trends in manufacture include groups splitting the various strategies of making ATS into discrete separate processes. This is done to spread the risk of detection. Groups and sites are dedicated to obtaining the precursor chemicals, extraction of the pseudoephedrine or mixing of precursors, cooking and solidifying the drug, tabletting and finally distribution. In the US, an interesting trend includes the 'dirt baron' phenomena in which methampetamine cooks will look for abandoned laboratories or dumpsites and once a site is discovered they will dig up the contaminated soil and transport it home to extract any residue methamphetamine that may be left behind in the dirt (Inland Narcotics Clearing House 2003).

Of course the internet provides a fertile environment for the dissemination of such information and expertise, and for the procurement of essential chemicals and equipment (International Narcotics Control Board 2004a; Schneider 2003). Many 'cooks' of ATS learn methods of manufacture through dispersed networks of acquaintances and peer groups and via internet chat rooms and websites (ABCI 2002; ACC 2003; Inland Narcotics Clearing House 2003).[17]

[17] There exists little research on the experiences or social-demographics of individuals who manufacture ATS. The Inland Narcotics Clearing House (2003) carried out a survey of a group of methamphetamine cooks in Los Angeles (known as the Methamphetamine Lab Cooker Survey) involved in small or 'stovetop' manufacture. This research found that the majority of cooks learned to make methamphetamine under supervision of close friends and relatives and that often family members were present when cooks made methamphetamine, with neighbours also aware that meth cooking was occurring. The survey also found that its sample of cooks were employed while involved in manufacture, the majority being males from middle and lower classes, most having used methamphetamine for a number of years. Surprisingly the survey found methamphetamine cooks on average taught four people a year how to make methamphetamine, that cooks were successful in producing methamphetamine at their first attempt, and that they preferred to produce methamphetamine between midnight and 6.00am. Many cooks had experienced laboratory fires and unsurprisingly they rarely called emergency services for assistance (Inland Narcotics Clearing House 2003).

Custom made pressure reaction vessel. Synthetic Drugs Unit Helmond, Holland 6-7-2004.



Distillation machine. Synthetic Drugs Unit Helmond, Holland 6-7-2004.

While the majority of methamphetamine cooks have little or no formal training in chemistry, individuals who are involved in producing MDMA may have such occupational backgrounds, with unemployed chemists from Eastern European countries (e.g. Russia) increasingly being targeted by international drug syndicates for the purpose of employing them to manufacture ATS (Klee 2001a; 2001b; 2001c).

Discussion: Reducing the Supply of Illicit Synthetic Drugs

The aim of this chapter has been to highlight the size and scope of the ATS problem in Australia and overseas. With the level of supply increasing and the ease with which criminals can produce ATS, law enforcement can no longer solely rely upon traditional approaches of control such as interdiction and criminal investigation. One of the most promising approaches of supply reduction is for law enforcement to identify opportunities within licit environments that facilitate illegal activity. This requires engaging third parties. Given the interface between licit environments and the manufacture of ATS, an approach that prevents, for example, the diversion of precursor chemicals into the illicit manufacture of ATS, will help to contain the overall size of the illicit synthetic drug market. Of course criminals will constantly be on the lookout for flaws and loopholes in any diversion control program. The challenge for law enforcement is to identify the most effective approaches that connect the internal capacities of external institutions to supply reduction goals and promote collective responses around externalities (i.e. opportunities for illegal conduct) generated by legitimate commercial activity. These various approaches are canvassed in the next chapter.

Chapter Two: Illicit Synthetic Drug Control

This chapter discusses various theoretical and policy frameworks being applied to control ATS. The chapter discusses the importance of chemical diversion in reducing the supply of illicit synthetic drugs and examines strategies of co-production of policing within the theoretical framework of hybrid governance. The authors recognise that the issues canvassed below overlap and are relevant to other areas of illicit drugs such as heroin and cocaine. However, policing illicit synthetic drugs presents unique challenges for law enforcement. The authors do not wish to engage in debates over the merits of supply reduction versus demand or harm reduction. We do not dismiss the importance of demand reduction or harm minimisation to an overall holistic approach to drug control. In fact, many of the approaches discussed in this report that have the explicit goal of reducing supply also have secondary goals of minimising harms (e.g. tackling clandestine drug laboratories aims to minimise individual and public risks associated with illicit manufacture). The focus in this report is on approaches that emphasise supply reduction. Debates over the merits of and compatibility between, supply, demand and harm reduction have been well rehearsed in the literature (see Canty, Sutton & James 2001).

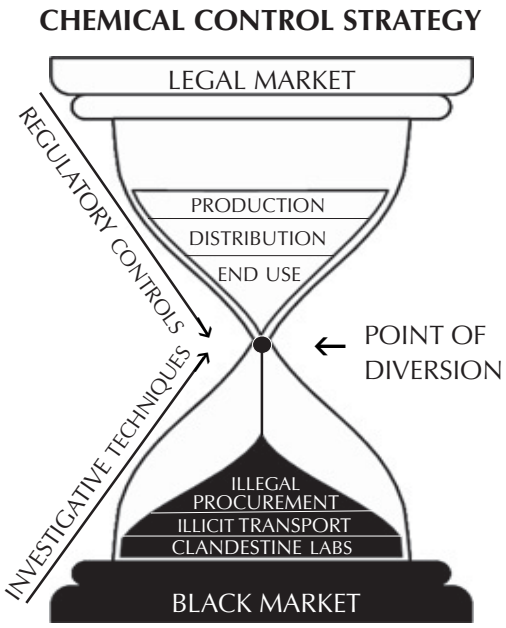
Chemical Diversion Control

Controlling illicit synthetic drugs poses some obvious challenges for police given that ATS have a double supply side system: diversions from licit pharmaceutical and chemical trade, as well as illicit manufacture (Chawla 1998). In relation to the latter, the most popular method of diversion in Australia is through organised 'pseudo runs' in which individuals or groups (runners) purchase packets of pseudoephedrine-based preparations by targeting multiple pharmacy outlets, with the products diverted into the 'black market' and then sold or distributed to 'meth cooks' or criminal syndicates (ACC 2003). Such illicit activity is susceptible to intervention and this has become a key priority for law enforcement and international bodies. The approach is based on reducing 'access points' within licit markets and 'factors of production' that impact on ATS supply.

Preventing the diversion of chemicals into the illicit production of ATS is premised on tackling the situational conditions that provide opportunities for illicit manufacture to occur (e.g. large quantities of pseudoephedrine at retail levels; lax Know Your Customer policies; the lack of mandatory thresholds on the sale of cold and flu medication; or deficient import or export monitoring systems). Given that ATS have a double supply side system one of the most effective strategies is to focus on key 'factors of production': those factors within the ATS supply chain that can be most readily made scarce relative to others (Kleiman & Young 1995). Given the reliance of the illicit synthetic drug market upon chemicals and licit industries, preventing 'leakage' into illicit markets is an important method of impacting on significant 'factors of production' (i.e. availability of precursors) that effect ATS supply. Doing so, acts like a direct tax on ATS trafficking by increasing operational costs suppliers bear (e.g. acquiring the chemicals necessary for manufacture) that can have corresponding impacts upon levels of both supply and demand (Dorn, Bucke & Goulden 2003; Kleiman & Young 1995). Compared to other approaches (e.g. border interdiction), such outcomes can be achieved through strategies that regulate the boundary between the manufacture of illicit drugs and the 'access points' (i.e. legitimate business and industry activity) that facilitate the production of ATS. Not only is the diversion of chemicals into illicit markets a key 'factor of production' vulnerable to disruption, it also encompasses infrastructure such as transport facilities, financial systems or technology that provide opportunities for manufacturers and traffickers to exploit licit environments for illicit purposes (Dorn, Bucke &

Goulden 2003; van de Bunt & van der Schoot 2003). Figure 1 diagrammatically illustrates the focus of chemical diversion control and key factors of production within legal and illegal markets that effect ATS supply.

Figure 1. Chemical Diversion Control: Diagram provided by Scott Collier (Collier 2004), Chief, Chemical Control Section, DEA United States Department of Justice, Washington DC 2004.



This means that supply reduction cannot simply be based on a strict law enforcement framework, (e.g. interdiction and border controls) but requires preventative and regulatory approaches. The aim is to increase the effort, increase the risks and reduce the rewards associated with the manufacture and trafficking of ATS.[18] Meshing this situational approach with a 'factors of production' model helps to identify ways of reducing the opportunities and the capacity of groups, organisations and networks to manufacture and traffic in ATS. This does not mean that police have to abandon traditional law enforcement techniques. Rather, they may simply require a refocus. For example, targeted investigative techniques that aim to trace particular features of the illicit market back to sites of diversion, are important in putting in place preventative controls by identifying points vulnerable to diversion. This can involve for example the backtracking of chemicals found at clandestine laboratories to original points of sale or distribution through the tracing of packaging and labelling.

International and Australian Diversion Control Initiatives

As a result of a number of United Nations Conventions, predominantly the *Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988*,[19] (the 1988 Convention) an international framework has been established to prevent the diversion of chemicals into illicit markets (see Commission on Narcotic Drugs 2003; 2004; International Narcotics Control Board 2004a). International precursor control in particular has been shaped by Article 12 of the 1988 Convention. It obliges signatories to take measures to prevent the diversion of chemicals by

[18] Such a framework is supported by a wealth of empirical evidence derived from situational crime prevention (see Clarke 1997).

[19] Other earlier conventions include the 1961 *Single Convention on Narcotic Drugs* and the 1971 *Single Convention of Psychotropic Substances*.

implementing mechanisms that monitor the manufacture and distribution of substances listed in Tables One and Two.[20] In addition, the Convention requires persons, enterprises and premises involved in manufacture and distribution to be licensed.

Article 12, paragraph 10, has seen the establishment of a pre-export notification system, in which, prior to the export of substances listed under Table One and Two, governments may request notification of all or some of the substances listed in either table prior to export into their country. Exporting counties are obligated to supply information about the exporter and importer, the name of substance being exported and the expected day of dispatch and arrival to the relevant competent authorities of the importing country.[21] The relevant authorities of both importing and exporting countries can decide on the basis of this information, and in conjunction with their own investigations and licence monitoring systems, whether the chemical is being exported by a legitimate commercial source and destined for licit markets or may be diverted for illicit purposes and refuse exportation and entry. This outcome may even lead to the launch of criminal investigations. Such verification requires coordination and information exchange between overseas police agencies and regulatory bodies (Therapeutic Goods Administration 2002). The overall effectiveness and workability of the chemical control system established under the 1988 Convention has been questioned, because of the variability in how countries have implemented its provisions (Commission on Narcotic Drugs 2003; Chawla 1998; International Narcotics Control Board 2004a; Wardlaw 1993). Inconsistency, for example, exists between signatories relating to the chemicals - listed under Tables One and Two - that requires pre-export notification (see International Narcotics Control Board 2004c). However, this international system has provided the impetus for countries to take action against the supply of ATS through regulatory controls and partnership strategies, leading to some significant seizures of precursor chemicals bound for the illicit market and resulting in action being taken against companies and groups involved in chemical diversion (see Commission on Narcotic Drugs 2003; 2004; International Narcotics Control Board 2004a).

At an international level, Project Prism has aimed to assist governments worldwide (especially developing nations) to develop and implement operational procedures to prevent diversion both domestically and internationally. A meeting between the US Drug Enforcement Administration and the United Nations International Narcotics Control Board in June 2002 resulted in the formation of a number of working groups. The Chemical Working Group is concerned with cross border cooperation and intelligence sharing and in particular has looked at improving backtracking investigations into precursor chemicals. The Equipment Working Group aims to address equipment used in the illicit production of ATS (e.g. tabletting machines) and trace equipment to prevent it from being diverted. An Information Technology Support Group has also been formed to advise on ways to prevent the misuse of the internet for the purpose of obtaining chemicals, materials and equipment necessary for the manufacture of ATS (Guevara 2003; International Narcotics Control

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[20] Table I and II of the 1988 Convention list precursors and essential chemicals (e.g. reagents and solvents) used in the production of ATS and other illicit drugs. Controlled substances listed in Table I have few available substitutes and limited licit uses, while substances listed in Table II have many substitutes, various industrial and licit uses, with a high volume of licit trade (New Zealand Customs Service 2002). The decision to include a substance in either Table I or Table II is not based on the kind of substance it is (precursor or essential chemical) but rather the level of regulation that is thought to be required in relation to that substance. For example in 2001 acetic anhydride, a precursor for heroin, was rescheduled from Table II to Table I. The International Narcotics Control Board in 2000 when recommending this transfer took into account the volume of trade in acetic anhydride, the potential usefulness of pre-export notifications in preventing diversion and whether pre-export notifications would place an undue burden on either industry or competent authorities (see http://www.incb.org/e/tr/pre/e00xi3/precursors_1999_2_c.pdf).

[21] In Australia the relevant authority is the Treaties and Monitoring Unit of the Office of Chemical Safety, a part of the Therapeutic Goods Administration, which is a division of the Commonwealth Department of Health and Ageing see http://www.tga.gov.au/chemicals/ocs/index.htm. The International Narcotics Control Board (INCB) monitors implementation of the provisions of Article 12 of the 1988 Convention. Signatories are obliged to provide reports to the INCB, which reports annually to the UN Commission on Narcotic Drugs (see Commission on Narcotic Drugs 2003).

Board 2004a; 2004b). Such capacity building efforts have also been a key focus of the European Union PHARE Synthetic Drugs and Precursor Project which is covered in Chapter Three. Importantly, these capacity-building programs aim to help actors develop the technical competency to satisfy global standards established by the United Nations (Braithwaite & Drahos 2000).

Australia has met requirements of the 1988 Convention through specific legislation and administrative and monitoring systems at Federal and State levels. At the Federal level the relevant regulations include the *Customs Prohibited Import/Exports Regulations,*[22] monitoring and licensing conducted by the Office of Chemical Control (OCC) within the Australian Government Department of Health and Ageing[23] and State legislation which regulates drugs, poisons and controlled substances. A key problem with precursor control legislation in Australia is the lack of consistency between States and Territories, with each putting different chemicals under varying levels of control (DEA 2004a; Victorian Drugs and Crime Prevention Committee 2004).

Outside of these legislative responses there have been a number of important initiatives launched by Australian State and Territory police to address diversion. One of these has been the establishment of what are termed Chemical Diversion Desks and the formation of a National Working Group on the Diversion of Precursor Chemicals.

Managed by police officers, Chemical Diversion Desks are a key point of contact between law enforcement and external agencies (e.g. the private sector), facilitating interagency responses to chemical diversion, clandestine drug laboratories and illicit drug trafficking. Victoria Police have four dedicated chemical diversion investigators, which are permanent positions (Abrehart 2004). The role and function of State Chemical Diversion Desks is summed up by the following quote derived from the Queensland Police Diversion Desk:

> *"The role of the Chemical Diversion Desk is to establish and maintain liaison with chemical, pharmaceutical and glassware companies for the purpose of collating information regarding suspicious purchases and inquiries on steroids; illicit and licit substances and associated products…The Chemical Diversion Desk receives an abundance of information that essentially involves those persons suspiciously purchasing pseudoephedrine based products from pharmacies. This information is collated and placed on a database…. For those persons who are identified as having multiple purchases or are known offenders, a report is generated and forwarded to the ILIT[24] team for investigation. These reports are generated when the suspect has been positively identified and their current residential address confirmed. Feedback is provided by the*

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[22] Exporters who wish to apply for a licence to export listed chemicals have to complete the relevant application form. Under Regulation 10B of the *Customs (Prohibited Exports) Regulations*, exporters are required to keep records of each precursor substance exported from Australia including: the date on which the exportation takes place; the quantity exported; and the name and address of the person to whom the precursor substance is exported.

[23] The OCC is part of the Therapeutic Goods Administration, a division of the Australian Government Department of Health and Ageing. It has compliance and monitoring responsibilities under UN treaties and the Australian Customs Act and is responsible for the pre-export notification system in Australia, as well as import/export licensing of precursor chemicals. It also reports to the UN International Narcotics Control Board. OCC also comprises the National Industrial Chemicals Notification and Assessment Scheme (NICNAS), a statutory scheme that collects information on industrial chemicals and assesses their health and environmental effects. NICNAS has a database that collates and stores information on industrial chemicals and companies who import and manufacture these chemicals (see http://www.nicnas.gov.au/). At the time of writing, a proposal is being developed by the Australian National Working Group on the Diversion of Precursor Chemicals to expand this database to include a new module that would track the use and movement of precursor chemicals that could be used in the manufacture of illicit drugs. This module is referred to as the Precursor Chemicals Module (see Office of Chemical Safety 2004; Willcocks 2004).

[24] ILIT is the Queensland Illicit Laboratory Investigative Team – see Macdonald, Wilkins & Sheldon 1998 for a description of ILIT roles and functions.

Chemical Diversion Desk to chemical, pharmaceutical and glassware companies for the purpose of chemical security and increased awareness…"(Victorian Drugs and Crime Prevention Committee 2002: 397).

In 2002, a National Working Group on the Diversion of Precursor Chemicals was established to address the problem of diversion within Australia in a coordinated fashion. Comprising Federal, State and Territory law enforcement, health and industry groups, one of its key aims is to address the problem of inconsistent laws and regulations on precursor chemicals. Other initiatives include the establishment of a clandestine laboratory database,[25] protocols for decontaminating clandestine drug laboratory sites and an increase in community and industry awareness about signs of illicit synthetic drug production (Minister for Justice and Customs 2002; 2004).[26]

Many States and Territories have a whole raft of programs to address illicit synthetic drugs and precursor chemicals. Many have developed partnerships and agreements with retail pharmacies to identify and report suspect purchases of cold and flu medication (e.g. Victoria and New South Wales). Queensland Police have at the time of writing, developed a component on chemical diversion for the Bachelor of Pharmacy at the University of Queensland. One aim is to raise awareness about pseudoephedrine diversion and strengthen potential future relationships between new pharmacists and police (Wilkins 2004). Western Australia Police have launched similar programs aimed at pharmaceutical students. Other approaches include the Western Australia Police liaising with chemical companies to encourage voluntary termination of sales of precursor chemicals (e.g. iodine) to non-account customers (Brown 2004). Victoria Police have a dedicated database that lists all pharmaceutical and chemical companies and businesses who sell, store, distribute and use precursors that can be diverted into the manufacture of illicit synthetic drugs. Victoria Police also provide updates to pharmacies about police operational outcomes and the most commonly diverted products, undertake security assessments of pharmaceutical manufacturers and scrutinise transport arrangements, liaise with glassblowers as well as dealers and businesses that sell pill presses (Abrehart 2004).

Challenges of Diversion Control

Effective diversion control is not without its obvious challenges. For example, many efforts to control precursor chemicals have seen criminals shift from one precursor to another. Efforts to control single ingredient pseudoephedrine based products in Australia resulted in 'runners' moving to procuring multi-ingredient/combination products that contained pseudoephedrine combined with analgesic or antihistamine (ACC 2003; Victorian Drugs and Crime Prevention Committee 2004: 412). Similar trends have been reported in the US. More detail about the US experience with diversion control will be provided in Chapter Three. Also as indicated in Chapter One criminals may turn to customizing necessary equipment (e.g. pressure reaction vessels or pill presses) or attempt to manufacture their own precursor chemicals.

Evidence also indicates that traffickers may shift sites of production to jurisdictions that do not have well established chemical controls, thus enabling them to easily procure chemicals without detection. This is one possible reason why countries in the Asia Pacific region are increasingly becoming sites for large scale production and an important embarkation point for ATS and

[25] This is currently under consideration (see Office of Chemical Safety 2004; Willcocks 2004).

[26] Some States in Australia have established their own working groups on precursor chemicals and equipment. For example in Victoria there is a State Precursor Control Working Group which includes members from Victoria Police, Pharmacy Board of Victoria, Pharmacy Guild, the Pharmaceutical Society of Australia, and the Department of Human Services.

chemical precursors destined for diversion into illicit markets (International Narcotics Control Board 2004a; New Zealand Customs Service 2002; Office on Drugs and Crime 2003b; 2004).[27]

One key dilemma is that chemical diversion control can have clear repercussions for commercial industry in terms compliance and enforcement costs. While internationally the chemical market is dominated by a few large chemical manufacturers, it is at the distribution level that diversion tends to occur. At this level the market is dominated by a plethora of smaller companies and brokers, making effective controls difficult to implement, and placing demands on law enforcement resources (National Criminal Intelligence Service 2003). Despite the spread of ATS production, the supply of precursors may not necessarily be provided by local sources. As indicated above, criminal networks and entrepreneurs may divert chemicals from a range of potential access points, in particular by obtaining equipment and precursors via the internet. Many forms of illicit synthetic drugs (e.g. ecstasy) from countries such as the Netherlands and Asia come through commercial channels such as international mail systems. Differentiating between whether imports and exports have licit or illicit purposes is an overwhelming task for police agencies given the size of domestic and international trade. Likewise, diversification around different stages of manufacture and trafficking appears to be a key characteristic of groups involved in the illicit synthetic drug market, which further complicates supply reduction efforts.

The data and experience reported above clearly indicates that engaging external institutions is an important requisite for effective supply reduction. Many agencies are in an optimal position to reduce the supply of ATS by impacting on key points in the supply chain of illicit synthetic drugs. This includes addressing risks of chemical diversion and the establishment of clandestine drug laboratories. The challenge is identifying the most effective mechanisms that enhance co-production between police, government and external institutions and facilitate what has been termed third-party policing. These mechanisms are canvassed in the next section.

Hybrid Governance and Supply Reduction Strategies

An increasing amount of research has identified the extent to which policing as a process has become 'pluralized', with central governments and police no longer monopolising the provision of activities aimed at law enforcement and public safety. Many security related roles, customarily the responsibility of the state, have become commercialised and devolved (Bayley & Shearing 2001; Dupont, Grabosky, & Shearing 2003; Loader 2000). Loader (2000) refers to the existence today of 'dispersed, inter-organisational policing networks' in which non-government agencies, private, and non-profit groups engage in a range of activities that have an explicit 'policing' function. These range from citizen participation in Neighbourhood Watch programs or street patrols to private sector agencies (e.g. conveyers, shipping owners, transport companies, stevedores, insurers, bankers) using risk assessment tools and administrative procedures (such as auditing) to reduce individual and collective crime risks (Grabosky 1995; van Bunt & van de Schoot 2003; Weatherburn & Grabosky 1999).

These trends have seen the role and function of public police agencies transformed to such an extent that engaging intermediaries, such as private sector bodies, is a core role of law enforcement. There are number of reasons why such strategies have become increasingly evident (see Bayley & Shearing 2001; Cherney, O'Reilly & Grabosky forthcoming). One key reason has been fiscal constraints and the capacity of police to deliver preferred levels of public safety with

[27] Of concern to law enforcement in Australia is the vulnerability of the Pacific island of Fiji where precursor chemicals and clandestine laboratories have been seized (see Australian Federal Police 2003; 2004). In June 2004, a large crystal methamphetamine laboratory was discovered in Fiji, estimated to be capable of producing up to 1000 kilograms of crystal methamphetamine (Plowman 2004).

limited resources available. Such factors have led police and central governments to rethink both the way crime control is provided and who might be responsible for its provision (Cherney, O'Reilly & Grabosky forthcoming; O'Reilly 2004). In this context greater thought has been given to the role external parties play in controlling and monitoring environments to prevent crime (Felson 1995; van Bunt & van de Schoot 2003).

A range of terms have been applied to such practices, including co-production, multilateralization, interagency/multi-agency partnerships and third party policing (Bayley & Shearing 2001; Buerger & Mazerolle 1998; Cherney, O'Reilly & Grabosky forthcoming; Crawford 1997; Gilboy 1998; Kraakman 1986). The concept hybrid governance (Grabosky 1995) has been used to characterise these shifts in which law enforcement constitute only one part of a broad 'network' concerned with crime control.

The analysis above is no less relevant to the control of illicit synthetic drugs. Many of the experiences and examples described in this report illustrate that law enforcement is part of a broader supply reduction network concerned with limiting ATS production and trafficking. Given the dynamics and characteristics of the illicit synthetic drug market and its interface with licit markets, combating the production and distribution of ATS clearly requires the establishment of networks and joint ventures aimed at precluding and disrupting links in the chain of supply. The process opens up numerous possibilities in the types of strategies and mechanisms (i.e. partnerships) available to public police to mobilise external agencies.

Grabosky's (1995; 1996) work on hybrid governance has identified a number of ways in which the capacities of external institutions and groups can be harnessed in the furtherance of law enforcement. This framework is applicable to the specific context of illicit drugs and provides a conceptual guide on the types of approaches that can be employed by police and government to control supply. The framework is described below drawing on a range of examples from the field of illicit synthetic drug control. More examples are elaborated upon in Chapter Three. The template below illustrates the innovative mechanisms that can be drawn upon in the governance of illicit synthetic drugs, highlighting that supply reduction entails much more than simple law enforcement. These mechanisms overlap and can be used as complementary regulatory strategies relying upon formal and informal approaches to compel and persuade interested parties to take some level of preventative action. In descending order of coerciveness, they include the following strategies:

1. Conscription:

This is perhaps the most direct way by which governments can engage third parties to assist in processes of law enforcement and crime control. It involves mandating third parties through such mechanisms as legislative provisions, to carry out certain functions. In the United States, for example, chemical companies who produce and sell listed chemicals are required by law to report to the DEA the sale of 'above threshold quantities' of these chemicals (see DEA 2004b; n.d.a). Many states in the US have enacted or are proposing new laws that require pharmacies and retail stores to implement procedures to prevent diversion. These include how products such as pseudoephedrine are displayed and their location behind the counter, the number of packets that can be sold at one time and the security of products in the store (Clanton Advertiser 2004; Dallas Morning News 2004; Peoria Journal Star 2004). More detail about these initiatives is provided in Chapter Three. Given the lawful means by which precursors for illicit synthetic drugs can be obtained, the use of mechanisms that create legal obligations on bodies whose legitimate business provides opportunities to gain access to base products required in the manufacture of illicit drugs is a way of broadening responsibility for supply reduction. This does not necessarily have to be limited to chemicals required for ATS production. It can be extended to owners of environments

whose facilities and infrastructure are used to aid and conceal either the manufacture or trafficking of illicit synthetic drugs. This could include holding legally liable, owners of buildings used in the manufacture and storage of ATS or other illicit drugs (see Philippine Star 2004). One such example is the Clandestine Drug Laboratory Remediation law adopted by the US state of Arizona. It places a legal onus on property owners, whose premises or property have been used in the production of methamphetamine, to pay for the clean up of the property and its remediation. A direct aim of such laws is to facilitate greater vigilance on the part of third parties to oversight and monitor environments they are responsible for.[28]

2. Required record keeping and disclosure:

As indicated above, the US DEA requires that transactions of listed chemicals be recorded by companies and records kept for a defined period and made available for examination (DEA 2004b). Such processes of enumeration and record keeping have an important regulatory function by subjecting records to possible public scrutiny and in enhancing vigilance on the part of record keepers.

3. Conferring entitlements:

This involves the development of new entitlements or the use of pre-existing ones to induce or persuade third parties to undertake some form of action. Such approaches are not compulsory, but provide the opportunity and capacity for third parties to take action. This can involve the creative use of civil remedies or administrative action undertaken on behalf of the state and has been referred to by Buerger and Mazerolle (1998) as 'third party policing'. Civil remedies have been particularly effective in the prevention and reduction of neighbourhood disorder associated with drug use and in combating organised crime (Buerger & Mazerolle 1998; Schneider, Beare & Hill 2000). The use of civil remedies was adopted by the Oakland Beat Health Program in California to reduce the impact of illicit drugs on local neighbourhoods. The program focused on the physical decay and property management conditions. Police encouraged housing authorities and residents to use municipal regulations and health and safety codes against landowners whose property was providing the cover for the production or trafficking in illicit drugs (more detail about this program and its effectiveness is provided in Appendix C). The use of civil remedies was also adopted under the Salt Lake City Methamphetamine Initiative as a way of reducing the impact of methamphetamine on local neighbourhoods. While this was the least utilised component of the Salt Lake City strategy,[29] the aim was to take action against property owners whose property was providing the environment and cover for methamphetamine manufacture and trafficking (Castellano et al 2003).

4. Required private interface:

Given the interface between licit and illicit environments, some professions are ideally placed to prevent, detect and disclose illegality on the part of their clients. For example, health care professionals can help to control the illegal diversion of prescribed drugs. Some states in the US operate prescription drug monitoring programs (PDMPs), which collect information about the prescribing, dispensing, and use of prescription drugs. This information is disseminated to medical practitioners, pharmacies, law enforcement and regulatory bodies. This assists in identifying the illegal prescribing, dispensing and procuring of prescription drugs (US General Accounting Office 2002 - for more detail see Appendix C). Similar drug monitoring programs have been expanded to include over-the-counter products (see Law Enforcement Executive Development Association

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[28] See http://www.ag.state.az.us/DEC/EnviroImpact.html.

[29] This was due to misunderstandings about the ambit of civil nuisance abatement laws and a lack of communication between relevant authorities and participants in the Salt Lake City strategy over their use.

2004). Such techniques are relevant to the control of ATS given that prescription drugs that are amphetamine based (e.g. those that treat attention deficit hyperactivity disorder and narcolepsy) can be abused and diverted for illegal purposes (Crime and Misconduct Commission 2002).

5. Co-optation of external interests (private and public sector):

In some settings, public agencies can actively seek the cooperation of private interests in furtherance of surveillance and detection. In doing so, the roles of private institutions can be redefined in accordance with their functional abilities to prevent the occurrence of illegal activities. Much of this cooperation can be facilitated through a range of mechanisms and administrative tools that broaden the duties of intermediaries who play important 'gatekeeper' roles between licit and illicit environments.

With regards to illicit synthetic drugs, Wal-Mart stores in the US have implemented a policy limiting the sale of a majority of over-the-counter cough, cold and diet pill products containing key ATS precursors (i.e. pseudoephedrine and ephedrine). This involves imposing limits on the transactions of pseudoephedrine-containing products, with cash register technology employed to notify cashiers that items have a quantity limit imposed on them (DEA 2004b; Levy 2004). In Victoria, police have instituted a Pharmacy Watch Program to alert chemists to the risk of thefts of cold and flu-preparations (ACC 2003; Victorian Drugs and Crime Prevention Committee 2004). A key role of chemical diversion desks across Australia is to seek the cooperation of pharmacies, acting as a key contact point for the reporting of suspicious transactions involving precursors. New Zealand Police have orchestrated similar arrangements with pharmacies, developing protocols on suspicious transactions and the purchasing of multiple packets of pseudoephedrine products (Ministerial Action Group on Drugs 2003).

In the US, landlord training programs help proprietors, real estate agents and residents to keep illegal activity out of rental properties (see Appendix C). Similar programs target entities as diverse as motel proprietors, environmental authorities, fire fighters and waste disposal companies. These can assist in the identification of clandestine drug laboratories used in ATS production (Bureau of Justice Assistance 1993; Scott 2002). In the US state of Kansas, pharmacy chains and supermarkets are becoming more involved in detecting and preventing customers from stealing or purchasing items that can be used in the manufacture of ATS. The Kansas Meth Watch program is discussed in Chapter Three. Alliances have also been forged with chemical and pharmaceutical industries to control the diversion of precursor chemicals. In Canada, the Royal Canadian Mounted Police's National Chemical Precursor Diversion Program has achieved success with voluntary reporting and cooperation from the domestic chemical industry (DEA & RCMP 2001). Law enforcement have also forged partnerships with night clubs, developing procedures to prevent the use and dealing in synthetic drugs both within the club establishment and areas surrounding the club (see Appendix C).

Co-optation can be less direct, achieved through techniques of persuasion that encourage third parties to take action that obstructs and stymies misconduct. For example, the DEA's Office of Diversion Control operates a 'Warning Letter Program' in which manufacturers and distributors of precursor chemicals such as pseudoephedrine and ephedrine are notified when their product is found in a clandestine drug laboratory. More detail about this program is provided in Chapter Three. The aim though is to coax cooperation before escalating to more punitive responses.

Co-optation can also occur through the police and industry developing voluntary codes of conduct. Such codes aim to build organisational integrity by encouraging industry members to oversee their commercial practices. For example, in Australia, a national code of practice has been developed between police and industry associations pertaining to the control of precursor chemicals (see SIAPCIA 2002; see Appendix C for more detail).

One of the best examples of public and private cooperation involving voluntary agreements has been the Memoranda of Understanding (MOU) program established by the World Customs Organisation (WCO) aimed at the illicit transportation of illicit drugs. Known as the 'Action/Defis Program' it has involved the WCO developing an action plan to mobilise Customs authorities worldwide to establish MOU programs with their national carriers and relevant businesses.[30] One of its key aims is to increase awareness and information exchange about the transportation of illicit drugs and associated drugs (precursors) along commercial transportation routes. WCO itself has signed a number of MOUs with trade associations and organisations in the transport sector, thus providing a framework for activity to be carried out by national enforcement authorities with private entities. Amongst the partner organisations are the International Air Transport Association, representing 263 airlines worldwide, the Baltic and International Maritime Council - the largest private shipping organisation in the world - and the International Freight Forwarders Association. The MOU is an agreement negotiated between Customs administrations and relevant trade associations and companies which establishes guidelines for parties concerned to work together to combat the illicit drug trade. The MOU generally focuses on three areas of cooperation: intelligence and information exchange to develop information sources within the private sector, enhancement of security measures among carriers and relevant businesses, and provision of training to key personnel of carrier companies to identify potential threats and undertake risk assessments to decrease crime risks. The MOUs are not legally binding contracts nor are they enforceable, but they do create the conditions under which both private and public sector bodies can work to address illegal imports and activities associated with the illicit drug trade (Schneider, Beare & Hill 2000; van de Bunt & van der Schoot 2003).[31] According to the WCO, many national MOU programs have been introduced by various national Customs agencies.[32] This includes the US Customs Carrier Initiative and the UK Customs Anti-Drug Alliance program, both of which are discussed in Chapter Three.

6. Incentives:

Governments and public police agencies can offer incentives directly to the targets of regulation so as to induce compliance with desired conduct. For example, rewards may be offered to third parties for information in furtherance of investigation and prosecution. The use of 'carrots' (i.e. rewards) as a regulatory instrument can be employed in a range of settings and are potentially more effective in inducing sustained compliance over the long-term compared to coercion (Ayres & Braithwaite 1992; however, see Grabosky 1995c). This can apply to the area of illicit drugs, with incentives a viable method of encouraging cooperation from third parties involved in commercial activity. Rewards can also include the reduction of regulatory burdens as a result of cooperation with law enforcement and do not have to be limited to financial rewards, but could include outcomes such as increased interaction among private sector members of a partnership that has commercial benefits such as increased productivity. As will be illustrated in Chapter Three, one industry partnership program that the US Customs and Border Protection is implementing, provides for reduced examinations of shipments.

7. Contracting out:

Private parties can provide law enforcement agencies with important resources such as specialised skills, equipment and personnel to perform relevant tasks (Gilboy 1998). Given the increasing sophistication of illicit drug production and distribution, relevant knowledge about manufacture and supply will not always lie within public police agencies themselves, but may also reside within

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[30] For more information see http://www.wcoomd.org/.

[31] One key concern here is the diversion and smuggling of precursor chemicals through legitimate transportation routes and the use of commercial infrastructure for this purpose.

[32] See http://www.wcoomd.org/.

private arenas and networks. This requires that police seek to engage and harness such external agents rather than rely on in-house resources. For example, consultants with relevant specialist skills (e.g. chemical synthesis) can be enlisted to assist law enforcement agencies. Szomer (2002) refers to the use of consultants in the development of programs for the control of precursor chemicals in transitional Eastern European countries. This could involve the employment of pharmacists and chemists to identify potential emerging trends in chemical precursors for ATS. Most police services around Australia now employ forensic chemists for this very purpose. This can be a useful strategy for anticipating trends and for putting in place proactive controls to limit supply and to respond to changes in manufacturing methods by illicit drug traffickers.

8. Delegation or deference to private parties:

Standards developed in the private sector can be accepted and given official status by public agencies. In some regulatory settings, the task of developing rules and codes of practice is formally or informally delegated to private interests. Other professional roles may be encouraged by special accreditation or other considerations accorded to practitioners by regulatory authorities. For example, many pharmaceutical societies have investigative and disciplinary powers over its members that can lead to the development of codes of conduct. One such example is codes of conduct developed by the Pharmacy Board of Victoria relating to the sale and display of pseudoephedrine based products.[33] The Australian Self Medication Industry has implemented a code of conduct to assist in preventing the diversion of non-prescription medicines containing pseudoephedrine. The industry monitors sales, maintains records, and encourages the reporting of suspicious orders to the appropriate authorities.[34] Such methods of self-regulation by private institutions are useful given the limitations of governments to overseeing the conduct of private industries, with self-regulation actually expanding the level of coverage over behaviour that provides opportunities for illicit activity (Ayers & Braithwaite 1992).

Discussion: Challenges of Supply Reduction Partnerships

The key theme of this chapter has been to highlight how important partnerships are in reducing the supply of illicit synthetic drugs. The nature of the illicit synthetic drug market requires law enforcement to engage with third parties. As noted there are a variety of ways in which this can be achieved.

Partnership approaches have long been a priority of Australian Federal, State and Territory Police, all of whom have at one time or another implemented prevention programs that involve partnerships with various external individuals and groups. The most obvious that comes to mind is that of Neighbourhood Watch. Other notable partnerships adopted by law enforcement to address illicit drugs are listed in Appendix C (e.g. Project Lilac and the Black Tower Project in the UK, and the US program Weed and Seed). The various examples provided above relating to chemical diversion initiatives implemented by State Police in Queensland, Western Australia and Victoria only further highlight this commitment to partnership approaches.

At an operational level implementing the various strategies outlined above are not without their challenges. For example while agencies may be willing to participate in partnerships, they may not necessarily possess the required skills or abilities to do so. Partners may also resist and object to regulatory frameworks arising from cooperative arrangements. Engagement in partnership work

[33] See http://www.pharmacybd.vic.gov.au/publications.asp.

[34] See http://www.asmi.com.au.

requires the development of trust between partners, confidence that each will follow through on agreements and clarification of expectations. These can take time and resources to develop. The above are all generic issues relevant to engaging in partnerships (Cherney 2004).

These types of challenges and ways in which law enforcement agencies have addressed them are the focus of the next chapter. The chapter details the experiences of law enforcement overseas in attempting to control the supply of illicit synthetic drugs through local diversion control programs and strategies of co-production. As already stated this project did not aim to assess strategies implemented in Australia. This work is yet to be done. We have chosen a variety of approaches, some solely focused on ATS, others looking at reducing opportunities that licit environments and commercial activity provide to both traffic illicit drugs and divert precursor chemicals. The chapter highlights the various ways in which the problem of illicit synthetic drugs can be 'governed' (i.e. controlled) through regulatory approaches, prevention strategies and various investigative techniques that are underpinned by some level of partnership between law enforcement and the public or private sectors.

Chapter Three: Case Studies

Domestic Chemical Precursor Control Models

This section examines the various models adopted in the United Kingdom, the Netherlands and the United States to control the supply of illicit synthetic drugs. Approaches used by the police and regulatory authorities in these jurisdictions to tackle 'key factors of production' within the ATS supply chain (e.g. diversion of precursor chemicals, availability of necessary equipment and establishment of clandestine laboratories) are examined. These various domestic strategies include a diverse array of regulatory frameworks from voluntary codes of conduct through to legislative provisions as well as focused investigative techniques. We have not endeavoured to provide a complete overview of the different policies and legislation in each country, nor the roles of different law enforcement agencies. Rather, we have selectively focused upon approaches and experiences that we hope will be of particular relevance to law enforcement here in Australia. This analysis is informed by interviews with officials from the Drugs Directorate of the Metropolitan Police Service and the Synthetic Drugs Unit of the National Criminal Intelligence Service (United Kingdom); Unit of Synthetic Drugs and the Economic Investigation Service (Netherlands) and the US Drug Enforcement Administration.

As indicated in the introduction, when undertaking a comparative analysis of the kind attempted in this project one has to be aware of the political and cultural differences between countries, and conscious that illicit drug problems vary significantly across jurisdictions and contexts. We have been mindful of situating the case studies by briefly outlining the nature of the illicit synthetic drug problem within each country, the characteristics of which will determine the types of responses adopted by law enforcement to control supply. Despite this, a great deal can be learned from examining the practices of other law enforcement agencies overseas. It can provide useful lessons and opportunities to learn from international experiences by providing insight into the operational effectiveness and challenges of approaches adopted, which enables one to develop an understanding of 'best practice' in the field of illicit synthetic drug control.

The United Kingdom Experience

Surveys indicate that the UK is one of the largest markets for ecstasy within Europe, with illicit laboratories in the Netherlands and Belgium the primary sources of supply (Office of Drugs and Crime 2003a; 2003b 85). There is evidence indicating that synthetic drug production in the UK does occur, including the manufacture of ecstasy and GHB. The number of laboratories detected has decreased dramatically in the last few years, with only one laboratory detected in 2003. In 2002, all detections, bar one, of illicit synthetic drug production were entirely limited to tabletting operations. In one laboratory, criminals were synthesising the precursor chemical BMK used to produce amphetamine, thereby avoiding having to place orders with chemical companies and evading possible detection. Methamphetamine is rarely detected in the UK and there is limited availability of methamphetamine in powder or pill form. More recently the UK has seen a dramatic increase in LSD seizures, as well as a general increase in the use of ketamine (National Criminal Intelligence Service 2003).

The UK Government's drug strategy *Tackling Drugs to Build a Better Britain* is mainly focused on addressing the trafficking and use of cocaine, heroin and ecstasy.[35] The *Misuse of Drugs Act 1971* divides drugs into three categories (Class A, B and C), with Class A drugs categorised as the most

[35] See http://www.homeoffice.gov.uk/drugs/.

harmful. The Metropolitan Police Service mainly concentrates on Class A drugs and more specifically on cocaine and heroin placing less emphasis on illicit synthetic drugs locally.

Domestic Chemical Control in the UK

The UK approach to reducing the supply of precursor chemicals and equipment used in the production of ATS is mainly based on a voluntary compliance model. The Home Office, the National Criminal Intelligence Service (NCIS) and chemical liaison officers in each police service are responsible for managing chemical control within the UK.

The Home Office

The Drugs Legislation and Enforcement Unit (DLEF) is the authority responsible for administering the United Kingdom's statutory framework relating to the trade in controlled drugs and chemicals.[36] Within the Unit is the Drugs Branch Licensing and Inspectorate, responsible for ensuring provisions of the United Nations Conventions on controlled drugs are enforced in the UK.[37] Any company or individual must make an application for a licence to the DLEF[38] if they want to import, export, supply, be supplied with, manufacture, or engage with a manufacturer of a category one (e.g. ephedrine, pseudoephedrine or safrole)[39] category two (e.g. acetic anhydride or potassium permanganate)[40] or category three (e.g. acetone and ether) substance.[41] Any contraventions of the law and/or conditions of a licence may result in criminal action or licence revocation. Minor contraventions are normally dealt with by means of a verbal or written warning.

National Criminal Intelligence Service (NCIS)

NCIS has a range of strategic intelligence roles, one of its key goals being to combat serious and organised crime in the United Kingdom. As its name suggests it collects criminal intelligence and works closely with police services in Britain and Northern Ireland.[42] NCIS also works closely with the chemical industry in the UK to identify and disrupt illicit synthetic drug production. It has a key role in national liaison and monitors the export of precursor chemicals to ensure they are not diverted into the illicit manufacture of ATS.

NCIS engages with the chemical, glassware and tabletting machine industries from the wholesale to the retail level by delivering seminars to industry on how products can be misused and the risks of diversion. During these sessions they brief the private sector on how to recognise a suspicious transaction, such as indicators to look for. A key approach they encourage is for the private sector to '*know your customer*' and be vigilant about the customers they engage with and inquire as to purpose of chemical purchases. Industry members that do not attend these seminars receive visits from NCIS. During such visits NCIS members conduct an examination of the industry's premises and provide relevant information covered in the seminars. The result of this liaison is that NCIS have found the private sector to be extremely cooperative, with some of the most useful disclosures about suspicious activities received from equipment manufacturers and suppliers. The problem though is that while there are enthusiastic responses from industry following seminar presentations,

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[36] See http://www.homeoffice.gov.uk/inside/org/dob/direct/dleu.html, for a list of the Units other responsibilities and divisions.

[37] See http://www.homeoffice.gov.uk/drugs/licensing/codeofpractice/index.html.

[38] See http://www.homeoffice.gov.uk/drugs/forms/index.html for these various licensing applications.

[39] As already outlined in Chapter One ephedrine and pseudoephedrine are diverted into the production of methamphetamine, and safrole is a precursor necessary to manufacture ecstasy.

[40] Acetic anhydride is illicitly diverted into the production of heroin, and potassium permanganate is an oxidising agent that removes impurities in coca paste.

[41] Both solvents are used in the manufacture of ATS.

[42] See http://www.ncis.co.uk/Footnote, 36, 37, 38, 39, 40, 41, 42.

as time passes interest tends to diminish and disclosures decline. This has required NCIS officers to conduct follow-up visits to maintain participation in this voluntary disclosure system. NCIS have also approached the main industry associations and requested that that they provide information (regarding the misuse of common precursors and equipment) to their members.

NCIS have extended the legislative requirement of end user certificates (i.e. exporters, wholesalers and buyers requesting and providing certification as to the intended end use of purchased products) to other products that are not covered by these declarations. For example, NCIS has encouraged industry to ask for end user certificates for GBL (gamma-butyrolactone, which is the most common precursor used to produce GHB[43]), which they have found to be effective in identifying various suspicious orders. The back tracking of chemicals and equipment located at laboratories to their original source of manufacture and distribution is also conducted by NCIS to identify incidents of diversion. A challenge they have confronted is the back tracking of tabletting machines that are either secondhand or bought via e-Bay or through specialist auction magazines. Another strategy adopted by NCIS is tracking the movements of individuals (e.g. illicit chemists) who have been convicted of manufacturing synthetic drugs and advising local police services of their current location. NCIS also advise local police services of chemical and equipment companies within their area so that Chemical Liaison Officers (see below) are aware of industry contact points.

A weakness recognised by NCIS officers relating to their engagement strategy with the private sector, is that it has been very effective in engaging large distributors of controlled chemicals and facilitating disclosures, but efforts aimed at smaller firms have been less than successful. In 2002 about 80% of disclosures reported to NCIS were coming from a few multi-national companies. This resulted in NCIS implementing a rolling program of trade awareness particularly targeting small brokerage firms. The result has been that currently 30% of disclosures are from large chemical distributors and the remainder from smaller companies.

The approaches adopted by NCIS to engage the private sector is based on voluntary agreements and cooperation which is largely reliant upon the good will of external agencies to report suspicious transactions. This voluntary system of reporting will change in 2005 to a mandatory arrangement as a result of European Union legislation.[44]

Chemical Liaison Officers

The Controlled Drugs Intelligence and Inspection Unit of the Metropolitan Police have responsibility for preventing the diversion of controlled drugs and chemicals from lawful enterprises (e.g. pharmacies and doctors) into the production of illicit drugs. Local liaison is the responsibility of what are termed Chemical Liaison Officers (CLOs) who are tasked with liaising with retail pharmacies and the chemical industry. In some UK police boroughs this role is often performed by Chemist Inspection Officers (CIO) who have responsibility for inspecting retail pharmacies and examining stocks and records of controlled drugs. Many CLOs receive information about the misuse of chemicals from NCIS, with the CLO initiating an investigation.

The Metropolitan Police is divided into boroughs and policing is borough based. How the borough is policed is up to the borough Commander and a number of boroughs do not have dedicated drug squads or an appointed CLO or CIO. In some boroughs the CLO and CIO is not a dedicated position and many officers have to balance a range of responsibilities. An officer from NCIS stated the following about the problems this causes:

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[43] For more information on GBL and other analogs see DEA (2003f).

[44] See http://europa.eu.int/eur-lex/en/archive/2004/l_04720040218en.html.

"Some forces are particularly good and they've built a good rapport with industry and do regular visits, others are lucky if they can find the time to respond to a specific enquiry."

Members of the Metropolitan Police Drugs Directorate also confirmed that the CLO/CIO position is not adequately resourced at the local level.

Voluntary Industry Codes of Conduct

The British Chemical Industries Association and the British Chemical Distributors and Traders Association have adopted a voluntary code of conduct relating to the trade in chemicals. Precursor chemicals are covered by the code which requires record keeping of export transactions for a period of four years and that such records shall be made available to appropriate government authorities upon request. In relation to domestic transactions the code states: '*In the case of home trade transactions involving scheduled substances it is normal commercial practice for records to be kept. These shall be made available to the authorities upon request*' (The British Chemical Distributors and Traders Association n.d.). A key approach encouraged under the code is for businesses to '*know their customer*' and to understand the normal and expected transactions typically conducted by their customers and consequently identify transactions that are suspicious**.** A problem with such industry codes is that their effectiveness is determined by the size of the Association's members. The problems this creates for law enforcement was summed up in the following way by an NCIS officer:

"Certainly we are not getting the variety of disclosures that we should be. There are certain companies that have never disclosed but from back tracking operations we know they have supplied to criminal groups in the past. Major firms are part of associations but the smaller brokers, who are perhaps of more concern, tend not to belong to any type of association."

Discussion and Lessons

The system of domestic diversion control established in the UK is supported by a well defined infrastructure. However, the number of agencies involved in national and local liaison with industry does create problems relating to coordination between agencies and the potential duplication of roles. The code of conduct developed by the British Chemical Industries Association and the British Chemical Distributors and Traders Association, is an important tool in encouraging the private sector to cooperate with law enforcement and be more vigilant in monitoring transactions. However, given many businesses at distribution and retail levels within the chemical industry are not members of such Associations, there are limits to the effectiveness of such codes. Similar concerns have been raised in relation to the National Code of Practice for Australian Chemical Manufactures (i.e. the Code of Practice for Supply Diversion into Illicit Drug Manufacture, see SIAPCIA 2002) mentioned in Chapter Two (see Victorian Drugs and Crime Prevention Committee 2004: 402).

The CLO role adopted in the UK is very similar to the responsibilities carried out by police chemical diversion desks in each Australian State and Territory. While nationally in the UK there appears to be a well established and resourced structure, locally this appears to be less so. Local liaison and engagement seems to suffer given not all boroughs have a dedicated CLO, with the positions inadequately resourced. The importance of having a well resourced and supported local infrastructure that has the capacity to engage in an ongoing fashion with external agencies (i.e. manage and coordinate partnerships) particularly at retail levels cannot be overstated. The regular contact maintained by NCIS with the chemical, glassware and tabletting machine industries from wholesale to retail levels is testament to the importance of regular contact with industry. Given the dynamic and ever changing nature of the illicit synthetic drug market, modes of manufacture and

illicit diversion, ongoing engagement with the public and private sector is a necessary part of any effective diversion control strategy. This is to ensure that law enforcement is able to identify and target 'access points' (i.e. opportunities to divert chemicals) within licit markets that may be susceptible to exploitation by criminal networks.

The Dutch Experience

The Netherlands has traditionally been seen as the centre of global ecstasy production. A number of indicators suggest that ecstasy production is concentrated in the Netherlands. Over the 1999-2001 period, 75% of all seizures of clandestine laboratories producing ecstasy took place in the Netherlands (United Nations Office of Drugs and Crime 2003a). The main illicit synthetic drugs consumed in the Netherlands are amphetamines and MDMA, with little evidence to indicate that methamphetamine has entered the Dutch drug market. There is very little domestic production of the necessary precursors to produce ecstasy. For example, there is no legal production of PMK in the Netherlands and although seizure numbers of PMK are small, the amounts seized are generally very large. In 2002, 8000 litres of PMK was confiscated in one seizure. Given the fact that methamphetamine is rarely detected in the Netherlands, retail level diversion of pseudoephedrine is uncommon.

Ecstasy laboratories in the Netherlands have a very high capacity, with some having an output of 20 to 30 kilograms or even up to 100 kilograms per day. There are strong indications that the manufacturing process is frequently split into distinct operations (acquisition of precursors, manufacture of the drug powder, tabletting and disposal of chemical waste) and usually occur in different locations or even in different countries. An officer from the Synthetic Drugs Unit described this as follows:

> *"Last year in the Netherlands there were 37 sites found, 45 in 2002 and 37 in 2001. We find not only concrete laboratories. We also see criminals splitting the risk so that they have separate tabletting units or they only have units making tablets and others thieving materials needed. Also part of the synthesis may be divided. Sometimes they split it into two or three steps. We might find 45 production places, but they are not all concrete labs."*

Of the 37 sites located in the Netherlands by the Synthetic Drugs Unit in 2003, there were 11 laboratories manufacturing MDMA, 15 laboratories manufacturing amphetamine, one laboratory manufacturing methamphetamine and cocaine and 10 tabletting sites. On average about 100 dumpsites are located in the Netherlands each year, which present significant environmental threats given Holland's flat landmass and its extensive waterway system. Intelligence suggests that manufacturing sites for ecstasy are shifting to Poland as a result of the various initiatives being adopted by Dutch authorities.

Domestic Chemical Control in the Netherlands

The detail below has been drawn from interviews and material provided from representatives of the Politie, Unit Organised Crime, Unit Synthetic Drugs (Synthetic Drugs Unit); the Fiscal Intelligence and Investigation Service – Economic Control Service (FIOD-ECD); and the Europol Chemical Control Intelligence Unit.

The Dutch approach to reducing the supply of precursor chemicals and equipment used in illicit drug laboratories involves a combination of mandatory and voluntary compliance through the use of legislation and moral persuasion. The Netherlands has adopted a mandatory system to control precursor chemicals which involves supervisory inspections, developing knowledge about the local chemical market, back-tracking of chemicals and equipment located at illicit laboratories and dumpsites, and active coordination between agencies on investigations.

The trade in precursor chemicals is governed by the *Abuse of Chemical Substances (Prevention) Act of 1995*. This enables the monitoring of trade in precursors and provides a comprehensive licensing system for the manufacture and distribution of scheduled chemicals. The Economic Investigation Service (ECD) is responsible for enforcing the provisions of this Act.

Activity Licence and Supervisory Inspection Powers

The ECD has a supervisory role with an important part of its authority derived from its inspection powers. Any company that deals in the trade of precursor chemicals must obtain an activity licence from the ECD. Before an activity licence is granted, ECD officers conduct an investigation to ascertain the integrity and competence of the applicant and their company, as well as who their clients will be. The unlawful possession of category one chemicals is classified as an economic crime and the ECD relies upon the revocation of an activity licence as punishment. In an attempt to avoid such action, ECD representatives educate companies regarding their role and responsibilities in preventing the diversion of chemicals. A key way the ECD increases the awareness and vigilance of businesses is through its supervisory inspections.

The ECD conducts periodic supervisory inspections and during these inspections businesses are advised of legislative requirements, their obligations of reporting and how and when they have to report. For example, records of transactions for precursor chemicals must be kept for three years and there is a requirement to report suspicious transactions. The ECD can visit any company dealing with the production and trade of chemicals to ensure they are adhering to the legislation. On completion of the supervisory inspection a report is forwarded to the chemical company. Within the report, there is a declaration that ECD officers spoke with company management regarding their obligations in preventing the diversion of chemicals. The aim of such declarations is to ensure that, in the event the ECD identifies a business in breach of the legislation and their responsibilities for reporting, an enterprise cannot plead ignorance of its duties to report suspicious transactions. If chemical companies do not cooperate, action is taken against them. For a first offence this can include a chemical company being issued with a fine or given a stern warning from the public prosecutor. If a case is being mounted by the public prosecutor against a company relating to breaching conditions of a licence or duties of reporting, the ECD will, if the business is initiating contact and passing information onto the ECD, inform the public prosecutor that the enterprise is willing to cooperate, which can lessen the severity of any possible penalties. In addition, if chemicals from a licensed enterprise are located at an illicit laboratory or dump site (which can constitute grounds for action against a business) and the company has in the past complied with requirements of the legislation and the reporting of suspicious transactions, ECD officers will also advise the public prosecutor of such episodes of voluntary compliance.

In the opinion of ECD officers, such an approach is important where breaches may be the result of misjudgements relating to a company's legal obligations. Under such conditions it is not necessary to 'go in with the big stick' e.g. licence revocation or criminal penalties. In a number of instances these 'softer' approaches have increased the amount of information being passed onto the ECD by businesses that initially came to notice due to violations of the law, breaching licensing conditions or failure to report suspicious transactions.

The ECD advises Dutch licensing authorities on the issuing of pre-export notification licences relating to the export of precursor chemicals. As indicated in Chapter Two, under the 1988 UN treaty[45] countries are required to check and authorise the import and export of relevant chemicals. The ECD have a role in investigating the legitimacy of the exporting company, the chemicals being shipped, their destination and listed use, in order to establish if there is any indication that

[45] That is the Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988.

diversion might occur. The ECD also monitors chemicals imported into the Netherlands and makes enquiries as to whether imported chemicals were delivered to the appropriate company. This information is also used during supervisory inspections and is entered into an ECD database.

The ECD database lists all companies registered with the Dutch Chamber of Commerce as dealing with the manufacture and trade in chemicals. Every three months the ECD receives updates about registrations and directly targets relevant enterprises by enquiring whether they deal with particular chemicals that may be diverted for illicit use. Such requests are supported through supervisory inspections, during which the ECD will verify information through on-site checks to authenticate information received from companies. All the information from supervisory inspections is entered into the ECD database, which is constantly updated. This database includes such information as whether company products have been diverted for illicit use, information on packaging, the modus operandi of suspect transactions and criminal information. This provides the ECD with an overview of the legal trade in precursor chemicals, with the agency able to develop intelligence about diversion activity that can assist prevention efforts and criminal investigations.

Back Tracking of Chemicals, Packaging and Containers

ECD investigations often lead the agency to an illicit laboratory or chemical dumpsite. A strategy adopted by the ECD and one that has proven successful, is the backtracking of chemicals, containers, labels and packaging found at such locations. Begun in 2002, this involves linking packaging and container types to those found in other laboratories or dump sites, which can help to establish links with other investigations. More importantly though is that ECD officers return to companies whose chemicals, containers or packaging have been found at a laboratory or dumpsite, and advise them of their findings in an attempt to raise their awareness and encourage them to become more vigilant in limiting diversion. This information is also used at the next inspection of the business, during which a risk assessment will be conducted to identify any vulnerabilities in the supply chain and guidance provided on how to limit gaps susceptible to exploitation for the purpose of diversion. The examination of illicit laboratories and dumpsites also assists the ECD to establish the modus operandi of manufacturers and traffickers. This tactic has indicated that precursor chemicals are more often being sourced from Belgium and Germany.

Manufacturers of illicit synthetic drugs often simply discard trailers and containers such as barrels and cylinders that have been used to store or transport precursor chemicals. When found at a laboratory or dumpsite, the ECD has, rather than destroying such equipment, begun returning it to the relevant companies on the condition they develop a registration system to assist with the back tracking of such items.

An interesting approach adopted by the Synthetic Drugs Unit (SDU) has been the use of technology to examine the seal 'fingerprint' of packaging. Called Project Jumbo, this strategy has involved a partnership with the Dutch National Forensic Institute to identify how synthetic drugs have been packaged through the examination of sealing methods. This has allowed the SDU to identify links between investigations by comparing the packaging sealing methods found in various seizures. This has led them to identify the same criminal groups as being involved in what appear to be different incidents of production and trafficking by linking similar sealing methods.

Making Use of the Media

The ECD has used the media to 'expose' companies publicly whose products are diverted into the manufacture of illicit synthetic drugs. The discovery of a large laboratory is often reported in the Dutch media, which can generate adverse publicity for chemical companies when their products and containers are screened on television. ECD officers were of the opinion that while this strategy was not a formal policy, it was important in facilitating the private sector's cooperation with

investigations and increases their willingness to adhere to legislative and reporting requirements. About this issue an ECD officer stated:

> *"They don't want to be connected to the production of synthetic drugs. It can harm them. When large illicit laboratories are seized, often the media is present filming the containers and the cans and if they see the labels of their company, it can harm them. They don't want to be at fault."*

Voluntary vs. Mandatory Approaches

Representatives of the ECD were of the view that chemical companies do not find the legislative provisions or reporting requirements as a burden. While they may have compliance costs for the private sector, the overall feeling was that these are minimal. The main reason for this was that by complying with the regulations, companies are likely to avoid being connected to the production of ATS or clandestine laboratories, which means they are unlikely to be subject to investigations, ongoing inspections or penalties, all of which can have significant costs that far exceed those resulting from initially complying with legislative and reporting provisions. In addition, ECD officers were of the opinion that voluntary reporting of suspicious transactions is inadequate and that a mandatory system was preferable. As one officer commented:

"Voluntary reporting is not effective. Because there is always money involved. The legislation we have, we can force businesses to give us information. That is why the Netherlands chose the mandatory approach, to have the threat of punishment if they refuse to give us information."

Compared to other European Union countries, the Netherlands is at the forefront in having a mandatory system covering the control of precursor chemicals. This will change when the new European Union Regulation 273/2004 (mentioned previously in the UK section) comes into effect in August 2005.

Discussion and Lessons

Despite having the reputation for being the centre of global ecstasy production, the Netherlands by all accounts has a rigorous chemical diversion control framework. Many traffickers and 'cooks' situated in the Netherlands have shifted production sites to other European countries as a direct result of action by Dutch regulatory and law enforcement authorities. Both the ECD and the SDU are increasingly working with their European neighbourhoods to address this issue of displacement.

A clear benefit of the Dutch model is that one agency is primarily responsible for addressing the issue of chemical diversion, which makes engagement with the private sector far simpler. The ECD derives an enormous amount of authority from its supervisory inspection powers which are used to assess risks of chemical diversion and encourages cooperation from the private sector to reduce such risks. Employing a mandatory approach the ECD has the capacity, through it being empowered with regulatory and enforcement tools, to signal to the private sector its willingness to escalate responses if compliance is not forthcoming. This in turn promotes increased cooperation from the private sector. An important tactic employed by the ECD is the backtracking of chemicals and packaging found at clandestine laboratories and dumpsites. This enables the ECD to identify potential 'access points' where diversion is possible. Armed with such information the ECD is able to return to legitimate businesses, and in conjunction with their legal authority, they are able to persuade businesses to take action to prevent their products from being diverted into illicit markets. This follow-up and feedback is also important in sustaining the cooperative relationships the ECD has with industry.

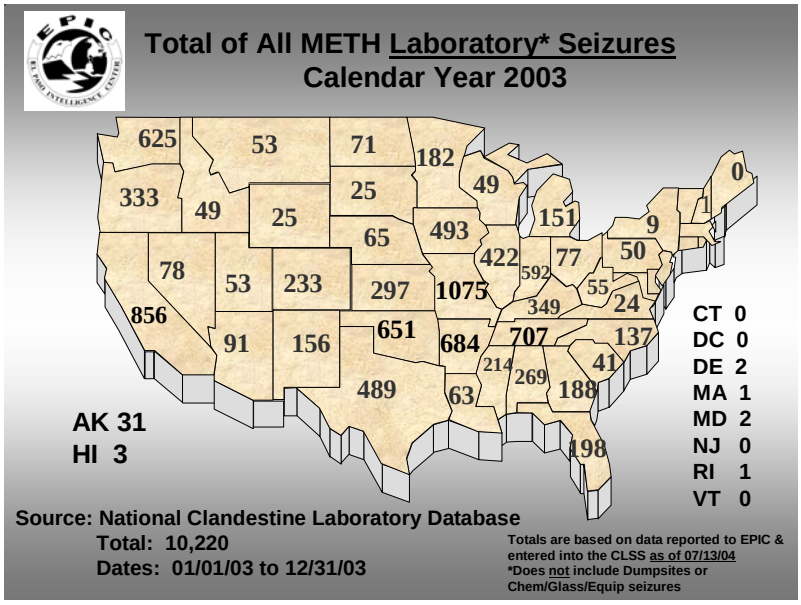
We conclude from this case study that in conjunction with the strategic use of technology to identify trends in trafficking and diversion, coupled with the various formal and informal mechanisms to ensure compliance on the part of industry, the Dutch model has some noteworthy strengths.

The United States Experience

The data provided in this section has been obtained from interviews with representatives of the Drug Enforcement Administration (DEA). This includes officers from the DEA Office of Diversion Control; DEA Diversion Investigators; DEA Group Supervisors and DEA Investigators, and DEA Special Agents. Relevant information has also been derived from representatives of the National Meth Chemicals Initiative and the Los Angeles and Midwest High Intensity Drug Trafficking Area Program. Documentation obtained from these agencies has also been drawn upon.

The Methamphetamine Problem in the US

Methamphetamine is the most widely used and clandestinely produced synthetic drug in the US, with some of the largest seizures of methamphetamine worldwide being reported in America (Executive Office of the President 2004). In 2002 over 9,000 laboratories were seized. Taking all methamphetamine laboratory incidents for 2003, including laboratory detections, discovered dumpsites, chemical, glassware and equipment seizures, totals begin to reach the 16,000 plus mark. Over the 1991-2001 period US authorities dismantled almost 30,000 clandestine methamphetamine laboratories, which is equal to 97% of all reported detections of methamphetamine laboratories worldwide. Methamphetamine laboratories have been seized in nearly all US states. However production sites do appear to be concentrated in the lower Midwest and on the Pacific Coast.



Source: Loya (2004).

The US is confronted with a two-pronged problem in relation to the manufacture of methamphetamine: super laboratories and an enormous number of smaller laboratories referred to as 'mom and pop' labs. About 80% of the methamphetamine in the US is manufactured in 'super labs' in California and Mexico. These laboratories are typically managed by Mexican organised crime groups and while the overall number of these 'super labs' is small they are capable of producing 100 pounds of methamphetamine, which is then distributed through the Midwest of America.

In addition to these 'super labs', the US is faced with the issue of localised domestic production in small 'mom and pop' laboratories, that may only produce up to an ounce of methamphetamine. These small 'mom and pop' laboratories are a severe drain on local law enforcement resources. In particular these small clandestine laboratories are highly toxic and volatile and are found in a whole range of environments from rented premises to hotel rooms, placing members of the public at risk.

One of the key factors contributing to such high levels of production is that the sale and availability of pseudoephedrine based products such as non-prescription cold and flu medication are widespread across the US. Not only are they available from chemists and pharmacies, but they are also sold at a wide range of outlets including convenience stores (e.g. Wal-Mart, Walgreen), fuel/gasoline stations, news agencies and local corner stores. This level of accessibility provides countless avenues through which diversion can occur and needs to be kept in mind when assessing the methamphetamine situation in the United States.

For recording purposes US authorities have adopted a national definition of an illicit methamphetamine laboratory: 'an illicit operation consisting of a sufficient combination of apparatus and chemicals that either have been or could be used in the manufacture/synthesis of controlled substances'. This is used by the National Methamphetamine Chemical Initiative (NMCI) to record the number of methamphetamine laboratories seized each year, with the NMCI producing regional reports for each state on manufacture, importation, chemical diversion trends, seizures, dumpsites and state-wide strategies. The El Paso Intelligence Centre's National Clan Lab Seizure System also collects information on methamphetamine laboratories.[46]

History of Chemical Control

The US introduced a broad chemical control program in 1989. The *Chemical Diversion and Trafficking Act* (CDTA) was enacted in 1988. It imposed reporting, record keeping and import/export notification requirements for regulated transactions in controlled chemicals. Under the Act, the DEA had the authority to stop shipments of controlled chemicals from US suppliers to companies outside the US suspected of diverting them for illicit use (Collier 2004; DEA 2004b). Under this legislation, bulk ephedrine and pseudoephedrine transactions were regulated. However, over the counter products were exempted from record keeping and reporting requirements. Given this loophole, criminals quickly shifted their attention to diverting ephedrine tablets from retail levels (Collier 2004). The *Domestic Chemical Diversion Control Act* was introduced in 1993 and it set out to close the loophole for single entity ephedrine products and required registration of all importers, exporters, manufacturers and distributors. Pseudoephedrine tablets, however, remained unregulated. The improved controls on ephedrine prompted many criminal groups to opt for pseudoephedrine tablets as an alternative precursor. This loophole was addressed by the *Comprehensive Methamphetamine Control Act 1996* which expanded regulatory control of lawfully marketed drug products containing ephedrine and pseudoephedrine (DEA 2004b).

The *Methamphetamine Anti-Proliferation Act 2000* addresses diversion from the retail level. It reduces the thresholds for single transactions of pseudoephedrine to nine grams and adds a requirement for package size of no more than three grams (DEA 2004b). Put simply an individual can only purchase a maximum of three packets. However blister packs remain exempt from the thresholds. DEA Diversion Officers raised concerns with the legislation, with some of the view that current thresholds relating to limits on retail transactions are too high and should be reduced.

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[46] http://www.usdoj.gov/dea/prpgrams/epic.htm.

The reason blister packs remained exempt was that it was thought that this type of packaging would act as deterrent: meth cooks would be deterred from using such products because they would have to take the time and 'pop' each blister pack. This was far from the case, with blister packs now being increasingly found at illicit laboratory sites, particularly small 'mom and pop' laboratories. The blister pack exemption has been addressed by the National Synthetic Drugs Action Plan, which was released in October 2004. The Action Plan recommends legislation that removes the blister pack exemption and eliminates the distinction based on this form of packaging (Executive Office of the President 2004).

Some states in the US have addressed the problem of retail diversion by enacting state legislation. For example, the state of Oklahoma rescheduled pseudoephedrine and ephedrine on 6 April 2004 (to Schedule 5 Controlled Dangerous Substance), resulting in only licensed pharmacists or pharmacy technicians being able to sell products containing non-prescription pseudoephedrine.[47] Additionally, products must be kept behind the counter or in a locked cabinet. The seller must obtain the purchaser's identification with date of birth; the purchaser must be at least 18 years old and must sign a written log. Only nine grams may be sold to a person in 30 days (Executive Office of the President 2004).[48] The Oklahoma Bureau of Narcotics and Dangerous Drugs Control have reported that the new law has impacted on the production of methamphetamine. In March 2004, the agency reported the confiscation of 100 methamphetamine laboratories state-wide. That number fell to 62 laboratories in April and 29 laboratories in May (Snyder 2004b; see also Oklahoma Bureau of Narcotics and Dangerous Drugs Control 2004). There has been reports relating to the displacement effect of Oklahoma's law, with methamphetamine cooks from Oklahoma crossing into Texas, where similar laws currently do not exist, to source pseudoephedrine (see Dallas Morning News 2004). This inconsistency between state controls, which contributes to the problem of displacement stated above, is one reason why the National Synthetic Drugs Action Plan has recommended that:

> *"States that are facing significant levels of clandestine lab activity and chemical diversion are urged to consider the imposition of more stringent controls than those currently in place at the Federal level…Additional State level controls could include for example: allowing only licensed pharmacists and pharmacy technicians to sell products containing precursor chemicals; placing such products behind the sales counter and/or in a locked display case; purchase limits imposed on a transaction and or/monthly basis (with an appropriate tracking mechanism) and requirements of customer identification sales record keeping."(Executive Office of the President 2004: 39.)*

Role of the DEA in US Domestic Chemical Control

The DEA has responsibility for domestic chemical control within the US. Within the agency there is an Office of Diversion Control which has responsibility for controlling the diversion of precursor chemicals and other controlled substances and drugs.[49] Across the US each office has dedicated diversion investigators whose role is to administer the various regulatory and administrative controls on precursor chemicals.

Registration

Importers, exporters, manufacturers and distributors of listed chemicals must be registered with the DEA. When registered, businesses are required to obtain proof of identity from their customers; maintain retrievable receipt and distribution records; report any suspicious orders to the DEA; and put in place controls and procedures to guard against theft and diversion (DEA 2004b).

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[47] Gel capsules, liquid capsules, and liquid preparations are exempt from this law.

[48] See http://www.obn.state.ok.us/ for more information on this law.

[49] See http://www.deadiversion.usdoj.gov/index.html.

On application for registration, the DEA conducts an onsite pre-registration inspection. DEA officers review the applicant's security and distribution procedures. They discuss record keeping requirements with management and advise them about problems surrounding the diversion of listed chemicals. DEA officers also investigate prospective customers listed by the applicant to verify their legitimacy. A determination is then made as to whether or not the applicant will be approved to handle chemicals and obtain registration. Granting of registration must also be in public interest. The 'public interest' is determined by the following factors:

- Maintenance of effective controls against diversion of listed chemicals into other than legitimate channels;
- Compliance with applicable Federal, State and local laws;
- Any prior conviction record under Federal or State laws relating to controlled substances or to chemicals controlled under Federal or State law;
- Any past experience in the manufacture and distribution of chemicals; and
- Such other factors as are relevant to and consistent with public health and safety (Title 21 United States Code Controlled Substances Act).

Inspections

Once registration is obtained, each registrant is subject to scheduled inspections. DEA officers attend the registrant's premises and conduct an initial and closing inventory and examine their list of transactions for list one chemicals (precursors) and controlled substances. Registrants are not required to show all their records to the DEA, only those relating to transactions meeting certain threshold amounts. The DEA relies heavily on the registrant's cooperation when seeking to examine their transaction records. Since thresholds are cumulative, registrants should maintain records in order to establish when a customer has reached the threshold amount. This onus rests on companies involved in distribution, and voluntary compliance is encouraged regarding transactions under threshold amounts. During inspections DEA officers conduct verifications with the registrant's customers at the retail level. This also involves inquiring whether the distributor is educating their customers about chemical diversion. A closing discussion is held with the registrant where any violations are noted and the options available to address them are discussed. This closing discussion is important, especially in signalling to the registrant the various avenues available to the DEA (see below) if compliance is not forthcoming. A DEA Diversion Investigator described this tactic of persuasion in the following way:

> *"We normally go down this list of violations and may also say 'here are other things, that are not necessarily violations, but they're areas of concern and we have suggestions for you'. We also tell them that in order to address these violations we have options available: administrative, civil or criminal, and we go over all those options, like a letter of admonition or an administrative hearing or a memorandum of understanding or an order to show cause. We go down that whole list and we tell this to the registrant when we do our closing discussion, so they're fully aware of the options that we have to address any problems."*

In many instances such approaches prove successful in obtaining cooperation from registrants.

In order to enforce its powers of inspection the DEA has two main tools it can draw upon.

The first is a 'notice of inspection' where the registrant provides written consent to the DEA to be on the premises to conduct an inspection. The notice of inspection is generally used for compliant companies. One problem with the notice of inspection is once the registrant withdraws consent, the DEA officers must leave the premises immediately, whether or not the inspection is complete.

In cases where registrants are being uncooperative, and there are suspicions they are involved in diversion activity or complaints have been made against them, the DEA can obtain an administrative inspection warrant. An affidavit must be filed with the court to obtain such a warrant and it allows the DEA to enter and remain upon a registrant's business to conduct an inspection.

Additional Compliance Tools

The DEA have a number of other regulatory instruments to encourage compliance. An important part of these additional compliance tools is the DEA 'letter warning program', which includes 'notices of diversion' and 'letters of admonition'.

Notice of Diversion

When a product from a registrant's company is located at an illicit laboratory site, DEA Headquarters forward a 'Notice of Diversion' to the local DEA office who then personally deliver this notice of diversion to the offending company. They conduct enquiries to ascertain how the diversion occurred and provide guidance to ensure the enterprise takes appropriate measures to prevent diversion. These letters can form the foundation for further action against manufacturers and distributors if evidence emerges that diversion is continuing, or if no action has been undertaken on the part of the registrant to limit its occurrence. The aim of these notices is to coax cooperation before escalating responses that are more punitive. The same applies for a 'letter of admonition'.

Letter of Admonition

Following an inspection where minor violations have been noted, a letter of admonition is sent to the business, advising the registrant of problems identified during the inspection and listing ways of addressing them. The registrant has 30 days to advise the DEA in writing that the problems have been rectified before further action is taken. Such letters provide an important basis for DEA investigators to gauge the sincerity of registrants to willingly cooperate and whether it is necessary to take a more aggressive stance. A Diversion Investigator stated the following about the benefit of using a letter of admonition:

> *"If we walk into a chemical company or pharmaceutical company and we find violations to regulations - it's not a good thing - but then again, you don't have to spank them to start with, you don't need to haul them into court. What we do is that we send them a letter, it is called a letter of admonition and we say in this letter on a certain date we came into your business and we found the following violations to the regulations and we state specifically according to this code, Federal regulations, each section that we found they were in violation of. Say they're a pharmaceutical company. Every two years they have to take a bi-annual inventory of all drugs on hand on a specific day. So that you've got a snap shot of all the drugs on the premises and whether they're going into drug destruction, shipment or whatever. They are required every two years to do that. Pharmacies are required to do the same thing. We go in and we find they have not done a bi-annual inventory. So we would say in the letter you are in violation of 21C of section such and such. Now what are you going to do about this? They have 30 days to correct the problem and respond back to us in writing that they have corrected the problem. So it generates for us a notice to them officially of the violations. It's in the records, so that if we go back on the next inspection we know the history of the company. If they keep doing this, then obviously we're going to have to step it up, we are going to have to take action. It is a way of documenting problems without doing much more than trying to educate them [registrant] to correct the problems and put them on notice that we take it seriously, and they're gonna have to get the problems corrected."*

MOU

Following an inspection where numerous minor violations have been identified, the DEA can decide to enter into a Memorandum of Understanding (MOU) with the registrant. The MOU is an informal written agreement and may place certain restrictions on the registrant without proceeding to more formal action. In the opinion of DEA diversion investigators a MOU is a very effective tactic in inducing sustained compliance where companies may have violated licensing conditions for the first time or violations may only be minor. One Diversion Investigator described the use of MOUs and why he believed MOUs were a useful compliance tool in the following way:

> *"The other tool that we use that is neither administrative nor criminal, is what we refer to as a memorandum of understanding, an MOU. A MOU basically is something that we put together with the registrant informally. It says 'okay we found all these violations in your business and so here's what we are proposing you do'. We will sit down and draft out an agreement that might lay down certain restrictions on the registration without going through a full administrative process hearing. We can just informally agree with the registrant or his attorney that yeah they agree to the conditions and they sign an agreement. Typically those agreements are for a certain period of time - it might be three years, it might be five years. It allows us to come in to inspect their business without the use of a notice of inspection during normal business hours. If they move or change their address they are required to let us know. If we go back in and find violations, then we are not only free to bring up the violations that we found in the first place, but we can go back and lay on other charges that we found on the second occasion. It's a good tool to have because it ends the case and it doesn't drag it out any further and we both continue with our business. So it is pretty handy to have that as a go between option."*

A key administrative problem with using MOUs is that they can be resource intensive and do require ongoing follow-up and monitoring to ensure that the business is complying with its conditions.

Administrative Action

If all else fails and a business remains recalcitrant, the DEA can decide to undertake more punitive action by issuing an 'Order to Show Cause' and through an administrative hearing the registrant's registration may either be restricted or revoked.

Civil Action

Another option available to the DEA is to proceed with matters of non-compliance civilly, which can result in a monetary penalty being imposed on the registrant.

Criminal Action

Finally the DEA may decide to instigate criminal proceedings in circumstances where criminal offences have been identified, such as if the registrant is involved in the diversion of precursor chemicals into illicit markets. Criminal action cannot be taken for regulatory matters such as violating particular conditions of a licence.

Addressing Retail Level Diversion

DEA officers actively seek the cooperation of retailers to prevent the diversion of products used in the illicit manufacture of methamphetamine and it is at the retail level where opportunities for diversion are extensive. This includes targeting retail outlets such as pharmacies and agricultural suppliers. Retailers are encouraged to enforce thresholds on purchases, employ cash register technology to block excess sales, store pseudoephedrine stock behind the counter, limit access to

excess stock, educate their employees and make note of all suspicious transactions and report them to the police. The DEA provides education and distributes notices advising businesses to be aware of products that are used in the illicit manufacture of methamphetamine (see Appendix B). A Diversion Investigator described the interaction with retailers as follows:

> *"So we try to go to the convenience stores, we give them notices, we have printed notices that talk about sales of over the counter drugs that are being diverted for use in meth labs, we give them these notices and we try to educate them because they don't have the same requirements of registration."*

Retailers of ephedrine and pseudoephedrine products do not require registration. The Methamphetamine Anti-Proliferation Act has attempted to address diversion from the retail level by reducing the thresholds for single transactions, however some DEA officers are of the view that current retail thresholds (nine grams for any single transaction) are too high. DEA Diversion Investigators stated that is was very easy for people to avoid having their transactions recorded. Often 'runners' will simply purchase below threshold amounts of pseudoephedrine based products (meaning there is no requirement on pharmacies or retail outlets to record the transaction) from several different stores thus evading possible detection.[50]

Small time distributors of various products to convenience stores or gas stations, referred to as 'rack jobbers', are also required to be registered with the DEA. Rack jobbers distribute an assortment of products that include cigarette lighters, gloves, sunglasses, baseball caps and ephedrine and pseudoephedrine based products to retail outlets or simply by selling them directly to the public. Rack Jobbers distribute what has been termed 'grey market' brands. Grey market products are ephedrine and pseudoephedrine based products that are manufactured and labelled for other uses such as diet loss products or as energy supplements. The DEA has found that these grey market brands are increasingly being found in clandestine methamphetamine drug laboratories. This has led the DEA to undertake an aggressive campaign against 'rack jobbers' including raising awareness at retail levels about the grey market products they distribute, licence revocation and criminal prosecution.

Discussion and Lesson

The level of methamphetamine supply in the US is clearly a key issue of concern for both US law enforcement agencies and its Federal government. The problem, inherent to drug law enforcement, is that legislative responses to chemical diversion in the US have been one of ongoing readjustments to trends in illicit manufacture. Despite this, there are some features of the US domestic chemical control framework that are noteworthy. A key strength of the approach adopted by the US DEA is that it employs a mix of regulatory tools to prevent diversion from licit markets into illicit activity. This has allowed the DEA to adopt a strategy of graduated sanctions, which as a tactic is able to accommodate variances in the capacity and willingness of businesses to comply with conditions relating to dealing with listed chemicals. As highlighted by comments of DEA Diversion Investigators this mix of approaches is important for two key reasons: it enables the agency to induce long term compliance and to signal - if compliance is not forthcoming – that they are willing to escalate responses.[51] Secondly it enables the DEA to address the increasing and varied opportunities (which criminals seek and exploit) through which listed chemicals can be diverted for illicit purposes. As one DEA Diversion Investigator stated about the effectiveness of tackling chemical diversion through mixed regulatory strategies:

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[50] In the US this behaviour is referred to as smurfing.

[51] This actually has the effect of increasing the overall level of compliance; see Ayers and Braithwaite (1992) who provide an in-depth account of the effectiveness and utility of this approach. They term it responsive regulation.

"I think the more that you can put on the table to resolve issues and to have different avenues of directing and solving problems, I think that you increase your effectiveness in not only dealing with the registrant but in protecting the public too. And that is a big part of what we look at."

There was some concern raised by DEA investigators about the emphasis the agency had placed on addressing the diversion of ephedrine and pseudoephedrine products whilst neglecting other commodities important to methamphetamine production, such as equipment, glassware and common household items. However, one can understand why there is such an emphasis, given the high value of these precursors to individuals and groups involved in methamphetamine production. The overt influence of a powerful private sector lobby, that led to the original blister pack exemption under the Methamphetamine Anti-Proliferation Act, has had unfortunate consequences for the capacity of the DEA to comprehensively tackle chemical diversion. Action by the US State of Oklahoma does signal an attempt to address retail level diversion whilst accommodating industry interests (i.e. availability and access of products).[52]

The main focus of this section has been to investigate the various regulatory and enforcement tools adopted by US authorities to control precursor chemicals that involve engagement with third parties, particularly the private sector. Two other initiatives that are worth mentioning briefly are the National Methamphetamine Chemicals Initiative (NMCI) and the Drug Endangered Children Program. The former strategy (already mentioned) is aimed at the national coordination of intelligence and multi-jurisdictional law enforcement action against methamphetamine. The initiative funds a range of coordinator positions and focuses on trend identification, intelligence sharing, education and training of law enforcement and prosecutors, and best practice in the area of dismantling clandestine laboratories and waste disposal. The Drug Endangered Children Program is part of the NMCI and was developed in response to the increasing number of children found at clandestine drug laboratories. It is an interagency strategy aimed at developing national consistency between local law enforcement, welfare agencies, child protection services, emergency services, and medical personnel in relation to responding to situations when children have been found at a clandestine drug laboratory site. Appendix C provides more detail on Child Endangered programs in the US. Many US states have also developed Drug Endangered Children legislation that provides for a separate criminal offence for exposing a child to a methamphetamine laboratory.[53] The need for similar child endangerment legislation has been raised in Australia (Steel 2004; Victorian Drugs and Crime Prevention Committee 2004: 573-363).

Meth Watch

In this case study we examine the Meth Watch program, a partnership strategy aimed at controlling the diversion of precursor chemicals (mainly cold and flu medication) from the retail sector into the illicit manufacture of methamphetamine. This program originally began in the US state of Kansas and has now been expanded across the United States, with the Consumer Healthcare Products Association (CHPA)[54] funding a national 'roll out' of Meth Watch. In this section, we outline the types of activities adopted under the Meth Watch banner to reduce opportunities for the diversion of precursor products at the retail level. The discussion below provides useful lessons for those involved in crime prevention activities. As already outlined in our discussion on US approaches in the Domestic Chemical Precursor Control Models section of Chapter 3, it needs to be kept in mind that the sale and availability of pseudoephedrine based products such as non-prescription cold and

[52] This law is being used as a model for the introduction of national legislation, see Snyder (2004a).

[53] See http://www.whitehousedrugpolicy.gov/enforce/dr_endangered_child.html#dec_prog.

[54] The Consumer Healthcare Products Association is a member-based association representing the leading manufacturers and distributors of non-prescription, over the counter medicines and nutritional supplements.

flu medication is wide spread at retail levels. However, as indicated in the Domestic Chemical Precursor Control Models section, several states are moving to limit the availability of these precursors (e.g. Oklahoma). The information in this section has been obtained from relevant documents, interviews and correspondence from representatives of CHPA, the Drug Enforcement Administration, the Administrative Coordinator of the Kansas Meth Watch program and the Coordinator of the Kansas Methamphetamine Prevention Project.

History of Meth Watch

The Meth Watch program began in Kansas and was part of the Kansas Methamphetamine Prevention Project, a public-private partnership strategy initiated in 2002 to develop a state wide infrastructure to address the methamphetamine problem across Kansas. At the time Kansas ranked fifth in the nation for the number of methamphetamine laboratories seized (728), with methamphetamine issues (including enforcement, environmental damage, incarceration and treatment) costing the state over twenty three million dollars per year (Kansas Methamphetamine Prevention Project 2003a).[55] The seriousness and extent of the methamphetamine problem in Kansas lead several agencies to join together and establish a statewide network comprising groups from the public and private sector.[56] The Kansas Methamphetamine Prevention Project is supported through Federal and local grants; its goals are to:

- Increase capacity of key institutions to assist local communities in addressing the methamphetamine problem;
- Reduce the supply of methamphetamine by reducing the availability of products used to manufacture methamphetamine;
- Reduce the demand for methamphetamine by providing opportunities for youth education and community awareness about the dangers of methamphetamine; and
- Increase awareness about methamphetamine in Kansas.[57]

The strategy consists of four core components, with project staff providing training, technical assistance and materials such as meth kits, tamper tags, videos, and CD-ROMS to a wide range of organisations and groups.[58] Mini grants are provided to assist local agencies to implement prevention activities (see Cain 2004a; Kansas Methamphetamine Prevention Project 2003b). Retailers, law enforcement, schools, local government, non-profit and faith-based organisations are involved in the implementation of these various components. The main features of the Kansas Methamphetamine Prevention Project are listed in the following table, along with examples of schemes and interventions. These components are highly flexible, with the aim being to allow communities to adapt them to local needs and circumstances (Community Evaluation Team n.d).

As indicated by the table below, Meth Watch was one component of an overall program aimed at addressing the methamphetamine problem in Kansas. It was designed by the Kansas Department of Health and Environment, the Kansas Bureau of Investigation and a group of retailers. The strategy aims to limit the accessibility of pseudoephedrine and other common household products used in the illicit production of methamphetamine and to provide law enforcement with information regarding suspicious transactions. Retailers targeted include grocery stores, discount stores, convenience stores, pharmacies and agricultural co-operatives (Kansas Methamphetamine Prevention Project 2004).

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[55] Of those laboratories seized in Kansas, 80% used the Nazi method and 20% the Red Phosphorous method; there was a 81% increase in treatment admissions for methamphetamine addiction from 1997 to 2002; in 2002, 1,236 individuals sought treatment in state-funded treatment agencies for methamphetamine addiction and approximately 25% of those seeking treatment were between the ages of 20 and 24; 80 children in Kansas were exposed to toxic chemicals in methamphetamine laboratories in 2002. See Kansas Methamphetamine Prevention Project (2003a).

[56] See http://www.ksmethpreventionproject.org/Links.htm, for a list of agencies involved.

[57] See http://www.ksmethpreventionproject.org/Abouttheproject.htm

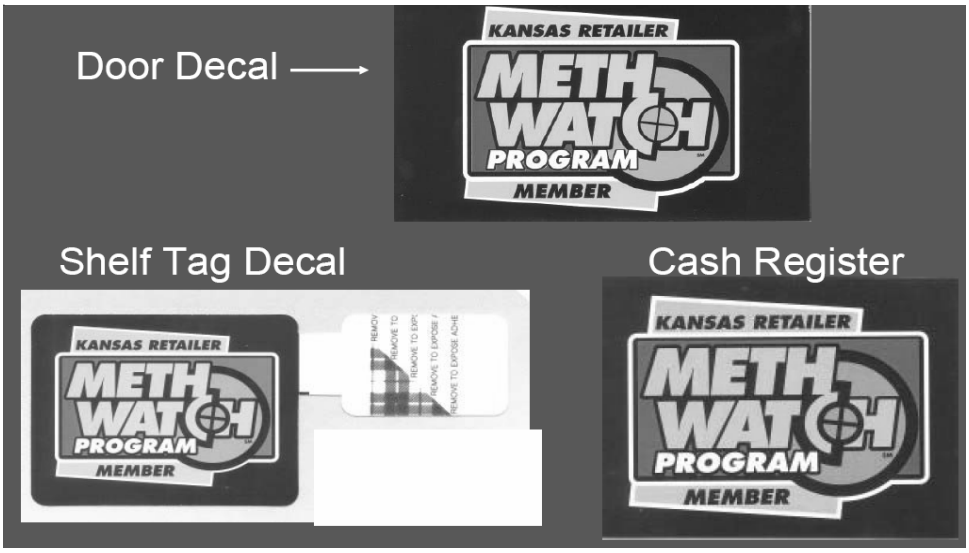
[58] See http://www.ksmethpreventionproject.org/ProjectActivities.htm

Core Components of the Kansas Methamphetamine Prevention Project

Core Component	Example Community Implementation	
Build Awareness	Community Meetings	
	Mass Mailings / Flyers	
	Public Service Announcements	
	Media Campaigns	
Prevention Education & Skills Building	Teacher and Student Training	- School Prevention Curriculum - 4-H Training
	Chance Encounter Occupational Training	- Meter Readers (Power / Water) - Mail Carriers - Bus Drivers - Hotel Employees
Environmental Change	Tamper Tag Program	
	Retail Meth Watch Program	- Entrance and POP Signage - Precursor Drug Product Placement
	Enhanced Surveillance	- In-Store Video - Precursor Product Placement - Farmers Co-op Video
	Farm Watch Program	- Anhydrous Ammonia Tank Placement
Policy & Practice Changes	Increase EPIC Reporting by Local Police	
	Retail Meth Watch Program	- Reporting of Suspicious Buys - Sales Limits on Precursor Drugs
	Farm Watch Program	- Reporting of Anhydrous Theft

Source: (Community Evaluation Team n.d: pg 2).

Meth Watch is a voluntary initiative. Participating retailers are advised to place precursor products where they can be easily monitored, for example behind counters or in high staffed areas. Meth Watch signs and tags are positioned on doors, windows, around cash registers and on shelves to deter theft (see examples following). Retailers are encouraged to impose purchase limits to prevent high volume sales by restricting the number of packets of pseudoephedrine-containing products that may be sold at any one time to a customer. Training is also provided to employees on how to recognize, but not confront, suspicious customers and to contact law enforcement with information by submitting suspicious transaction reports. Manuals are provided to retail outlets that include checklists on ways to prevent theft by addressing product placement, limiting excess stock and placement of technological deterrents (e.g. closed circuit television) (Kansas Methamphetamine Prevention Project 2004 ;n.d).



Examples of store decals used in the Kansas Meth Watch program: Source: CHPA (n.d.). These are attached or placed in the appropriate areas to deter theft and raise awareness.

There is limited evidence from Kansas authorities regarding the effectiveness of the Meth Watch project. The Kansas Department of Health and Environment has reported that a large retailer in Kansas experienced a 90% reduction in theft and losses of products containing ephedrine (Kansas Department of Health and Environment 2002)[59] attributing this to Meth Watch. It also has been reported that several communities across the state have seen an increase in the arrest of shoplifters of cold medicines after the implementation of retail prevention strategies, with the number of clandestine laboratories decreasing between 2002 to 2003 (CHPA n.d.; Kansas Methamphetamine Prevention Project n.d). We were advised by the Administrative Coordinator of the Kansas Meth Watch Program that the project has contributed to a reduction in the number of methamphetamine laboratories by reducing the availability of precursors and the perception that precursors are easy to obtain, by increasing the reporting of suspicious transactions to law enforcement, and by raising public awareness of methamphetamine problems. This has reduced the theft of precursors from retailers and had a corresponding effect upon the level of methamphetamine production and the number of clandestine laboratories seized.

A case study evaluation of the Kansas Methamphetamine Prevention Project was conducted in mid 2004, which showed that more than 35 counties in Kansas had begun to implement the four core components of the strategy (Community Evaluation Team n.d.). Four counties were assessed to have achieved 'full implementation' (i.e. all components were initiated and adopted by the whole county). This evaluation notes a number of positive outcomes in relation to the objectives of the project, with the Retail Meth Watch facet of the scheme being widely implemented. The evaluation does not conclude that the Methamphetamine Prevention Project was solely responsible for any improved outcomes, but states that 'the Project is likely to have contributed to achieving them. This conclusion is based on the highly uniform positive results across all four fully implementing counties' (Community Evaluation Team n.d.).

[59] Also see Kansas Methamphetamine Prevention Project (n.d.a).

It is unlikely that any one component of the Methamphetamine Prevention Project produced these results (e.g. the Retail Meth Watch project). Rather, as indicated in the evaluation, it is the combined effect of the various components of the strategy that is essential to its success (also see Cain 2004a; 2004b).

National Meth Watch Program

Many other states across the US have implemented similar Meth Watch strategies (e.g. North Dakota[60], Oregon[61], Virginia[62] and Washington[63]) replicating the Kansas scheme. The Consumer Healthcare Products Association (CHPA) has provided one million dollars in funding, assistance and training to implement a uniform Meth Watch program based on the Kansas model (CHPA 2004a; 2004b).

CHPA is a member based association representing the leading manufacturers and distributors of non-prescription, over the counter medicines and nutritional supplements. Methamphetamine and the diversion of pseudoephedrine has been a major issue of concern for CHPA, given many of its members' products are found at small 'mom and pop' laboratories across the US. This has had both reputational and commercial implications, with the following remarks by CHPA representatives highlighting this level of concern:

> *"Pseudoephedrine, obviously that issue, because of its magnitude for our member companies, it's a huge market … upwards of about three billion dollars per year so far as sales are concerned. But the issue of methamphetamine, diversion of pseudoephedrine has probably occupied 80-90% of my time and almost all of the time of the state lobbyist for the better part of this year certainly. We're told that our member products are found in about 12-15% of the labs nation wide."*

> *"From a company perspective too, you know we're a health care company, so we make medicines. The worst thing for us in every way is to have our medicines used for illegal purposes. I mean it's just not a good situation in terms of what we are as a company and you don't want to be standing there opposed to law enforcement."*

Given the association between its members' products and the production of methamphetamine, and the implications of this commercially, a key concern for CHPA has been to ensure that their products are easily accessible and that no limitations on availability are imposed. This commercial motivation was a key reason for the Association supporting the Meth Watch program nationally. A representative stated:

> *"To stop it, to try and prevent it [methamphetamine], I mean, we're obviously not happy. Our interest with this program is to try to make sure that the products stay on an unrestricted basis and that the products are sold where the consumers want to buy them and they can buy them when they want to. So if we could stop the diversion or slow it down through programs like this … we're better off. So that's why companies have decided to go down this route."*

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[60] See http://www.ag.state.nd.us/MethWatch/MethWatch.htm.

[61] See http://www.seasidepd.org/html/meth_watch.html.

[62] See http://www.oag.state.va.us/Protecting/Meth_Watch/meth_welcome.htm.

[63] See http://www.methwatchwa.com/index.htm.

Like the Kansas model, the aim of the national Meth Watch program is to reduce the diversion of precursor products for illegal manufacture of methamphetamine, to increase awareness about methamphetamine and to assist local communities in addressing the methamphetamine problem. CHPA provides a 'one-stop shop' to help interested States implement Meth Watch in their communities through a Meth Watch resource centre (see www.methwatch.com). It is anticipated that the retail associations will, through support provided by CHPA, provide training and disseminate materials (see Appendix B) to their representatives, who will then implement Meth Watch at the local level. Like the Kansas scheme, CHPA is also providing grants to assist States with implementation. In discussing the national 'roll out' of Meth Watch, two CHPA representatives stated the following about how this was occurring at the local level:

> *"Essentially, the Meth Watch program engages local community activists, some paid, mainly on a volunteer basis, to get into the stores and work with stores on educating them about the meth problem."*

> *"I'm not sure how it's going to get pushed down to the retailers quite frankly. And it's going to vary from State to State. In some places it's the retail associations that are creating the program and are going to push it down to their own members. In other places we have Attorney Generals or Governors' offices that are involved and they will probably try to use it."*

CHPA representatives were well aware that the successful implementation of the national Meth Watch strategy would be determined by their capacity to link in with as many community groups as possible (e.g. Community Anti-Drug Coalitions of America), with the actions of 'local activists' in promoting the program and encouraging participation important in ensuring it has broad coverage. The need to have a 'key driver' is also a key lesson stemming from the evaluation of the Kansas scheme. For example, in one Kansas county (Rice County), personal visits by the County Sheriff's office to every retailer of any precursor product (from fuel additives to ephedrine based cold medicines) was critical in ensuring that retail participation in Meth Watch was comprehensive (Community Evaluation Team n.d: pg 6, also see Cain 2004b).

Effectiveness of the Meth Watch Program

The availability of, and access to, products used in the illicit production of methamphetamine cannot be discounted as contributing to the overall size of the illicit synthetic drug problem across the United States. During interviews with law enforcement representatives, some were sceptical of the capacity of 'Meth Watch' style programs to impact on illicit diversion, noting that such strategies cannot be a substitute for approaches that limit access through restricting the level of availability at the retail level (e.g. by removing products from store shelves). The improved capacity of the retail industry to address the problem of diversion through Meth Watch was seen as limited, given the program is largely voluntary. Concerns were raised that some retail employees would not follow through with all aspects of the program, specifically the reporting of suspicious transactions. As one law enforcement official stated *"if the purchase is suspicious, why let it occur in the first place, it's a bit late then."* However, this does not indicate that such approaches are ineffective or worthless. Rather, the comments above highlight potential flaws that need to be considered in developing a diversion control strategy.

DEA Diversion Investigators in particular recognized the merits of the Meth Watch program, one stating the following about the benefits it afforded law enforcement:

> *"We'd like to see any voluntary initiatives [Meth Watch] that they're [CHPA] willing to provide. And I think something else to keep in mind is that when we go to these retail convenience stores, most of them know that the pseudoephedrine and ephedrine combination products are being used for meth but a lot of them don't know any of the other materials like the starting fluid, and Coleman lantern fuel and coffee filters and things like that. So when we go out, a lot of them are very happy to receive the information. So when you go out you can see the light bulb go off sometimes in their head, like 'Oh, okay, I didn't know that that was being used.' So I think that these voluntary compliance programs, where the companies are sending out information and material to their sites, to their gas stations and to their employees is a good thing because then it makes them more aware what to look for."*

Tamper Tag Program

Despite the intense focus on the Kansas Meth Watch project and the national interest it has generated across the US, there are other features of the Kansas Methamphetamine project that are worth mentioning. One such scheme is the 'tamper tag' program, which specifically targets chemical diversion within rural settings through the use of situational crime prevention.

Created in 2003, the tamper tag program aims to reduce anhydrous ammonia theft by alerting farmers when anhydrous ammonia tanks have been tampered with and by informing them of ways to prevent its theft. A widely used farm fertilizer, anhydrous ammonia is normally stored in pressurized containers at agricultural retailers and on farms (Smith 2004; see below). It is also a reagent commonly used in methamphetamine production (i.e. in the Nazi or Birch Method) and is typically stolen from tanks or anhydrous ammonia distribution facilities commonly operated by local farmers' cooperatives.

The program provides education and guidance on how individuals can reduce anhydrous ammonia theft and encourages the reporting of such thefts to law enforcement. The actual tamper tag is a small, light weight, wire device that attaches to an anhydrous ammonia tank, to alert the farmer that the tank has been tampered with. Approximately 74,000 tags were distributed throughout Kansas in 2003.[64] Other rural strategies are being examined including researching anhydrous ammonia additives (see Knoxville News-Sentinel 2004) and improved locking devices for anhydrous ammonia tanks.

Anhydrous Ammonia Tanks: Source Cain (2004a).

[64] See 'Don't Meth With This Tank' brochure at: http://www.ksmethpreventionproject.org/brochuretampertagKMPP.pdf.

Discussion: Is Meth Watch an Example of Best Practice?

One cannot doubt that Meth Watch has been an important approach in encouraging the retail sector to take action outside the scope of their routine activities, and recognise that they have a responsibility to control the supply of products used in the manufacture of methamphetamine. It has obvious benefits for the private sector and law enforcement in its aim of balancing commercial goals (consumer access) with law enforcement outcomes (limiting diversion).

Despite the enthusiasm with which Meth Watch has been adopted across the US, we need to be mindful that its original success in Kansas was the result of the combined effects of the various components of the Kansas Methamphetamine Prevention Project. As a 'stand alone' strategy it maybe less effective if it is not augmented by broader community awareness and education programs as well as by interventions in other settings where opportunities for diversion exist.

UK Customs: Anti Drug Alliance

In this case study we examine an industry partnership strategy adopted in 1993 by the United Kingdom HM Customs and Excise (Customs). The Anti-Drug Alliance program targeted the import/export industry, for example shipping lines, port authorities and airport corporations. The program was broadly aimed at illicit drug activity, tackling both trafficking and chemical diversion through legitimate commercial channels. As indicated in Chapter Two, the diversion of precursor chemicals and equipment necessary for the manufacture of illicit synthetic drugs is often facilitated by legal activities. Hence the discussion below provides useful lessons relating to law enforcement engaging external institutions in furtherance of reducing the supply of ATS. The insights below are derived from interviews and correspondence with officials from UK Customs.

History of the Anti Drug Alliance

The implementation of the Anti-Drug Alliance (Alliance) strategy has to be situated in the context of changes to European Union (EU) policy on trade, industry and consumer affairs, which led to the introduction of a 'single market' across the EU (European Union 2004).[65] In 1993, the EU largely abolished border controls and orchestrated provisions that allowed for the free movement of people and goods. While this removed many barriers relating to trade and commerce it also provided unique opportunities for those involved in the illicit trade of drugs to take advantage of what are now largely porous borders across Europe.

A consequence of this EU policy was a deficit in the intelligence and information gathering capabilities of law enforcement relating to monitoring and preventing cross-border criminal activities. In particular the capacity of Customs to gather information and intelligence was constrained. These factors led Customs to develop the Alliance strategy. In relation to the impact of EU policy, a Customs official observed:

> *"The boundaries went down and we had to implement 'light touch' controls on goods and people at the frontier, so it was a major, if you like, gap coming up in information, … we could no longer routinely demand information about people and goods because that would have been an impediment to the free flow of people and goods in the EU. So the Anti-Drug Alliance was a way of filling that information gap."*

[65] In 1993 the following countries were members of the European Union: Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain and the United Kingdom.

The genesis of the Alliance originated in the Memoranda of Understanding (MOU) program developed by the World Customs Organisation (WCO) discussed in Chapter Two. This WCO proposal was adopted by Customs, who identified particular sectors (i.e. road haulage, import agents and port authorities) as significantly at risk of being exploited by criminal groups for the purpose of transporting illicit drugs and chemicals. They engaged these various sectors through consultation with the aim of establishing partnerships to share information and gather intelligence. A secondary aim of the Alliance was to also reduce the problem of drug smuggling by providing information about security improvements to Alliance partners.

By entering into an MOU, Customs provided signatories with advice on anti-drug smuggling measures and established a dedicated contact point known as Anti-Drug Alliance Liaison Officers (ADALOs) to service the MOUs. These liaison positions were filled by Customs intelligence officers who sought information from individuals who had the professional knowledge and understanding of their specific sector and who were in a position to disclose information regarding suspect cargo and suspicious activities. Each business that signed up had a designated ADALO who conducted site visits, talked to new staff and distributed relevant information. For businesses that became members, this contact point proved very useful, with liaison officers able to assist with any Customs related issues. There was also the benefit of increased awareness amongst company staff of the risks of drug smuggling to their business activities.

Under the Alliance, Customs representatives engaged with more than 10,000 individuals and entities from the import/export industry, including container terminal operators, freight forwarding agents, importers and exporters and their associations. This included conducting seminars and site visits of relevant sectors. The Alliance program was voluntary and non-binding. Partnerships were formalized through businesses entering into a MOU with Customs, which required them to consider how operational security could be improved and to alert Customs to suspicious or questionable activities. The agreements reached under the MOU aimed to draw upon the professional knowledge and capabilities of individuals involved in the import/export industry who were ideally placed to prevent, detect and disclose illegality on the part of their clients.

Implementation Challenges

During the implementation of the Alliance, Customs identified a number of key challenges relating to the administration the strategy:

- Unrealistic expectations among Alliance members.
- External and internal communication.
- Resourcing of the Alliance.
- Confidentiality issues.
- Management of the program.

Unrealistic Expectations Among Alliance Members

Some industry representatives were of the view that being a member of the Alliance would provide them with special privileges, including a guarantee that their legitimate trade would be processed more efficiently and would not be formally examined. The latter was not the case. In addition, several trade associations had high expectations regarding the regularity of Customs information seminars and site visits. However Customs had to resource the initiative out of its existing budget and this impacted on its ability to ensure the program had broad coverage, restricting the number of visits that could be made to each Alliance member. Managing these expectations was described by a Customs official as a "difficult balancing act."

External and Internal Communication

There were problems with communication both externally and internally at Customs. In its initial stages Customs heavily publicised the Alliance. The program was promoted through attendance at trade shows (for example, boat or holiday shows). Stands displaying promotional literature and general public relations material were well received by industry. Customs also conducted information seminars with employees of private institutions involved in the import/export sectors. However, after some time it was noted that interest in the program was beginning to waver, with attendees at seminars voicing concern about the relevance of some of the material and information being presented. This problem was addressed by the introduction of sector based seminars, which proved effective in retaining industry interest in the Alliance.

The importance of retaining interest and cooperation of Alliance members by providing timely feedback was also a key issue. This in particular related to communicating the results of information being passed onto Customs by Alliance partners. In relation to this matter of external communication a Customs officer remarked:

> *"I think it's easily underestimated exactly how desperate our trade partners were to be kept up to date with what we were doing. They really felt exposed if they were giving us information and they didn't hear anything back about what the outcome was, even though we gave assurances that it was being used to make useful intelligence."*

The solution to this issue was the distribution of a publication called Drugs Watch, advising of drug seizures that could be identified as having a connection to information provided by Alliance members. Customs described the importance of this publication in the following way and the support it produced:

> *"You must not underestimate the power of the publication as a tool, to get people onside and continue to give us cooperation. The mere fact that we were telling them about what happened engendered positive feedback."*

The publication was only issued every few months and some Alliance members did continue to criticise Customs for the lack of sufficient feedback. Internal communication within Customs was also found to be an issue of concern, with some misunderstandings amongst Customs officers about the aims of the Alliance. Some Customs officers were of the view that the Alliance was merely a public relations exercise involving the distribution of promotional material and did not understand that it was an integral part of the Customs intelligence network. Also Customs officers working on the Alliance felt isolated, voicing concern that they were not receiving enough feedback from within Customs about the value and effectiveness of the Alliance. This issue of internal communication was improved by the introduction of a bi-annual conference where all ADALOs were encouraged to attend, share examples of best practice lessons and raise issues of concern.

Resourcing of the Alliance

As mentioned above the Alliance strategy was funded from within the existing Customs budget and was not supported through any additional funding. This did impact on the strategy's implementation. For example, as indicated above regional Customs offices were often unable to make routine visits to all Alliance signatories and this drew criticism from some industry partners. While the role of the ADALOs was seen as crucial in driving the scheme, their positions were inadequately resourced. Their responsibilities were divided between engagement with members of the Alliance and normal duties.

A Customs officer described this difficult situation in the following way:

> *"In fact it would have gone better if the ADALOs had been able to put 100% of their time into that role. Because it is that network of people on the ground that keeps it running. It is the people on the ground, giving our people on the ground, the information that actually makes the whole thing work."*

Despite their part time role, the allocation of a dedicated liaison officer was regarded by Alliance members and Customs as an asset. The cooperation engendered between the ADALOs and Alliance members provided substantial benefits to both parties. The ADALOs assisted Alliance members with consignment problems and gained access to local information systems. This contact point paid dividends for Customs in relation to the gathering of intelligence, which in turn led to increased drug seizures.

Confidentiality Issues

Customs reported very little resistance by industry partners to participate in the Alliance. Participation was encouraged by moral persuasion and facilitated through engendering 'good will' between Customs and import/export sectors. According to Customs, industry partners did not consider the additional responsibilities agreed to under MOUs as a burden. They did, however, raise concerns regarding the confidentiality of information shared with Customs, an official stating:

> *"They did not want anybody else knowing that they had signed up to an agreement with us, so they didn't want their competitors knowing and they didn't want the port operator knowing. I am not really clear as to why there was that sensitivity …that their customers would be put off, if they knew their company was cooperating with a law enforcement body."*

Management of the Program

The overall responsibility and management of the Alliance was shared between two units within Customs. A policy division managed the umbrella bodies such as trade federations, while an intelligence branch was responsible for the management of the Alliance at the local level through the ADALOs. The fact the program was split between 'two masters' (policy and intelligence) did cause tensions within Customs. There was regular formal communication between the two areas, but underlying friction existed in relation to who should have ownership of the program and differences in opinion over the strategic direction of the Alliance. There was some disagreement within Customs whether the management of the program should be assigned to its intelligence branch or allocated to its policy division. While there were internal reviews of the strategy, this issue was left unresolved.

There was no formal evaluation of the Alliance program. However, senior representatives from the policy division and intelligence branch did undertake a review of its administration. This examination resulted in a number of recommendations that were endorsed by senior management from both areas. However, disagreements ensued over which area should implement the proposals. The end result was that no recommendations were implemented. While no formal decision was made to end the Alliance, the program was slowly wound down. However it still continues at an informal level, with local intelligence officers maintaining relationships established with industry partners. A Customs officer described this situation as follows:

> *"There is no program of handing on new members. We decided we had signed up enough people. We don't have any central meetings with trade bodies anymore because we've done all we can do with them. And really it's just up to local intelligence staff to*

keep relationships ticking over and not particularly under the banner of Alliance, but on the basis of previous history, good relationships and good will. So it is generally kept ticking over now by local staff on an informal basis."

Discussion: Achievements and Lessons

The Alliance program was important in facilitating effective working relationships between Customs and the import/export industry. The clear benefit for Customs is that it increased their access to various sources of information that assisted in filling the intelligence gaps caused by the introduction of the EU single market policy. Likewise, for Alliance members the strategy was helpful in improving operational security and provided a dedicated liaison officer within Customs.

The Alliance program points to some important lessons relating to the ways in which law enforcement engage external institutions in furtherance of supply reduction. While largely a voluntary program, high levels of cooperation were facilitated by agreements reached under MOUs between Customs and industry (which laid the basis for reciprocal relationships) and the provision by Customs of a liaison officer to directly engage with the private sector. Like any form of partnership, problems do arise and under the Alliance the most salient related to unclear expectations on the part of participants, problems with internal and external communication, resourcing and management of the scheme. Such problems are not insurmountable and in particular the case study demonstrates the vital role communication plays in partnership strategies.

The Alliance program demonstrates how opportunities to limit the supply of illicit drugs can be successfully reduced when individuals are encouraged to take action outside the scope of their routine activities. The approaches used (e.g. MOUs, having dedicated liaison officers) to compel and persuade third parties are important in encouraging individuals and groups to adopt the additional responsibilities required to prevent illicit activity. In conclusion we share the following quote from a Customs official:

"I've painted a bit of a gloomy picture but it did work; it was a massive breakthrough in getting access to information. It was for want of a better plan, it failed, it could be said to have failed - resourcing, unrealistic expectations on the part of our trade partners and the perception that there was a lack of communication. But I can't stress to you how valuable it was. We had information coming in the first five to ten years, so much information coming in that led to drug seizures. I couldn't say to you the model doesn't work; the concept does work, it just needs to have a different way of implementing it and managing it."

United States Customs Industry Partnerships

This section outlines various industry partnerships initiated by US Customs (Customs) aimed at regulating commercial activity. The case study discusses the various approaches used to engage the capacities of the private sector aimed at reducing opportunities for illicit drug smuggling. The schemes discussed are the *Carrier Initiative Program* (CIP), the *Business Anti-Smuggling Coalition* (BASC) and the *Customs-Trade Partnership Against Terrorism* (C-TPAT). While these strategies focused broadly on illicit drug smuggling, the experiences and lessons discussed are specifically relevant to controlling illicit synthetic drugs, given the fact that legitimate commercial activities are important in facilitating both the manufacture and trafficking of ATS. The detail below is derived from interviews with and material obtained from representatives of US Customs and Border Protection (CBP).[66]

[66] As of 1 March 2003, the US Customs Service was incorporated into the Department of Homeland Security and is now known as the Bureau of Customs and Border Protection (CBP). For the purposes of clarity when referenced in this case study CBP and the US Customs Service will be referred to as Customs.

Carrier Initiative Program (CIP)

History of the CIP

During the 1980's an increasing amount of drug trafficking into the United States (US) was occurring via commercial carriers and cargo. It was during this period that Colombian cartels were exploiting opportunities provided by legitimate activities to smuggle huge shipments of illicit drugs - mostly coca derivatives into the US.

Under US law, commercial carriers are required to 'exercise the highest degree of care and diligence in preventing the use of their conveyances for the importation of illegal drugs.'[67] The law requires that private industry take reasonable precautions against drug smuggling and breaches of the law can result in monetary penalties against commercial carriers. For example, if heroin is found on a conveyance or within cargo, a penalty of $US1,000 for each ounce found can be applied, amounting in some cases to fines exceeding millions of dollars. In many instances companies were unable to pay amounts imposed.

Introduced in 1984, the Carrier Initiative Program (CIP) in part aimed to address these problems. The program originally targeted air and sea carriers and was later extended to include land carriers. A key aim of the strategy was to help these private sector bodies take action against drug smuggling on board commercial conveyances. Commercial carriers recognised that they needed the assistance of Customs to address this problem. As one Customs officer observed:

> *"Employees working within their companies were facilitating the smuggling of drugs, internal conspiracies. The Carrier Initiative Program came as a way, as an admission on the carriers' part that they need help to stamp out these internal conspiracies."*

Motivation to participate in the CIP was also related to commercial outcomes and recognition on the part of businesses that they had to take 'ownership' of a problem that they themselves could only effectively address, rather than simply relying upon Customs to interdict shipments. One Customs official stated:

> *"Companies realised there was a smarter way of dealing with the problem, working in partnership, because ultimately they are the owners of the supply chain, they own the supply chain, they transport merchandise, they know what regions of the world they are operating in, the threats posed to their conveyances and their shipments."*

Participation in the CIP is voluntary and requires carriers to enter into a written agreement (a Memorandum of Understanding - MOU) with Customs clarifying the responsibilities of participants. The agreement stipulates that carriers will enhance their security at foreign and domestic terminals and aboard conveyances as well as cooperate with Customs in identifying and reporting suspect activities (United States Customs Service n.d). Customs works very closely with carriers to undertake risk assessments such as identifying high-risk locations susceptible to drug smuggling activity.[68] In exchange, Customs agrees to provide training to carrier employees in the areas of cargo and personnel security, drug awareness and conducting searches of containers and cargo. This includes such activity as Customs:

> *"Making sure they [carriers] have procedural security … hiring practices, they're doing background checks … physical security … adequate fencing … storing cargo where its safe and secure … adequate lighting."*

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[67] See Title 19, United States Code 1584(2) available at: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=browse_usc&docid=Cite:+19USC1584.

[68] See http://www.customs.gov/custoday/dec2000/risk.htm for a discussion of risk management assessments adopted by US Customs.

Customs also agreed that should illicit drugs be located aboard any conveyance owned or operated by a participating carrier in the CIP, the degree of compliance within the terms of the MOU would be considered as a mitigating factor in relation to possible penalties imposed.[69] In the opinion of Customs this was an important incentive for carriers to participate in, and actively comply with, conditions established under CIP agreements.

When illicit drugs are located and seized from a participating carrier, a Customs team conducts a site survey of the company's supply chain processes to ascertain where the potential breach occurred. This might include examining packaging and transport procedures and identifying deficiencies in security along the spectrum of the importation process. In addition to Customs identifying any problems with security, they also recommend how the company should use monies that otherwise would have been paid in penalties, to upgrade and improve security. A Customs official described this process as follows:

> *"In return for their cooperation we saw it as a way for us to mitigate or reduce the monetary penalties. … if we assessed a penalty of two million dollars on an airline because drugs were found on an airline, we could do one of two things … in consultation … with legal counsel, we could say that we are going to seek a reduction in mitigation of penalties by 30% to 40% because they are participants in the Carrier Initiative Program, they have cooperated with us… opened up their facilities for us to go in and see what they have, what kind of security they have in place. Then instead of paying us two, three hundred thousand dollars we could tell the company 'take that money and we want you to invest that in x-ray technology because this seizure was found concealed...'."*

The implementation of such capital infrastructure upgrades is closely monitored by Customs to assess compliance, and in the opinion of Customs the level of compliance in most cases is very high.

Gaps in the CIP

It was recognised by Customs that the CIP tended to favour large companies who were in a financial position to pay a reduced fine and implement security upgrades. The program though was less effective in engaging smaller sized businesses who were involved in the land border environment and more at risk of being coerced into illicit drug smuggling by organised crime groups.

This resulted in Customs targeting smaller companies, in particular, land carriers. The *Land Border Carrier* initiative was developed in 1995 and extended the CIP to include land carriers. The program has similar objectives as developed under the CIP with air and sea carriers. Customs officers conduct site surveys of smaller companies and suggest improvements to security procedures. A key issue Customs has to consider when making such recommendations is whether these smaller carriers possess the necessary resources to implement proposals, requiring that recommendations are realistic and cost effective.

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[69] See http://www.cbp.gov/xp/cgov/enforcement/international_activities/partnerships/cip.xml.

Business Anti-Smuggling Coalition (BASC)

History of BASC

The Business Anti-Smuggling Coalition (BASC) is another industry partnership program between Customs and the private sector. The scheme is industry led and like the CIP is focused on combating illicit drug smuggling via commercial cargo (United States Customs and Border Protection 2003).

BASC originated in action by the Mattel Corporation. Mattel approached Customs to find ways to improve the integrity of international trade shipments and, in particular, protect their brand name from association with illicit drug smuggling (Laredo Development Foundation n.d). At the time Mattel had a manufacturing plant in Mexico and they were experiencing difficulties with some employees placing illicit drugs within Mattel shipments destined for the US. Mattel feared the consequences of adverse publicity and that it would have financial and reputational consequences. In discussing the history of BASC, a Customs officer remarked:

> *"When he [i.e. Mattel Corporation's Vice President for Security] presented it to us [i.e. Customs] he said, 'Look, our shareholders are really concerned that one day they'll pick up a newspaper, Wall Street Journal, and see an article in there that Barbie is now hooked on cocaine', cause they are always finding cocaine in Barbie shipments."*

In response, Mattel began a partnership with Customs and other corporations which led to the formation of BASC. Joining the BASC alliance is voluntary and one of its key aims is to enhance self-regulation through the development of self imposed business standards and security measures. Participants enter into an agreement as a requirement of membership, with BASC agreements including such items as the implementation of company wide drug awareness programs, conducting background checks of employees, incentive programs for information on illegal activity, limiting access to shipping and receiving areas, employee training programs on detecting drugs, immediate notification to Customs upon the discovery of drugs or suspect drug shipments, monitoring and inspection programs for all vulnerable areas and quarterly certification and status reports covering all items outlined in an agreement (see Laredo Development Foundation n.d; World BASC Organization 2002).

Customs supports BASC through the Americas Counter Smuggling Initiative (ACSI). Comprising teams of Customs officers, ACSI provides education and training to BASC members on such issues as concealment methods, preventing internal conspiracies[70] and physical security procedures. Customs described this support structure in the following way:

> *"ACSI are just teams of Customs and border protection officers. These are teams that we send to the BASC companies to provide site surveys … the instructors show them how to search a container, … how you target a container, what to look for, what are some of the trends that we've seen in terms of how they're concealing drugs … we look at their operation, make recommendations on security. That's ACSI, that's how we [Customs] support BASC. And to these companies that is a tremendous privilege."*

Customs officers based at seaports or airports and involved in cargo clearance are part time members of ACSI teams. This facilitates effective working relationships between Customs officials and BASC members. Also BASC companies have a contact point with a Customs officer, a relationship which is fostered during site surveys. This point of contact is particularly useful when difficulties with shipments arise.

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[70] That is, employees placing illicit drugs in cargo and /or within conveyances.

Participation, Sustainability and Benefits of BASC

When BASC was first introduced it mainly involved companies at the manufacturing level, but was extended to cover the whole supply processes from manufacturing to shipping the merchandise from its country of origin into the US. Any company that is involved in the international supply chain from origin to final destination in the US can apply for membership of BASC following certification. For example, an importer will develop a corporate agreement with Customs and then require agreements with the company's vendors (manufacturing plants, carriers, customs brokers and warehouse proprietors). As a consequence BASC importers only conduct business with BASC vendors (Laredo Development Foundation n.d). In the opinion of Customs this has resulted in a high participation rate in the BASC scheme and is one factor contributing to its success. It should be noted that a BASC database is available via the Internet to search for BASC certified companies.[71] and that expansion of the BASC program has occurred through the legal constitution in June 2002 of the World BASC Organisation.[72] Chapters have been established by the private sector in a number of South American countries, and agreements with several Customs services in Spain, France and Mexico have been implemented.

The benefits of participation in BASC are not simply limited to reduced risks of being targeted by drug smugglers, but also include commercial, financial, reputational and social rewards for both BASC members and Customs. These include such benefits as: protecting BASC companies names reputation and corporate image; helping to maintain just-in-time delivery schedules; reducing cargo theft and vandalism; reduction of insurance claims and premiums; helping to discourage employees from the temptations of attempting drug smuggling; gaining national as well as local recognition from Customs as a cooperative voluntary participant and helping to protect society from illicit drugs (Laredo Development Foundation n.d). One Customs officer commented about these rewards for participants by stating: *"it also gives them a good name … its leverage for them to get more business."*

One shortcoming of the BASC program mentioned during conversations with Customs, was that the very high security standards required to be a BASC member, may limit the participation of smaller companies who do not have resources and capacity to meet the benchmarks established under BASC.

Clarification of Expectations Among BASC Members

There was an expectation among some BASC companies that they would receive expedited clearances through Customs as a result of membership. Customs officials acknowledged that some misunderstandings existed relating to the role of Customs under the program, and what they were to provide in return for companies becoming BASC members. This led Customs to clarify that BASC companies would not receive any privileges from being a BASC member. However, with the expansion of the BASC program internationally, BASC members do receive expedited clearances from Spanish, French and Mexican authorities. These privileges do not extend to the United States.

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[71] See http://www..wbasco.org/consulta/visitantes.cgi?usuario=guest.

[72] See http://www.wbasco.org/english/about.htm.

Customs-Trade Partnerships Against Terrorism (C-TPAT)

History of C-TPAT

While both CIP and BASC are ongoing partnership schemes involving Customs, the CIP has largely been absorbed by the Customs C-TPAT initiative. This strategy grew out of responses following the events of 11 September 2001, in which the role and focus of Customs expanded. A key priority for Customs became protecting US borders and global commerce from terrorism.

Customs introduced C-TPAT in November 2001. It is a voluntary partnership between Customs and industries and like CIP and BASC is designed to secure international supply chains. Although the program does not focus on illicit drugs, its implementation and operation does provide some important lessons relating to the development of industry partnerships between law enforcement and the public and private sector.

C-TPAT focuses on all components of the global supply chain from production, transportation, importation and distribution. C-TPAT applicants enter into a MOU with Customs termed an 'Agreement to Voluntarily Participate in Customs-Trade Partnerships Against Terrorism', which must be signed by a corporate officer who has authority to implement security enhancements that may be necessary in order to participate in the program. Prospective members then complete a supply chain security profile questionnaire that describes the security practices they have in place. Customs reviews the security profile and allocates a team of supply chain specialists to validate the company as a C-TPAT member. There are no strict security standards attached to this voluntary program, but recommendations are made by Customs if the security profile is deemed inadequate. Once the validation process is complete and Customs is satisfied that recommendations have been implemented, companies then become a C-TPAT partner. In return for developing and maintaining secure supply chains, C-TPAT members receive faster processing of their shipments at US borders and other forms of preferential treatment (United States Customs and Border Protection 2003).

The supply chain specialists that assist C-TPAT members is a full time dedicated role and each specialist receives formal training in supply chain security. They are the principal advisors and primary point of contact for participants in C-TPAT. These specialists disseminate advice about 'best practices' lessons and have an important role in encouraging cooperation between C-TPAT members and Customs.

Accountability and Sustainability of C-TPAT

Each C-TPAT company is held accountable through periodic assessments. Every year following the first validation, each company must complete a self assessment of their internal security and the results are forwarded to Customs. This self-assessment is examined by Customs to determine if further site visits are necessary. C-TPAT members have access to a database in order to identify other companies that are C-TPAT participants. This has had the effect of enlarging the C-TPAT membership base as members often only want to deal with other businesses that are C-TPAT validated. A Customs official made the following comment about such outcomes:

> *"If I was a manufacturer I'd want to make sure that the guy transporting my shipment was also C-TPAT and I'd want to make sure my importer was C-TPAT and my broker. … I'd want to make sure that everyone in the supply chain is C-TPAT, therefore you must do the same in joining C-TPAT. And some of them have cut business deals based on membership in C-TPAT. Some of them have terminated business deals. But that is what C-TPAT has created, that has been the indirect result of C-TPAT."*

In the opinion of Customs, sustaining the C-TPAT scheme has not been an issue. In actual fact, as indicated below, its success has created its own problems with participation very high.

Implementation Issues

Customs identified two issues of concern relating to the implementation of C-TPAT: unrealistic expectations and the rate of growth and its impact on resourcing. Some C-TPAT members were of the view that being participants would provide them with special privileges including a guarantee that their legitimate trade would not be formally examined. This was not Customs policy and members are to only receive reduced examinations, which required further clarification on the part of Customs. A Customs officer stated in relation to this issue:

> *"They [i.e. supply chain specialists] go out to C-TPAT companies that signed up, they do an actual check, validate that they do have the security that they describe in their security profiles. Once they get validated and they're vetted legitimate companies, they get reduced examinations. But notice I said reduced examinations because a lot of them say 'Oh my God, I got examined yesterday when my shipment arrived'. Well yeah, you got examined yesterday; we told you reduced examinations, we did not tell you no examinations."*

Customs is gradually implementing C-TPAT on a sector by sector basis, for example with road haulage, import agents and port authorities. The massive growth of C-TPAT has been one of the biggest challenges facing Customs, with its success and coverage not fully anticipated. A Customs official made the following comment about the resourcing challenges this presented:

> *"The growth was tremendous, I don't think we realised it would have grown that much… We've got to go out at some point and validate all these companies. We have to get people trained and on board to be able to go out and visit these companies."*

Customs was of the view that the program should have been opened up to each sector at a slower pace than was initially adopted.

Effectiveness of C-TPAT

Customs has measured the success of the C-TPAT program by the *"overwhelming response and continued overwhelming response."* Although the program has not been formally evaluated, performance measures have been developed. These include for example the percentage of the world's maritime carriers enrolled in the strategy. Participation in C-TPAT has clear benefits for both C-TPAT members and Customs. Validated carriers experience reduced examinations, improvements in operational security and improved communication through the establishment of Customs supply chain specialists, with Customs gaining a secure supply chain.

Discussion: Lessons from US Industry Partnerships

The above case studies illustrate the outcomes that can be achieved when law enforcement sets out to develop strategies aimed at enhancing the capacities of the private sector. The formal and informal aspects of these various industry partnerships (e.g. MOUs, reduced examinations and the role of supply chain specialists etc) and the relationships they facilitated were important to their effectiveness and sustainability. The voluntary nature of the CIP, BASC and C-TPAT was seen by Customs as a key factor in determining the success of these industry partnerships. In the opinion of Customs, shifting from a voluntary system to a mandatory approach would impact on the development of constructive industry relationships.

For example a Customs official stated:

> *"Since 1984 it's worked on a voluntary basis. We've had success with it working on a voluntary basis. With mandatory, I think the relationship, the cooperative nature of the relationship would change. You know, they'd see government as this regulator… always telling us what to do. We don't want that to happen, we want it to be a partnership and we think it has a lot of merits to being run that way."*

This official went on to add:

> *"I think it would certainly make the jobs tougher for the supply chain specialists when they want to do the validations. Now it wouldn't be validations, it'd be audits. You're coming in to do an audit, that's certainly a lot different than the validations…We don't want that. We want to keep it strictly voluntary."*

In 2000 Customs attributed these industry partnerships as responsible for the seizure of over 215,000 pounds of illicit drugs (see Keicer 2000). Outside of these more tangible benefits in relation to impacts on illicit drug smuggling, the rewards for participants had implications commercially. A lesson here is that when engaging external agencies, law enforcement need to ensure that such rewards are enhanced and exploited. This will increase private sector participation and improve the sustainability of industry partnerships. There were other lessons from these case studies, in particular relating to addressing expectations of partners. These arose from inadequate communication and a lack of understanding about roles and responsibilities of various partnership members. These expectations can be minimized with clear and timely communication and a common understanding of mutual goals, objectives and each partner's respective role within the partnership.

Phare Synthetic Drugs and Precursor Project

In this section the Phare Synthetic Drugs and Precursor Project (PSD-II) is discussed. A European Union capacity building project, PSD-II aimed to enhance the capabilities of law enforcement and other relevant agencies to control the manufacture and trafficking of ATS throughout Europe.[73] As indicated in Chapter Two, and in previous case studies, efforts by law enforcement to engage external institutions through partnership strategies are not without their challenges. While police may aim to facilitate cooperative action within these partnerships, a key issue is whether participants actually possess the capacity to adopt recommendations and follow through on agreements. This will impact on the effectiveness of any partnership. This is why it is important to include an example of a capacity building project aimed at enhancing the abilities of law enforcement and relevant agencies to control the supply of ATS. One important component of capacity building is the development of competencies (e.g. uniform national training) through instruction and education. For example both the NSW and Queensland police provide training to Australian police on seizing and dismantling clandestine drug laboratories, with the development of a national approach on the decontamination of clandestine laboratories a priority of the Australian National Working Group on the Diversion of Precursor Chemicals. This will require the development of national competencies. What is significant about the PSD-II project is that part of its content was focused on providing training modules to participants on how to form and manage partnerships. The information in this section has been obtained from relevant documents and interviews with personnel from the Dutch Ministry of Justice, who were responsible for the implementation and coordination of the PSD-II initiative.

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[73] See http://www.psdproject.org/.

Background and Objectives of PSD II

The PSD-II project was part of the European Union (EU) Phare program, aimed at supporting applicant countries of Central and Eastern Europe in their preparations for joining the EU (Commission of the European Communities 2003 2004).[74] Part of this strategy included the Phare Multi-Beneficiary Drugs Program,[75] launched in 1992. The focus of this scheme has been on strengthening cross border cooperation in drug law enforcement, developing frameworks to combat money-laundering and assisting candidate countries to address the problem of synthetic drugs and the diversion of precursor chemicals (see Commission of the European Communities 2003). In February 2002 the Dutch Ministry of Justice was assigned responsibility for the synthetic drugs component of Phare, with a dedicated team allocated to manage and monitor the PSD-II project (see Elissen et al 2002).[76] Over two million dollars Australian (€ 1,500,000) was budgeted for the project, with it having the following objectives:

1. The reduction of clandestine manufacturing and trafficking of illicit synthetic drugs and the reduction of diversion of precursor chemicals.
2. Reinforcement of controls on manufacturing of and trade in precursor chemicals and legally manufactured synthetic drugs (Elissen, de Jong & Bremmers 2004: 15,17).

In particular the project aimed to 'strengthen the institutions responsible for enforcing legislation, on improving coordination amongst them, regional interagency cooperation and information exchange to monitor precursor chemicals and reduce their diversion' (Commission of the European Communities 2003: 28).

Prior to the implementation of the PSD-II scheme an assessment of each beneficiary country targeted by the program was conducted (the inception phase).[77] This involved a number of 'planning missions' to determine the level, geographical scope and types of activities needed in each country and sub-region, with a period of three months allocated to this inception phase (see Elissen et al 2002). The aim of this was to ensure that the strategy would be tailored to the specific needs of each participating jurisdiction. The findings of this needs analysis were then integrated into an overall work plan, with a steering committee formed to monitor progress and identify and address any possible obstacles which would delay implementation. Also a consortium (the PSD-II Consortium) of representatives from various countries was brought together to deliver different parts of the project.

PSD-II Training Modules

The PSD-II project revolved around five modules each of which was specifically tailored to the requirements of each country and region. For example in the Czech Republic more of an emphasis was placed on topics related to crystalline methamphetamine compared to MDMA.

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[74] Specifically Phare was a European Commission 'pre-accession assistance strategy' (Commission of the European Communities 2003). Its objectives are to (a) strengthen public administrations and institutions to function effectively inside the European Union; (b) promote convergence with the European Union's extensive legislation (the acquis communautaire); (c) reduce the need for transition periods; and (d) promote economic and social cohesion. See *http://europa.eu.int/comm/enlargement/pas/phare/index.htm*.

[75] See *http://europa.eu.int/comm/enlargement/pas/phare/prpgrammes/multi-bene/drugs.htm*.

[76] There was a PSD-I project which operated from June 2000 to December 2001. This involved various training and information seminars with recipient countries on synthetic drugs and precursor control, laboratory detection and workshops on early warning systems for detecting new synthetic drugs (see European Commission (n.d). PSD-II picked up many elements of this earlier initiative.

[77] The countries targeted included Slovenia, Czech Republic, Slovakia, Hungary, Estonia, Latvia, Lithuania, Poland, Bulgaria and Romania (see Elissen, de Jong & Bremmers 2004).

The modules were as follows:

Module One: training on synthetic drugs and precursors.

This module involved the provision of information on the methods of production and distribution of illicit synthetic drugs, precursors, diversion, new trends and developments in use and misuse of ATS. Across various participating countries this module was delivered to police, customs, forensic scientists, the legal profession, the pharmaceutical and chemical traders and medical practitioners. In the jurisdiction of Slovenia information seminars were targeted at 'responsible persons' (owners, employers and DJs) in discos, organisers of music events and members of non-government organisations. Information was provided on health related risks of synthetic drug abuse, new trends and developments, as well as countermeasures to prevent the abuse of illicit synthetic drugs. It was recommended that such seminars should be a precondition for licensing of establishments and events (Elissen, de Jong & Bremmers 2004: 40).

Module Two: expert assistance missions.

This involved the provision of legal assistance to help recipient countries achieve full compliance with EU regulations and international standards in the area of precursor control and synthetic drugs. For example, where necessary help was provided to appropriate authorities in the drafting of precursor control legislation. Across a range of countries the target audience included police, customs, licensing authorities, ministries of health, internal affairs and education, as well as chemical and pharmaceutical industries and associations (Elissen, de Jong & Bremmers 2004: 40).

Module Three: advanced training and exercise in dismantling illicit laboratories.

Under this module beneficiary countries were acquainted with the practices and approaches for detecting and dismantling synthetic drug sites. This included information on methods of production, types of chemicals used, safety measures and methods of dismantling illicit laboratories, decontamination, and safe transport, storage and disposal of seized synthetic drugs, precursors and chemical waste. It included practical exercises such as conducting risk assessments and the actual raid of an illicit laboratory and decontamination procedures. Protective clothing was provided to relevant authorities and in some countries a part of this module included drug dog training (Elissen, de Jong & Bremmers 2004: 40). This particular module was one of the most popular among participants from law enforcement.

Module Four: Interagency cooperation seminars.

The aim of these seminars was improved and more formalised cooperation between relevant agencies involved in the domain of synthetic drugs and precursors. They focused on outlining and explaining features of partnerships essential to their success: mutual cooperation, information exchange, shared responsibilities and the interdependence of roles, functions and responsibilities relating to preventing the production of ATS. Groups targeted by these seminars included police, customs, licensing authorities, and the chemical and pharmaceutical industry. Manuals and guidelines were developed for participating agencies on ways to enhance interagency cooperation (Elissen et al 2002; Elissen, de Jong & Bremmers 2004). In some instances, representatives of industry were brought in to address participants from the private sector about the benefits of engaging in partnerships with law enforcement and to illustrate that participating in such activities was not a major burden, but had many commercial benefits. An important outcome of this module was the development and signing of a number of 'Memoranda of Understanding' (MOUs) between participating agencies, with MOUs signed between customs, police and the chemical industry in a number of countries. These were voluntary agreements that aimed to establish the 'ground work' and formal basis for interagency cooperation, such as establishing procedures for the reporting of suspicious transactions by the private sector to law enforcement. One example includes an MOU

signed between the Bulgarian government, chemical industry and trade, the pharmaceutical and metallurgical industry and law enforcement relating to cooperating on precursor control (see e.g. Bremmers 2004). One approach adopted to assist countries to develop MOUs was that the PSD-II Consortium disseminated examples of MOUs that had been adopted by other recipient countries. This was to illustrate to other jurisdictions how to go about drafting and developing a MOU. Countries were encouraged to adapt existing MOUs so as to avoid, in the words of the PSD-II Director *"reinventing the wheel"*. This dissemination of 'best practice' also included for example German authorities providing Slovakian participants with practical examples and information on the benefits of cooperation especially for industry, how to protect industry as a source of information from organised crime investigations and ways to handle and forward information to authorities (see Elissen, de Jong & Bremmers 2004: 76).

Module Five: policy seminars and practical implementation exercises.

This module aimed to bridge the gap between the formal policy level and the practical task of implementing strategies. It aimed specifically to bring together relevant people involved in the development of policy and individuals at the operational level, to discuss their respective roles and how to progress best-practice in the synthetic drugs and precursor domains (Elissen, de Jong & Bremmers 2004). A key concern mentioned by PSD-II personnel was the fact that policy development and implementation are often seen as separate processes, with policy makers and workers 'on the ground' rarely coming together and often lacking an understanding of their respective roles. The aim of this module was to bridge this gap and a major focus was on practical exercises in relation to demonstrating how different approaches to precursor control worked. Again the managers of PSD-II stated that they were mindful of trying to strike a balance between a focus on formal theory and policy and providing examples of *"how strategies operate in the real world"* (e.g. the reporting of a suspicious order of a precursor chemical, suspicious financial transactions or controlled deliveries). Other outcomes of this module also looked at ways of enhancing cross border cooperation between agencies, and identifying possible difficulties and problems with improving international cooperation across Europe in relation to synthetic drugs and their precursors (Elissen et al 2002; Elissen, de Jong & Bremmers 2004).

In addition to these modules, there were 'up-date' seminars to keep participants abreast with current trends, for example changes to precursor legislation, drug toxicity and the development of early warning systems for the identification of new synthetic drugs. Evaluation seminars were also held to assess progress and outcomes of the assistance provided under the PSD-II scheme. In order to monitor implementation recipient countries were required to submit activity reports, thus ensuring some level of accountability as well as providing a way of monitoring outcomes of the different modules.

Outcomes, Achievements and Problems

A formal evaluation of the PSD-II project has been conducted, which lists numerous outcomes and achievements specific to each recipient country (see Elissen, de Jong & Bremmers 2004). Overall what is highlighted in this report is the attention paid to quantifying the level of participation in each jurisdiction and the agencies involved. Assessments are also provided from participants relating to the usefulness of the training and seminars; the perceptions are largely very positive. What is also noted are the new procedures for interagency cooperation in recipient countries and various outcomes such as increases in the reporting of suspicious transactions by industry to law enforcement. A number of recommendations are also made relating to improving the control of ATS, for example the need to provide training sessions to public prosecutors and other legal professions, the development of emergency scheduling mechanisms for precursor chemicals, the need for uniform clandestine laboratory training, improving the gathering and sharing of reliable comparable data on ATS and precursors, and exchange programs between countries for relevant experts as a way of harmonising approaches to synthetic drug control.

Other achievements include the establishment of a network of experts across Europe on synthetic drugs and precursor control. This was a direct result of the formation of the PSD-II Consortium who were brought together to help implement the project in recipient countries, as well as an outcome of the expertise and skills developed among a wide range of agency personnel, a product of the various modules and seminars. This network was very important in establishing the contacts, relationships and processes necessary for high levels of cooperation and information exchange between relevant European agencies. The Director of the project stated that this Consortium approach also ensured that expertise was pooled rather than "each country going off and doing their own thing. "To help disseminate relevant information a website was also developed.[78] Another important outcome noted by the project's Director and Manager was that under Module 4, a number of MOUs were signed that provided the basis for interagency cooperation. In their opinion this was an important result given that such agreements had not usually existed previously, with the PSD-II Director stating:

> *"MOUs were most important on ensuring partnership work for the first time. Given there was no history of interagency cooperation and prerequisites, we aimed to build the capacity for them to work together, and schooled them in partnership work."*

One reason for the high level of participation was pressure from the European Commission and the fact that the program was part of a pre-accession strategy to assist countries in their integration into the EU. However, there were some constraints. Some countries lacked capacity to progress various aspects of the project, for example effectively organising seminars and disseminating lessons resulting from training and information modules, as well as progressing recommendations arising from the project. This was noted by the PSD-II project team as having an effect on the scheme's sustainability. Time allocated to the inception phase was assessed as too short, as was the period allocated to evaluation (i.e. January 2004 to April 2004). There was some concern raised about the level of participation by relevant EU bodies such as Europol (Elissen, de Jong & Bremmers 2004). As noted by the PSD-II Director: *"If requiring partnerships at the local level, national and international level need to set the example."* Lastly the issue of ongoing funding for the strategy was also identified as a key issue; the PSD-II project ended in April 2004, with no funding earmarked to continue the initiative. This is despite the project coming in under budget (see Elissen, de Jong & Bremmers 2004). A concern mentioned in the final evaluation report is the likely impact of this lack of recurrent funding on the outcomes achieved as a result of the project and the sustainability of a number of initiatives. In relation to the sustainability of the PSD-II network the report states:

> *"An impressive PSD family/network is in place on a European level. As a matter of fact two further issues are at stake: to find a budget to allow this network to continue meeting and cooperating and perhaps even more important, to welcome representatives from the EU Member States, who did not participate in this project, to join the network and broaden and strengthen it with their expertise"(Elissen, de Jong & Bremmers 2004: 27).*

Discussion: The Relevance of Capacity Building

The PSD-II project aimed to enhance the capacity of a wide range of groups to effectively work in partnership to control the supply of ATS and their precursors. A lesson of this case study is that capacity building also needs to assist agencies to develop protocols for diversion control and to set up monitoring and information exchange systems. An important characteristic of the strategy was its focus on developing the necessary skills to initiate and sustain partnerships in the synthetic drug and precursor domain, as well as facilitating, through the adoption of MOUs, the contacts and relationships necessary for effective partnerships.

[78] See http://www.psdproject.org/.

The PSD-II project covered a broad range of issues relevant to controlling the supply of illicit synthetic drugs, for example providing information and raising awareness within the private sector about ATS, technical assistance to help countries develop legislation and procedures for precursor control, instruction on how to develop and manage partnerships and training in the dismantling of clandestine laboratories, all of which were augmented with practical examples for policy makers, law enforcement and the private sector. The delivery of these different modules was customised to the needs of recipient countries, to ensure training modules were tailored to the specific needs of groups and jurisdictions. This was supported through the dissemination of examples of how agencies could approach forming a partnership through the adoption of MOUs. It is this sharing of best practice and experience that helps law enforcement to develop effective supply reduction strategies.

Enhancing the capacity of law enforcement and external organisations to effectively work in partnership to prevent the manufacture and trafficking in illicit synthetic drugs is clearly an important issue. What is evident from the above case study is that such approaches can help to create a 'network of experts', that is, a group of individuals who are a vital resource in helping facilitate and sustain supply reduction strategies in the synthetic drugs and precursor domain. Of course ensuring such outcomes are achieved and sustained will, as indicated in the PSD-II experience, depend on the provision of on-going funding.

Training in the synthetic drugs and precursor domain is of particular relevance to Australian police, not just within their own organisations, but in particular across the Asia-Pacific region. The increasing targeting of Asia-Pacific countries (e.g. Fiji) by criminal groups as both a site for large scale production of ATS (often destined for Australia) and an important source and embarkation point for chemical precursors, suggests that some of Australia's neighbouring countries lack the capacity, skills and knowledge to address the manufacture of ATS and the problem of chemical diversion. In this regard the development and implementation of a 'PSD-II like project' for the Asia-Pacific region merits consideration. This offers an opportunity for both the Australian Federal Police and State Police to adopt a leadership role in supporting a capacity building program within the Asia-Pacific region, that will assist authorities and agencies within these jurisdictions to effectively address illicit synthetic drugs and learn from Australian and international experience.

Chapter Four: Conclusions and Best Practice

This project set out to provide a better understanding of the various ways in which law enforcement can reduce the supply of illicit synthetic drugs. The focus of our analysis has been on strategies that emphasize engagement with external agencies. We have examined the issue of chemical diversion control, explored the literature on hybrid governance, selected local and international programs as examples, and undertaken an in-depth case study analysis of initiatives and policies adopted by various law enforcement organisations in overseas jurisdictions. We have sought to provide key lessons and examples that are of relevance to Australia. Our aim has been to:

- Identify concrete examples of law enforcement agencies harnessing external institutions (public, private and non-profit) in furtherance of amphetamine and other illicit synthetic drug control.
- Identify objective, replicable measures of each partnership's institutional properties, and their impacts.
- Analyse the strengths and weaknesses of each.
- Disseminate findings to Australasian law enforcement agencies.

Amphetamine, methamphetamine and ecstasy are the most widely consumed illicit synthetic drugs after cannabis. However, given the shift in drug markets towards ATS there are indicators that their levels of supply and use will begin to outstrip other illegal drugs such as cannabis and heroin. The capacity of law enforcement to control this level of supply through 'traditional' means such as interdiction and criminal investigation is limited. One area where supply reduction can be most enhanced is through strategies of engagement: the aim to 'police' the interface between licit environments and the illicit production of ATS. Such an approach is important in impacting on significant 'factors of production' that effect ATS supply (i.e. availability of precursor chemicals, and the necessary equipment, environments and infrastructure that facilitate the manufacture of illicit synthetic drugs). Such outcomes can only be achieved through strategies that enlist the capacities of external institutions within the private and public sectors. This can be achieved through a variety of mechanisms that compel and persuade interested parties to take some level of preventative action. In descending order, based on their level of coerciveness, they can include:

- Conscription: involves mandating third parties, through such mechanisms as legislative provisions to carry out certain functions.
- Required record keeping and disclosure: recording and disclosure of relevant transactions by private sector bodies.
- Conferring entitlements: development of new entitlements or the use of pre-existing ones to induce or persuade third parties to undertake some form of action (e.g. civil remedies or administrative action).
- Required private interface: enlisting particular professions to prevent, detect and disclose illegality on the part of their clients.
- Co-optation of external interests (private and public sector): forging cooperation with the public and private sectors through formal or informal agreements.
- Incentives: facilitating cooperation and compliance through rewards. Rewards can include financial and reputational rewards as well as reduced regulatory burdens and commercial benefits.
- Contracting out: seeking to engage external agents rather than rely on in-house resources.
- Delegation or deference to private parties: Leaving the task of developing and enforcing rules and codes of conduct to private interests.

In the case studies we set out to identify the various ways in which these forms of 'hybrid governance' have been operationalised in practice. From these case studies a number of general 'best practice' principles can be identified:

Dedicated diversion personnel

Designated personnel are critical to the sustainability of any diversion control strategy that relies upon partnerships with the public and private sector. Good examples of this are the role of Chemical Diversion Desks throughout Australia, and the Chemical Liaison Officers in the UK. It is important that such personnel are able to dedicate the necessary time and resources to liaise and follow-up with external groups.

Clarifying expectations, roles of partners and returns

It is important when law enforcement engages in partnerships there is clarity on what each party is expected to do, why, and the expected returns. This can be achieved through agreements such as Memoranda of Understandings (MOUs) which can provide the basis for the establishment of reciprocal processes between law enforcement and external organisations. MOUs can prove useful in sustaining high levels of compliance with agreements established under various partnership arrangements. Increased collaboration can be achieved when partnerships are designed to provide tangible rewards to participants. This can involve processes of certification either by industry or police which formalises participation, industry contributions and rewards. Such procedures are particularly important in facilitating cooperation from the private sector.

Regular feedback and follow-up by law enforcement to agency partners

Related to the above principle is the need for partners to receive feedback and follow-up on achievements and the impact of the partnership initiative (e.g. knowing what has been the effect of intelligence passed onto police). This is important in maintaining interest and motivation on the part of partners, which determines the sustainability of the partnership and long term participation. Likewise follow-up is also important in the context of law enforcement providing information and feedback to businesses when their products are found in illicit settings, such as at a clandestine drug laboratory. This is an effective approach in inducing compliance with regulations, increasing cooperation with law enforcement, identifying how diversion occurred, and encouraging vigilance and prevention activities on the part of the private sector.

Attention to most vulnerable 'access points'

Within the chemical and pharmaceutical markets there exists numerous opportunities at the retail level which are susceptible to exploitation for the purpose of diverting products into the manufacture of illicit synthetic drugs. These multiple 'access points' within licit environments are currently most prevalent within markets for non-prescription medicines and within sectors that trade in equipment necessary for the production of ATS. Effective engagement with relevant external groups within these sectors is crucial. Law enforcement needs to be mindful that some agencies may not have the capacity to put in place chemical control programs and comply with agreements arising from partnerships. For example large firms and companies generally have the capacity to implement codes of conduct, but smaller businesses at the retail level may not. Any agreements, suggestions or reporting conditions need to be realistic. This is where capacity building becomes important.

Program of capacity building

A systematic targeted program of capacity building needs to be part of any diversion control program. This can involve governments and police organisations providing education, resources and assistance to other law enforcement agencies and external institutions. This can include the development of processes necessary for partnerships to operate effectively; implementation of protocols and systems to prevent diversion, assistance with monitoring systems and information exchange, disseminating crime prevention advice or allocating grants to assist external organisations to adjust legislation, policies and practices. Capacity building is particularly pertinent in the context of assisting jurisdictions (of relevance to Australia is the Asia Pacific region) that may lack capabilities and knowledge to adequately prevent chemical diversion and the illicit manufacture of ATS.

Using a combination of programs

Diversion control strategies are more likely to be effective when they rely upon a mix of approaches. This could include formalised partnerships, compliance and enforcement tools, as well industry codes of conduct. Having an eclectic approach allows law enforcement and regulatory agencies to enlist a broad range of institutions and groups. It also ensures a more responsive policy that is able to accommodate the various capacities of external agencies to reduce the supply of illicit synthetic drugs. No single response on its own will be effective. It is the combined effect of various strategies when employed in conjunction with one another that will have the most impact.

Tackling availability of equipment (glassware/machinery) and infrastructure (technology/containers/transport)

Strategies also need to engage individuals, groups and organisations, whose equipment, facilities and infrastructure can be used to facilitate the manufacture or trafficking of illicit synthetic drugs.

These various best-practice principles have the most applicability to the primary focus of this project: engagement of third parties in furtherance of supply reduction. From our consultations with law enforcement agencies and regulatory authorities in Australia, it is clear that many are applying them in practice. However a comprehensive study of these various approaches is yet to be conducted. There exists a depth of expertise and knowledge within Federal, State and Territory police services relating to how best to tackle the supply of ATS through diversion control partnerships and strategies of co-production. However this knowledge base and evidence has not been systematically collected or analysed. Neither has any assessment been made of the overall effectiveness of Australia's domestic chemical control program. The development of a national clandestine laboratory database, which is being considered by the Australian National Working Group on the Diversion of Precursor Chemicals (see Office of Chemical Safety 2004; Willcocks 2004), will go some way in filling this knowledge gap.

In this study we have not set out to empirically identify (i.e. quantitatively) the direct impact of the various partnerships, law enforcement or regulatory approaches upon levels of supply and demand within ATS markets. This was not the focus of this research and on no occasion was such evidence made available to us. Of course such evidence needs to be collected and there is a dire need for law enforcement to invest more in formal processes of evaluation, with few of the initiatives we examined having been evaluated. Also there needs to be systematic evaluation of the costs and benefits of diversion control partnerships. What we have highlighted are the various ways in which supply reduction partnerships have been operationalised, the strategies and approaches drawn upon and implementation factors that influence their success.

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Appendix A: Interviewee List and Consultations

AFP international liaison officer network

In December 2003 a scoping paper was forwarded to each AFP overseas post requesting assistance in identifying any international, national or jurisdictional strategies (based on formal and informal contacts), where law enforcement has engaged institutions in the public, private and non-profit sectors for the primary purpose of supply reduction.

Each AFP post has sought information from appropriate institutions within the countries they operate.

The following AFP overseas posts have provided information for the project:

Bangkok (Thailand including Cambodia)

Beijing (China)

Beirut (Lebanon, including Jordan, Syria and Cyprus)

Bogotá (Colombia)

Hong Kong

Kuala Lumpur (Malaysia)

London (England)

Los Angeles (United States)

Manila (Philippines)

The Hague (Netherlands including Germany)

Port Moresby (Papua New Guinea)

Pretoria (South Africa)

Rangoon (Myanmar previously known as Burma)

Singapore

Vanuatu

Washington (United States)

Fieldwork interviews

Interviews were conducted with law enforcement personnel and regulatory authorities in the following jurisdictions: Singapore, Bangkok, London, the Netherlands and the United States of America (Washington, Los Angeles, St. Louis and San Diego).

Individuals interviewed are listed below.

Singapore

Teo Khee Wuang
National Council Against Drug Abuse
Policy and Operations Executive
Policy and Operations Division
Ministry of Home Affairs
Singapore

Mr S Vijakumar
Deputy Director
Central Narcotics Bureau
Singapore

David Ho
Security Manager
Zouk Club
Singapore

Wayne Buchhorn
Senior Liaison Officer
Australian Federal Police
Singapore Office

Thailand

Daoming Zhang
Regional Specialised Officer
Liaison Office for S.E. Asia
CPO Interpol
Bangkok

Akira Fujino
Representative
Regional Centre for East Asia and the Pacific
Office on Drugs and Crime
United Nations, Bangkok

Keith Tomlin
Intelligence Analyst
Australian Federal Police
Bangkok Office

The Netherlands

Aat de Jong
Project Manager
Phare Synthetic Drugs and Precursor Project
European Commission, the Hague

Andre Elissen
Project Director
Phare Synthetic Drugs and Precursor Project
European Commission, the Hague

Anton Leenders
Unit Organized Crime
Unit of Synthetic Drugs
Politie, Helmond

Theo G.J. Krijger
Account Manager
FIOD-ECD
Utrecht

Cor A.M. van der Horst
Coordinator of Legal Assistance &
International Affairs
Unit Organized Crime
Unit Synthetic Drugs
Politie, Helmond

J.B.F.M. van Hecke
Medewerker Opsoring
FIOD-ECD
Utrecht

H.J.B van den Heuvel
Medewerker Opsoring
FIOD-ECD
Utrecht

United Kingdom

Mike Davey
Intelligence Officer
National Criminal Intelligence Service
London

Jacob Hawkins
Policy Advisor
Communities Renewal Section
Drugs Strategy Directorate
Home Office
London

United Kingdom continued

Paul Richards
Inspector
The Drugs Directorate
Metropolitan Police Service
London

Mark Curtis
External Relations
Intelligence Corporate Development
Law Enforcement
HM Customs and Excise
London

Graham Brown
HM Customs and Excise
London

Anthony Burgess
Synthetic Drugs Unit
National Criminal Intelligence Service
London

United States of America

Kevin J. Kraushaar
Vice President
Government Relations
Consumer Healthcare Products Association
Washington DC

Jay P. Kosminsky
Vice President
Public Affairs
Pfizer Consumer Healthcare
New Jersey

Wayne A. Michaels
Unit Chief
Office of Diversion Control
Drug Enforcement Administration
United States Department of Justice
Washington DC

David C Spangler
Vice President International and Assistant
General Counsel
Consumer Healthcare Products Association
Washington DC

Walter F. Staples
Diversion Investigator
Drug Enforcement Administration
United States Department of Justice
Washington DC

Alan J. Alexander
Group Supervisor
Drug Enforcement Administration
United States Department of Justice
Washington DC

Kim K. Norman
Executive Director
Operation Weed & Seed
St Louis

Robert Diesbach
Department of Housing and Urban
Development
St Louis

Alan B Wilson Jr
Group Supervisor
Drug Enforcement Administration
United States Department of Justice
St Louis Division

Carol A. Davis
Investigator
Drug Enforcement Administration
United States Department of Justice
St Louis Division

Kerry R. Hamilton
Investigator
Drug Enforcement Administration
United States Department of Justice
St Louis Division

Guy Hargraves
Midwest High Intensity Drug Trafficking Area
Drug Enforcement Administration
United States Department of Justice
Kansas City

William D Reynolds
Deputy Director
Los Angeles High Intensity Drug Trafficking
Area
Los Angeles

Scott Lee
Narcotic Integrated Task Force
Parcel Team
Drug Enforcement Administration
United States Department of Justice
San Diego

United States of America continued

Alex Grozea
Narcotic Integrated Task Force
Enforcement Team
Drug Enforcement Administration
United States Department of Justice
San Diego

Antonio Loya
Nation Meth Chemicals Initiative Coordinator
SWB High Intensity Drug Trafficking Area
California Border Alliance Group
San Diego

Phil. G. Garn
Postal Inspector
United States Postal Inspection Service
San Diego

John S. Fernandes
Special Agent
San Diego Field Division
Drug Enforcement Administration
United States Department of Justice
San Diego

Wayne Schmidt
Group Supervisor
Los Angeles High Intensity Drug Trafficking
Area
Los Angeles

Jaime Ramsay
Program Manager/Industry Partnership
US Immigration and Customs Enforcement
Washington DC

Bill Moe
Narcotic Integrated Task Force
Airport Team
Drug Enforcement Administration
United States Department of Justice
San Diego

Ronald Mullins
National DEC Training Coordinator
Drug Endangered Children Alliance
San Diego

Mark A. Pothier
Special Agent
San Diego Field Division
Drug Enforcement Administration
United States Department of Justice
San Diego

Jack W. Hook
Assistant Special Agent in Charge
San Diego Field Division
Drug Enforcement Administration
United States Department of Justice
San Diego

Scott Collier
Chief
Chemical Control Section
Office of Diversion Control
Drug Enforcement Administration
Washington DC

Consultations within Australia

The research team consulted the following individuals in Australia.

Paul Steel
Detective A/Sergeant
Chemical Diversion Officer
Organised Crime Investigation
Western Australia Police

James O'Brien
Detective Sergeant
Drug Squad
Victoria Police

Scott Feeney
Sergeant
Chemical Diversion Desk
State Drug Investigation Group
Queensland Police Service

Scott Shearer
Team Leader
National Illicit Drugs Desk
Australian Crime Commission

Larry Roux
Cargo Security Task Force
Australian Customs Service

Bradley Grant
Law Enforcement Coordination
Australian Customs Service

Rachel Hackwill
Assessment and Analysis
Australian Customs Service

Stephen Howells
Head of Surveillance
Intelligence and Surveillance
Therapeutic Goods Administration

Rebecca McKetin
National Drug & Alcohol Research Centre
University of New South Wales

Gene Sugimoto
Drug Enforcement Administration
United States Department of Justice
American Embassy, Canberra

Paul Willingham
Inspector
State Crime Command
Drug Squad
New South Wales Police

Melanie Laing
Law Enforcement Strategy
Australian Customs Service

Tim Kennedy
Detective Senior Constable
Chemical Diversion Desk
Victoria Police

Nicholas Iorfino
Detective Sergeant
State Crime Command
Drug Squad (Chemical Operations)
New South Wales Police

Victoria Adams
Federal Agent
Principal Policy Officer
Policy & Strategic Services
Australian Federal Police

Malcolm McAllister
Assessment and Analysis
Australian Customs Service

Michael Pitt
Project Prism
Therapeutic Goods Administration

Robert Tribe
Investigations
Therapeutic Goods Administration

Siobhan Hennessy
Strategic Intelligence Analyst
National Illicit Drugs Desk
Australian Crime Commission

Andrea Coss
Sergeant
Drug and Alcohol Policy Coordination
ACT Policing
Australian Federal Police

Wendy Loxley
Associate Professor
National Drug Research Institute
Curtin University of Technology

Ben Evans
Cargo Security Task Force
Australian Customs Service

Phil Warrick
Police Drug and Alcohol Coordinator
South Australia Police

Stephen Biggs
Drug and Alcohol Policy
Tasmania Police

Caroline Pappas
Illicit Drugs and Coordination
Attorney General's Department

Richard Joyce
Drug Enforcement Administration
United States Department of Justice
American Embassy, Canberra

Grant Wardlaw
National Manager
Intelligence
Australian Federal Police

Jamie Koloamatangi
A/Sergeant
Drug and Alcohol Policy Coordinator
ACT Policing
Australian Federal Police

Phillip Van Dissell
Intelligence Analyst
Chemical Diversion Desk
ACT Policing
Australian Federal Police

Ross Hodgkinson
Federal Agent
Professional Standards
Australian Federal Police

Alastair MacGibbon
Federal Agent
High Tech Crime Team
Australian Federal Police

David Allen
Federal Agent
Deputy Registrar Human Sources
Australian Federal Police

Consultations with Contacts Abroad

The research team consulted with the following individuals overseas.

Bo Pallavicini
Serious Crime Department
Drugs Unit
Europol, the Hague
The Netherlands

Renate Weidinger (Ms)
Commissions Secretariat Section
Division for Treaty Affairs
United Nations Office on Drugs and Crime
Austria

Richard Wiles
Winstanley Housing Project
Clapham Junction
United Kingdom

Martin Jauch
Chief Superintendent
Borough Commander
Metropolitan Police, London

Martin Black
Information Officer
Drug Action Team
Camden
England

Douglas Leech
Technical Manager
British Chemical Distributors and Traders
Association
England

Eddie Thislethwaite
Detective Inspector
Lancashire Police
England

Johnny Connolly
Research Officer
Drugs Misuse Research Division
Dublin, Ireland

Nicholas Marnell
Tower Project Administrator
Black Tower Project
Lancashire Police
England

Kenny Simpson
Chemical Liaison
Drug Squad
Strathclyde Police
Scotland

Duan Daqi
Police Liaison Officer
Public Security Ministry of the People's Republic of China
Embassy of the People's Republic of China
Washington DC
USA

Ethan Nadelmann
Founder of Lindesmith Centre
Executive Director & Founder of Drug Policy Alliance
New York
USA

Same Gwinn
Crime Analysis
San Diego Police Department
San Diego
USA

Misha Piastro
Special Agent
Drug Enforcement Administration
United States Department of Justice
San Diego
USA

Jose Martinez
Special Agent
Media Representative
Drug Enforcement Administration
United States Department of Justice
Los Angeles
USA

Margean Searcy
Salt Lake City
COPs Meth initiative
USA

T J Ciaffone
Coordinator
Kansas Retailer Meth Watch
Kansas
USA

Cristi Cain
Kansas Methamphetamine Prevention Project
Kansas
USA

Elizabeth Griffith
Associate Deputy Director for Policy
Bureau of Justice Assistance
US Department of Justice
Washington
USA

B. Bieleman
Intraval
Groningen
The Netherlands

John Feather
Executive Director & CEO
American Society of Consultant Pharmacists
Washington
USA

Chris Wilkins
Doctor
Study on the socio-economic impact of the increased use of ATS
Massey University
New Zealand

Michael Webb
Drug and Alcohol Coordinator
New Zealand Police
New Zealand

Simon Williamson
Manager Investigations Drugs
New Zealand Customs Service
New Zealand

Appendix B: Meth Watch and DEA Notices of Diversion

U.S. Department of Justice

Drug Enforcement Administration

NOTICE

SUSPICIOUS PURCHASE INDICATORS FOR SALES OF ANHYDROUS AMMONIA

Efforts by the Drug Enforcement Administration (DEA), numerous state/local law enforcement authorities and an industry anti-meth task force organized by the Agricultural Retailers Association and the Alliance of State-Agri Business Associations have been focused on raising the awareness of the theft of ***ANHYDROUS AMMONIA*** from retailer facilities and farms for the illicit production of methamphetamine. In response, several states have enacted laws against the theft of anhydrous ammonia.

As increasing levels of deterrents are put into effect, there may be increased attempts to purchase anhydrous ammonia directly from businesses engaged in the sale of agricultural supplies. The following is a list of key **suspicious purchase** information that should alert you to such a purchase - it is being provided to make you aware that anhydrous ammonia is being used to clandestinely produce methamphetamine.

* Customer cannot answer or is evasive about agricultural use questions *

* Customer insists on taking possession rather than having it delivered *

* Customer insists on using cash, money order or cashiers check *

* Customer is a stranger and unfamiliar to area or your business *

* Customer provides suspicious business or credit information *

* Customer is vague or resists providing personal information *

If a customer fits any of these criteria, wait until the person has left your business, write down an accurate description of the person(s), vehicle, license number, etc. and contact the DEA or local law enforcement authorities immediately.

NOTICE

Combination Ephedrine And Pseudoephedrine Drug Products Are Being Seized At Clandestine Methamphetamine Laboratories

The Drug Enforcement Administration (DEA), the California Bureau of Narcotic Enforcement (BNE) and other state/local law enforcement authorities throughout the United States have noted an alarming trend involving illicit methamphetamine production. Shortly after DEA placed domestic recordkeeping and reporting requirements on ephedrine tablets, effective April 16, 1994, there has been a dramatic change in the choice of precursors used by clandestine laboratory operators. Criminals are now using bulk ephedrine and pseudoephedrine and ephedrine and pseudoephedrine drug products to clandestinely manufacture methamphetamine.

This notification is being sent to all those who either manufacture, import, export or distribute combination ephedrine and/or pseudoephedrine products. All persons engaged in these activities should be aware of the following information:

1. **Pseudoephedrine and ephedrine are List I Chemicals under Federal Law.**
2. **Pseudoephedrine and combination ephedrine drug products are List I Chemicals, as defined by 21 U.S.C. 802.**
3. **Anyone who manufactures, imports, exports or distributes a listed chemical is considered a "regulated person" by definition of 21 U.S.C. 802.**
4. **"Any person who possess or distributes a listed chemical knowing, or having reasonable cause to believe that the listed chemical will be used to manufacture a controlled substance, except as authorized by this title, shall be fined in accordance with Title 18, or imprisoned not more than 20 years, or both." ... Title 21 U.S.C. 841 (d) (2).**

Records, reports and proof of identity for customers are required for all regulated transactions in combination ephedrine and pseudoephedrine products. Distributors of these products should familiarize themselves with Federal and State requirements. Law enforcement authorities are asking for your voluntary cooperation to reduce this diversion. Suspicious orders should be reported to your local DEA office immediately.

Appendix C: Projects Identified During Preliminary Research and Field Work

While this project was mainly concerned with illicit synthetic drug control, the research team over the course of the project identified a number of strategies aimed at drug control in general that employed partnership approaches. This appendix documents a number of these examples. Some are Australian schemes while others are from overseas. While some are outside the scope of this research project, they do constitute models that maybe applicable to illicit synthetic drug control. We present them on the basis that we regard these initiatives as noteworthy and that they are of relevance to law enforcement. Some have been mentioned in the main body of this report already, but are elaborated on in more detail here. Where possible we have provided references and links; we have also drawn on evidence gathered during our fieldwork.

Strategies Targeted at Illicit Synthetic Drugs

Clubs Against Drugs

Target	Patrons of night entertainment venues & use of synthetic drugs mainly amphetamines and ketamine.
Location/Duration	Singapore. 2000-present
Partners	Central Narcotics Bureau, National Council Against Drug Abuse (NCADA), club operators.
Aims and Objectives	To combat the misuse of synthetic drugs in the Singapore night entertainment scene by enlisting the assistance of club operators in promoting the anti-drug message to patrons.
Project description	Participating clubs are supplied with 'Clubs against drugs' decals for display at entrance; posters for display inside; videos for screening about harmful consequences of use of ketamine, ice and ecstasy; coasters, stirrers and light sticks to give to patrons. Active involvement by clubs recognised by awards.
Role allocation	NCADA provides supplies; awards supported by Pub and Club Industry Panel; participating clubs must ensure their premises are free of all drug-related activity.
Funding	Unknown.
Costs/Savings	Unknown.
Drug market impact	Unknown.
Evaluation	None.
Reference	NCADA http://www.drugfree.org.sg/News/cadc2003/Campaign%20Details%-20(Website).doc.

Methamphetamine Road Show

Target	Methamphetamine.
Location/Duration	New Zealand - Auckland. Reported 12 July 2003.
Partners	West Auckland Maori teachers, North Shore Maori police liaison officers.
Aims and Objectives	To raise public awareness of methamphetamine production and use in New Zealand.
Project description	Education campaign.
Role allocation	Unknown.
Costs/Savings	Unknown.
Funding	Unknown.
Evaluation	None.
Drug market impact	Unknown.
Reference	'Police hit road to show public the horrors of P', The New Zealand Herald, 12 July 2003. http://www.nzherald.co.nz/storydisplay.cfm?thesection=news&thesubsection=&storyID=3512340&reportID=1162612

Murupara NZ

Target	Distribution and use - 'P' or methamphetamines.
Location/Duration	Murupara, New Zealand. Reported in New Zealand Herald, 25 September 2003 & 1 March 2004.
Partners	Police, public health groups, schools, churches, iwi (local Maoris), local businesses and politicians.
Aims and Objectives	Crime prevention and law enforcement through an advertising and education campaign.
Project description	Murupara has declared itself a 'P-free' zone and has a zero tolerance policy. Signs erected on roadsides entering the town, stickers, badges handed out and a 'P' awareness day planned. Advertising campaign launched.
Role allocation	Schools involved in educating children about harmful effects of P. Local radio station also involved. Working party coordinating campaign.
Costs/Savings	Unknown.
Funding	No pure methamphetamine laboratories found in the small Bay of Plenty forestry town in 6 months since the community took a 'P' free stand (report of 1 March 2004)
Evaluation	None.
Drug market impact	A small town declares war on 'P'. The New Zealand Herald, 25 September 2003; Small town winning battle to stamp out scourge of 'P', The New Zealand Herald, 1 March 2004.

Operation CHEM (Companies Helping Eliminate Meth)

Target	Supply and manufacture of methamphetamines. Retailers of precursors/equipment.
Location/Duration	USA, Missouri. Reported December 2003.
Partners	Unknown.
Aims and Objectives	Law enforcement and crime prevention. To assist police in tracking down meth manufacturers and deter people from purchase or theft of precursors. Missouri leads US in number of meth labs detected in 2002-2003.
Project description	Education and training of retail staff to help retailers recognize suspicious patterns of purchase and theft related to methamphetamine production.
Role allocation	Through training, retail staff are encouraged to call police and give them customer's name, address, vehicle license plate number and physical description if customer seen regularly stocking up on the products that go into making meth. Police to investigate.
Funding	Federal funding of $300,000 under 2004 budget.
Costs/Savings	Unknown.
Drug market impact	Unknown.
Evaluation	None - new project.
Reference	'Methods against meth: Missouri basing anti-drug push on county's success' Morning Sun, 21 December 2003. http://morningsun.net/stories/122103/reg_20031221052.shtmlhttp://-www.house.gov/hulshof/press03/pr_031208_OpCHEM.htm.

Drug Endangered Children (DEC) Program

Target	Drug-endangered children, particularly those found in clan labs.
Location/Duration	US - first in California but now in many other States eg Washington, Oregon, Idaho, Nevada, Utah, Arizona, and Illinois. Salt Lake City program used as example here. 1993.
Partners	Law enforcement officers, social workers, fire department, medical, public health and mental health service providers, environmental health workers, drug courts and district attorneys.
Aims and Objectives	Harm minimisation and law enforcement. Aims to address the legal, medical, and social issues associated with children present at methamphetamine laboratories and other hazardous drug production.
Project description	A multi-agency model involving 24-hour response teams which receive specialised training in meth production and collection of evidence for criminal cases concerning child endangerment.
Role allocation	Eg Salt Lake City: Youth and Family Specialist (YFS): assessments of children on scene, crisis intervention and linking to other social services. Child and Family Services (DCFS): removal of children. Primary Childrens' Medical Centre for decontamination and medical care.
Funding	Many DEC programs now part of Methamphetamine Initiatives funded by COPS Office and Bureau of Justice Assistance grants. Others funded locally eg by police, local authorities and involved agencies (eg Salt Lake City).
Costs/Savings	Unknown.
Drug market impact	Unknown.
Evaluation	Yes. Salt Lake City Meth initiative. See 'An Evaluation of the COPS Office Methamphetamine Initiative'. http://www.cops.usdoj.gov/mime/open.pdf?Item=848.

Prescription Drugs

Prescription Drugs Monitoring Programs (PDMPs)

Target	Distribution and use of prescription drugs. Prescription drug dealers and abusers, including 'doctor shoppers'.
Location/Duration	USA, as at April 2000, 18 states incl. California, Hawaii, Idaho, Illinois, Indiana, Kentucky, Massachusetts, Michigan, Nevada, New Mexico, New York, Oklahoma, Rhode Island, Texas, Utah, and West Virginia. Reported by DEA in April 2000 & USGAO May 2002.
Partners	State medical and pharmacy associations, State police, State drug enforcement agencies, State attorney general's offices, State medical examiner's offices.
Aims and Objectives	To assist law enforcement agencies in identifying and preventing prescription drug diversion and to educate the public, physicians and pharmacists about the problem and medical treatment options.
Project description	Electronic tracking and/or serialized prescription system to collect info about prescribing, dispensing and use of prescription drugs. Distribution to medical practitioners, pharmacies and State enforcement and regulatory agencies.
Role allocation	Unknown.
Funding	States themselves. Bureau of Justice Assistance provides some funds. In 2002 it gave up to 7 grants for starting new programs ($180k over 24 months) and up to 2 grants for enhancing existing programs ($220k over 24 months).
Costs/Savings	Start up costs vary - can be high. Data collection costs depend on population ($15,000 -$138,000). In Massachusetts, program saves over 50% of the cost of police investigations and over 60% of the manhours worked on these types of cases.
Drug market impact	Dramatic reduction in drug misuse and virtual elimination of forgery and counterfeiting reported by States with serialized prescription systems (DEA report).
Evaluation	Individual DEA report for each State. No other independent evaluation.
Reference	DEA Diversion Control Program Reports http://www.deadiversion.usdoj.gov/pubs/index; 'A Closer Look At State Prescription Monitoring Programs' http://www.deadiversion.usdoj.gov/pubs/program/rx_monitor/index.-html

RxNET (San Diego Regional Pharmaceutical Narcotic Enforcement Team)

Target	Prescription drugs. Medical professionals, prescription forgers and doctor shoppers in San Diego area.
Location/Duration	USA, San Diego California. April 2002 - present.
Partners	California Department of Justice, Bureau of Narcotic Enforcement, California Department of Justice Triplicate Prescription Program, San Diego Police Department, Department of Insurance Fraud Division, the US Drug Enforcement Administration, San Diego/Imperial County Narcotic Information Network.
Aims and Objectives	To investigate the diversion of legal pharmaceutical drugs to illicit channels, and to prosecute professionals improperly prescribing medications or unlawfully billing insurance companies, prescription forgers and 'doctor shoppers'.
Project description	Diversion and insurance fraud investigation. Training of doctors, nurses, pharmacists and county law enforcement agencies regarding diversion characteristics and trends. FAX-ALERT simultaneously faxes 400 enrolled clients with diversion activity alert information.
Role allocation	San Diego Police Department developed FAX-ALERT. All investigations are jointly conducted by the participating members, who contribute resources in furtherance of these investigations.
Funding	Unknown.
Costs/Savings	Unknown.
Drug market impact	Unknown.
Evaluation	None.
Reference	'From The Pharm… - San Diego Regional Pharmaceutical Narcotic Enforcement Team', SDCPhA Voice - Newsletter of the San Diego County Pharmacists Association, February 2004 - Volume VII, Issue 1 - www.sdcpha.com.

RxPATROL (Pattern Analysis Tracking Robberies and Other Losses)

Target	Prescription drugs (incl. precursors for synthetic drug manufacture). Perpetrators of robberies of pharmacies.
Location/Duration	US wide. Reported 18 June 2003.
Partners	National Community Pharmacists Association, National Association of Drug Diversion Investigators, Pharmaceutical Security Institute, Purdue Pharma. Purdue is part of an international group of companies that are independent. Employees are involved in pharmaceutical research, manufacturing, and marketing worldwide. See http://www.pharma.com/html/Who_We_Are/Who_We_Are.htm
Aims and Objectives	To combat the theft and illegal trafficking of prescription medication by assisting law enforcement efforts to apprehend and prosecute pharmacy robbers.
Project description	Information clearinghouse conducts vulnerability assessments of pharmacies. Create a profile of pharmacies most likely to be victimized. Community pharmacists can gain access to the information on robbery trends and patterns to assist in reducing their vulnerability to theft. RxPATROL is intended to assist law enforcement efforts to apprehend and prosecute pharmacy robbers. Allows pharmacies to submit theft report to secure website. Reports designed to capture a wide range of relevant information (crime type, modus operandi, suspect description and security resources in place to deter theft). Data may include video and CCTV photos. Analysed and disseminated to police.
Role allocation	Purdue Pharma L.P. conceived and developed project. Pharmacies asked to submit data. A senior law enforcement executive to conduct intelligence analysis and provide it to law enforcement agencies for action.
Funding	Funded by Purdue Pharma L.P.
Costs/Savings	Unknown.
Drug market impact	160 reports of pharmacy robberies/burglaries collected in first 6 weeks of operation yielding lessons for pharmacists and chains re deterrence & prevention.
Evaluation	None.
Reference	http://www.rxpatrol.org/ www.pharma.com/pressroom/news/2032506.htm.

Precursors

Code of Practice for Supply Diversion into Illicit Drug Manufacture

Target	Supply of precursor chemicals and equipment. Members of Plastics And Chemicals Industries Association (PACIA) and Science Industry Australia (SIA).
Location/Duration	Australia. Initial code was established in 1994, has since been reviewed (latest version June 2002). At the time of writing, the Code is under review.
Partners	Scientific suppliers and chemical manufacturers, importers and distributors, and law enforcement agencies. Industry groups involved in the preparation of Code but are under no formal obligation to adhere to the codes of conduct.
Aims and objectives	To combat the diversion of precursors and scientific equipment through the establishment of a common system of practice involving strategies of monitoring and record keeping, cooperation with law enforcement agencies and education and training.
Project description	Companies that voluntarily register are to monitor sales, keep records, report suspicious orders and enquiries to police (extent of obligation depends on category of chemical/equip). Code to be incorporated into internal management systems.
Role allocation	Obligations imposed on parties to Code (voluntary registration). Appointment of liaison officer in each sales outlet to ensure appropriate procedures introduced and maintained, staff trained, and to report to police. Ensure locked storage of precursors.
Funding	Parties to fund.
Costs/Savings	Unknown.
Drug market impact	Unknown.
Evaluation None	None.
Reference	Code of Practice for Supply Diversion into Illicit Drug Manufacture http://www.pacia.org.au/indexSectionLinks.html?name=Health/Illicit-Drug.html^tag=^menu=health.

Strengthening of Chemical Precursor Control, Brazil

Target	Supply and distribution of precursor chemicals. Chemical companies.
Location/Duration	Brazil. Began 1998.
Partners	UN Office on Drugs and Crime, Brazilian Ministry of Justice and Federal Police Department.
Aims and Objectives	To develop a computerized information system for controlling precursor chemicals in the country with the biggest chemical industry in Latin America.
Project description	Building of infrastructure and development of software to monitor production, storage, transportation, trading and distribution of precursors. Training of Federal Police staff.
Role allocation	Federal Police register all chemical companies. Chemical companies to obtain work licence certificates and input information on manufacture, transportation, sales of precursors. Police monitor, issue data on company activities and illicit acts, track drug 'DNA'.
Funding	Unknown.
Costs/Savings	Expected to reduce bureaucracy and administrative costs to companies.
Drug market impact	Unknown.
Evaluation	None.
Reference	'Strengthening of Chemical Precursor Control (AD/BRA/D-33)' http://www.unodc.org/brazil/en/project_d_33.html.

Other Relevant Projects

Beat Health Program

Target	Managers (owners/tenants) of premises/locations characterised by drug and disorder problems.
Location/Duration	Started in Oakland, CA., USA, now adopted elsewhere in US. Mid 1990s (39 month study period) - present.
Partners	Police officers and housing, fire, public works, vector control and utilities inspectors.
Aims and Objectives	Crime and incivilities prevention through the application of civil remedies to persuade or coerce non-offending third parties to act against criminal or nuisance behaviour by others.
Project description	The Oakland Police Department established the Beat Health program in 1988. Beat Health teams comprise of one police officer and one unsworn employee. The Beat Health teams visit locations that have generated emergency calls, a number of drug arrests or special requests from community members for police assistance. The Beat Health teams advise landlords of their rights and tenants' responsibilities and offer simple ideas for crime prevention measures. A fundamental component of Oakland's Beat Health program is a site visit by the Specialised Multi-Agency Response Team (SMART). The SMART visits involve a series of coordinated visits to problem locations by a group of city inspectors, for example from the housing department, electricity authority, fire brigade or gas authority. They are invited to inspect the problem location and where necessary enforce local civil codes (e.g. health and safety) and municipal regulations. The Beat Health teams will initiate court proceedings against property owners who fail to comply with civil citations (see Mazerolle & Roehl 1999).
Role allocation	Beat Health Team (1 uniformed officer, 1 police service technician); preliminary site visit and contact with manager; landlord training; arrests. Specialized Multi-Agency response Team (SMART) inspects problem sites and cites violations for remedial action.
Funding	Unknown.
Costs/Savings	Unknown.
Drug market impact	Fewer drug-related calls for service, especially from residential sites.
Evaluation	Yes. A randomized field study was conducted on the Oakland civil remedy program to measure changes in street behaviour as a result of the interventions. The results suggest that the Beat Health program decreased the level of drug dealing and improved the physical condition of street blocks targeted. The research suggests that the Beat Health approach to solving drug and physical decay problems is effective in decreasing observable problems on targeted street blocks (see Mazerolle, Roehl & Kadleck 1998).

Beat Health Program continued

Reference	Mazerolle, L. G & Roehl, J. (1999) Controlling Drug and Disorder Problems: Oakland's Beat Health Program. National Institute of Justice, Research in Brief, March 1999. Mazerolle, L.G. & Roehl, J. (19991) Controlling Drug and Disorder Problems. A Focus on Oakland's Beat Health Program. National Institute of Justice. Mazerolle, L. G, Roehl, J. & Kadleck, C (1998) 'Controlling Social Disorder Using Civil remedies: Results from a Randomized Field Experiment in Oakland, California', Crime Prevention Studies Vol 9, pp 141-159.

Doormen Registration Scheme

Target	Nightclubs/pubs.
Location / Duration	Swansea, South Wales UK. Began1996.
Partners	South Wales Constabulary and doormen/proprietors of licensed premises.
Aims and Objectives	To reduce drug misuse in licensed premises; to deter doormen from coordinating or assisting in drug distribution and to improve management of premises.
Project description	Doorman's registration scheme and club watch scheme. Search policy in place at nightclubs and protocol agreed for dealing with drugs seized by staff.
Role allocation	Licensing sergeants train doormen in procedures to follow if drugs seized. Detectives regularly shadow staff, monitor incidents in premises and collect items seized by doormen to encourage positive stance against possession and dealing.
Funding	Unknown.
Costs / Savings	Unknown.
Drug market impact	Large increase in drug seizures (300% at date of report).
Evaluation	None.
Reference	Arundale, Ian, 'Red Light for drug traffickers' Police Review, 6 September 1996.

Landlord Training Program on keeping illegal activity out of rental property

Location/Duration	USA. First program in Portland Oregon in 1989. Other States having run programs include Arizona, Minnesota and Wisconsin.
Partners	Police and landlords.
Project description	Training for landlords by police covering aspects such as law, preparing a property, applicant screening, rental agreements, ongoing maintenance, what to do if you discover a clan lab, crisis resolution, the role of police, resources etc.
Role allocation	Programs made available for landlords by police. Non-mandatory. Letters of invitation and marketing.
Funding	Bureau of Justice Assistance funding for initial Portland program as well as in-kind support from City of Portland. Funding for later versions of program unknown.
Costs/Savings	Unknown.
Drug market impact	Reports of a reduction in illegal drug-related activities on properties belonging to trained landlords.
Evaluation	Yes. Post-training questionnaire data collected in Portland Spring 1993 (sample size 3,335). Six-month follow-up questionnaires were mailed to 1989, 1990 and 1991 trainees and 56% responded. Found that landlords who had problems with drug activity used training to help solve these problems.
Reference	Keeping Illegal Activity Out of Rental Property: A Police Guide for Establishing Landlord Training Programs http://www.ncjrs.org/pdffiles1/bja/148656.pdf.

Ministry of Sound (MoS)

Target	Drug dealers and drug users.
Location/Duration	MoS nightclub in South-east London, UK. 1995-present.
Partners	Southwark Police, MoS club management.
Aims and Objectives	To deter drug dealing and consumption on club premises.
Project description	Code of practice (1995). The code deals with drug use, common offences, making an arrest, drugs within the club, powers of search, use of drug collection box. Club security staff patrol inside the venue and wear black clothing featuring the Ministry of Sound logo, while door security personnel search (by consent) customers as they enter. All staff are trained in basic first aid, including how to deal with drug related incidents such as potential overdoses. When drug offenders are identified, the security team (who have received basic police training in evidential requirements, covering issues such as continuity of evidence) will make a citizen's arrest and inform the police. Security staff also will patrol the streets in the vicinity of the club, especially if there have been any problems or at the informal request of the police. At the club's request, police have undertaken a number of purchase operations against dealers.
Role allocation	See project description.
Funding	Unknown.
Costs/Savings	Unknown.
Drug market impact	MoS has a reputation as a 'clean' club although management freely admits that dealing within its premises can never be fully prevented and does occur.
Evaluation	None.
Reference	'Clubs, Drugs and Doormen', Crime Detection and Prevention Series Paper 86, Police Research Group, Home Office 1998. http://www.drugs.gov.uk/ReportsandPublications/Communities/1034-177583/clubs_drug_doormen.pdf.

Project Lilac

Target	Drug dealers and users.
Location/Duration	UK, central London (centred around Charing Cross Road) - Camden and Westminster Boroughs. August 2000 - March 2002.
Partners	Police, Councils, Drug Action Teams, NHS for each Borough, Rough Sleepers Unit.
Aims and Objectives	Crime prevention and harm reduction. To reduce drug dealing; improve local environment; enhance cross-borough-border activity; increase information and understanding of drugs market; reduce homelessness in area; improve the health of drug users; reduce fear of crime.
Project description	A multi-agency partnership involving enforcement against dealers, environmental work and provision of services to users.
Role allocation	Described in detail in references.
Funding	UKP2m granted under Home Office - Targeted Policing Initiative of the Government's Crime Reduction Program.
Costs/Savings	Unknown.
Drug market impact	Less visible street dealing. Displacement to surrounding areas.
Evaluation	http://www.met.police.uk/camden/lilac/; http://www.coventgarden.org.uk/news/project_lilac_1.html. 'The Lilac Project : Tackling drug markets in central London - An evaluation report for practitioners and policy makers', published March 2003, available from the Metropolitan Police Service (email n.wood@met.police.uk).

Black Tower Project

Target	Targets for participation in the project are identified based upon a computer matrix of their offending rates and the professional judgement of staff. This evidence matrix supports organisations to share information and is weighted to prioritise offenders who commit robbery, house burglary and vehicle crimes.
Location/Duration	Blackpool, UK. Project being extended to whole of Lancashire and into several other police services. 1 January 2002 - present.
Partners	Lancashire Constabulary, National Probation Service, National Association of Care and Resettlement of Offenders (NACRO), Crown Prosecution Service (CPS), other agencies.
Aims and Objectives	Crime prevention and reduction in associated costs through a combination of police disruption and targeting tactics and the provision of drug treatment.
Project description	The project provides immediate access to drug treatment and other support. It is made clear that failure to cooperate and evidence of drug taking and criminality will leave participants liable to police targeting (police surveillance, stop checks and disruption tactics). This allows for the prioritisation of police resources. The Crown Prosecution Service also targets these key offenders to support remand or bail application. All participants are informed in advance of their options and this is their chance to receive a wide variety of support including immediate drug treatment to reduce their illegal drug taking and associated criminal activity. Those targeted are tested weekly and where appropriate daily consumption of their medication is supervised. Participation in the project does not affect the criminal investigation process other than provide detailed and timely information to the Courts through the Crown Prosecution Service. The project has no supporting legislation and operates both inside and outside prison.
Role allocation	Tower Management Team: Police, Local Authority and Probation; Responsible for establishment of project: Area DAT Coordinator & Police Inspector; Coordinating Team: Police, Probation, CPS, NACRO, Drug worker, medical practitioner; Supporting agency: Salvation Army.
Funding	Initial Community Against Drug Funding of £140,000; personnel resources provided by Police, Probation and CPS. Ongoing funding by Police Standards Unit of Home Office, Probation and Health Services.
Costs/Savings	(Estimates) Implementation cost for 2002 £280,992. Calculated total saving 2002 (27 clients) £565,380. Cost-benefit 2002 £284,388.
Drug market impact	Anecdotal evidence that supply of methadone has reduced reliance on illicit market for clients. Too early to say for Blackpool market overall.

Black Tower Project continued

Evaluation	Yes: Over the calendar year 2002 compared with 2001, Western Division of Lancashire Constabulary had 17.7% fewer crimes, 44.8% fewer house burglaries, 33% fewer theft from vehicles, and 20% fewer street robberies. The Project has been independently evaluated by Huddersfield University who conclude that the project has met its 30% crime reduction targets for the client group. On 29 January 2004, the Tower project received international acknowledgement by winning an international community justice award.
Reference	'Tower Project: Executive Summary'; 'Necessary Building Blocks to Initiate a Tower Project'; 'Review of the Tower Project', University of Huddersfield; other documents. http://www.csp.blackpool.org.uk/Towerproject.htm. (See also http://www.probation-lancashire.org.uk/news/news_releases/news_r-_177.php.

Weed and Seed

Target	Drug related activity and neighbourhood disorder.
Location/Duration	US, various (over 300 sites in 2003). 1991-present.
Partners	Law enforcement agencies, social services, businesses, community organisations and residents of relevant area.
Aims and Objectives	To control violent crime, drug trafficking and drug-related crime in targeted high-crime neighbourhoods ('weeding') and provide a safe environment for residents by bringing human services to area ('seeding').
Project description	Four components: 1. Law enforcement; 2. Community policing; 3. Prevention, intervention and treatment; 4. Neighbourhood restoration.
Role allocation	Depends on location. Program overall managed by Executive Office for Weed and Seed (EOWS) with USDOJ - provides grant management, technical assistance, training and resources to support local initiatives. Local steering committee develops strategic plan.
Funding	Local initiatives expected to obtain funding from a variety of public and private sources. Some funds available from Community Capacity Development Office of USDOJ.
Costs/Savings	Vary.
Drug market impact	See individual evaluations.
Evaluation	Eight Weed and Seed sites were chosen for the national evaluation. All sites shared high rates of violent crime related to drug trafficking and drug use, and most had serious gang-related crime problems. Evaluation data included individual interviews with key informants (e.g law enforcement, service providers, community leaders etc), analysis of local crime and arrest patterns, group interviews with seeding program participants and resident surveys (see Dunworth & Mills 1999). The effectiveness of Weed and Seed varied across the eight sites. Most of the sites showed a reduction in the number of crimes against a person (homicide, rape, robbery, aggravated assault) and property crimes (burglary, theft and stolen motor vehicles). Drug related arrests were initially high (suggesting intense weeding activity) followed by declining drug arrest rates. In the majority of sites, crime rates declined more or increased less than the rest of the county.
Reference	Dunworth, T. & Mills,G. 1999) National Evaluation of Weed and Seed. US Department of Justice, National Institute of Justice, Research in Brief, June 1999. Located at: http://www.andrew.cmu.edu/course/80-346/Weed_and_Seed.pdfPerkins, M., Zepp, J., Trask, J. & Ayers, C (2004) Weed and Seed Local Evaluation Meta Analysis Justice Research and Statistics Association. Submitted to the Executive Office for Weed and Seed, Office of Justice Programs, US Department of Justice. 11 March 2004. http://www.jrsa.org/weedandseeddata/studies_other/jrsa-meta-analysis.pdf.