



## UNEP's action to meet the challenge of illegal trade in chemicals



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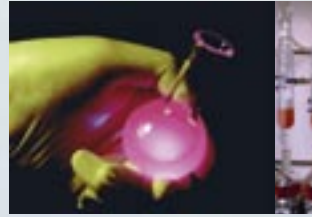
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## The scope of the problem



Environmental crime is a big and increasingly lucrative business. Local and international crime syndicates earn an estimated US\$ 22-31 billion annually from illegal trade in “environmentally sensitive” commodities such as ozone-depleting substances (ODS), toxic chemicals, hazardous wastes and endangered species.

### Illegal trade in these items

- ▶ directly threatens human health and the environment
- ▶ undermines the effectiveness of multilateral environmental agreements by circumventing rules and procedures agreed in international treaties
- ▶ results in revenue loss for governments
- ▶ also falls, in the current post-9/11 context, into the area of environmental security.

Illegal trade threatens the successes already achieved by countries to manage chemicals, and it undermines the evolving international framework for chemical management.

*«Sustainable development depends on having the global capacity for the sound management of chemicals»*

*Klaus Toepfer,  
UNEP Executive Director*





## The link with international chemical management

### What is SAICM?

The Strategic Approach for International Chemical Management (SAICM) is a multisector and multi-stakeholder process, involving Governments, NGOs and IGOs from diverse sectors with an interest in chemical safety, including agriculture, environment, health, industry and labour. Its objective is to achieve, by 2020, that chemicals are produced and used in ways that lead to the minimization of significant adverse effects on human health and the environment.

### Developing the SAICM Dimension

UNEP is a catalytic force in the UN system for global action on the environmentally sound management of hazardous chemicals. Since 1995 UNEP's Governing Council has endorsed the need for a strategic approach to managing chemicals. At its seventh Special Session in February 2002, the Council adopted Decision SS.VII/3 on a Strategic Approach to International Chemicals Management (SAICM), taking as a foundation for such an approach the Bahia Declaration and Priorities for Action Beyond 2000 of the International Forum on Chemical Safety (IFCS).

The Johannesburg Plan adopted at the World Summit on Sustainable Development set the goal that, by 2020, chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment.

UNEP provides the Secretariat for the SAICM process. To oversee planning, UNEP has brought together a broad range of partners, including members of the Inter-Organization Programme for the Sound Management of Chemicals (IOMC), the Intergovernmental Forum on Chemical Safety (IFCS), UNDP and the World Bank.



## SAICM and Illegal Trade

Illegal trade in chemicals was one of the issues discussed during the first and second sessions of the Preparatory Committee (SAICM PrepCom1 - Bangkok, 9-13 November 2003; and SAICM PrepCom2 - Nairobi, 4-8 October 2004). It is expected that the completed Strategy will include measures to prevent and detect illegal trafficking of chemicals and hazardous wastes.

UNEP hosts the secretariats and/or implementing arms of multilateral environmental agreements concerned with various aspects of international chemical management, including the [Montreal Protocol on Substances that Deplete the Ozone Layer](#), the [Basel Convention on the Transboundary Movement of Hazardous Wastes](#), the [Stockholm Convention on Persistent Organic Pollutants \(POPs\)](#), and the [Rotterdam Convention on the Prior Informed Consent \(PIC\) Procedure for Certain Hazardous Chemicals and Pesticides In International Trade](#) (jointly with the Food and Agriculture Organisation - FAO).

Illegal chemical trade is already an important implementation challenge for several of these treaties (Montreal, Basel) and it is emerging as a potential issue for the others.

## UNEP'S RESPONSE

UNEP DTIE has a significant experience in bringing together partners to develop responses to the threats of illegal trade in chemicals which threatens chemical management. Through the work of several of its branches (Chemicals, Economics and Trade, OzonAction) DTIE addresses different aspects of this problem.

### **The Division of Technology, Industry and Economics (DTIE)**

responds to UNEP's priorities by encouraging decision makers in government, local authorities and industry to develop and implement policies, strategies and practices that are cleaner and safer, make efficient use of natural resources, ensure environmentally sound management of chemicals, reduce pollution and risks for humans and the environment, enable implementation of conventions and international agreements, and incorporate environmental costs.

## Combating Illegal Trade in Ozone Depleting Chemicals

Developing countries that operate under Article 5 of the Montreal Protocol began restricting the use of ozone-depleting substances (ODS) including CFCs starting in 1999.

The new restrictions can increase demand for black market ODS especially in countries that do not have the financial resources to use non-ODS substitutes. Therefore, illegal trade in ODS is a serious threat to Article 5 countries meeting phase out schedules.

DTIE's OzonAction Branch supports the phaseout of ODS in developing countries and countries with economies in transition to ensure the implementation of the Montreal Protocol.

Teams of the regionalized Compliance Assistance Programme are conducting these activities against illegal trade in ODS. With financial support from the Multilateral Fund, the Global Environment Facility and bilateral donors, OzonAction helps countries combat illegal trade in ODS through a wide range of actions:

### ► **Training customs officers and other enforcement officials involved in monitoring and control of ODS:**

OzonAction has trained around 2,000 customs officers in about 70 countries. This training allows monitoring and control of import/export licensing systems and other ODS regulations, collection of data and prevention of illegal trade.



This follows a train-the-trainer approach at the national level, involving national training centres. Customs training is delivered as part of a comprehensive package of assistance that includes linked regulatory measures. Effective training implies as a prerequisite the development of effective national legislation.

- ▶ Facilitating exchange of information on national experiences of customs
- ▶ Encouraging internal communication between ozone and customs organisations as well as between customs of neighbour countries
- ▶ Organising joint workshops for customs and ozone officers with participation of relevant international institutions (WCO, RILOs, Interpol, regional trade and political organisations). Projects financed by Sweden in South and Southeast Asia have pioneered this approach.
- ▶ Introducing illegal trade to regional trade and political organisations
- ▶ Promoting informal dialogues between several countries with common borders or trade zones that face problems of illegal trade in ODS. Several such dialogues have been facilitated in the Asia-Pacific region.
- ▶ Organising joint workshops with industry, customs and ozone officers
- ▶ Collecting and analyzing quantitative data on trade in ODS
- ▶ Establishing internet discussion fora for customs and ozone officers
- ▶ **Providing awareness raising and information support** through press outreach, publications for customs officers (including customs training manuals, on-the-job posters, information sheets), a web-based Inventory of Trade Names of Chemicals Controlled under the Montreal Protocol, and disseminating of information on reported cases of illegal trade

### **Green Customs: A Multi-Agency Initiative to Fight Illegal Chemical Trade**

National and international regimes for integrated chemical management rely on customs to monitor and control flows of regulated chemicals at borders.

**Customs officers are at the front lines** of every country's efforts to combat illegal trade. The principal way, for example, in which a country regulates what ozone depleting chemicals come into and leave its borders is through an import/export licensing system.

The Rotterdam Convention, through the Prior Informed Consent procedure allows countries a means to prevent unwanted trade in certain hazardous



**Green Customs help respond to several key needs identified in SAICM** such as the development of national strategies for prevention, detection and control of illegal traffic, including the strengthening of laws, judicial mechanisms, and the capacity of customs administrations and other national authorities to control and prevent illegal shipments of toxic and hazardous chemicals.



chemicals, while still allowing access to other potentially hazardous chemicals which they wish to continue to use. Without an effective monitoring and control system, a country will most likely not be able to meet its international obligations to control specific trade under MEAs and compliance will be at risk.

UNEP DTIE recognizes that there is a great potential to achieve synergies by developing a customs training approach that involves not just one MEA but others as well. Starting in 2001, DTIE and other like-minded organizations developed the «Green Customs» concept under which training encompassing several MEAs is delivered to customs officers at the same time.

● **Objectives of the Initiative:**

- ▶ promoting greater awareness and capacity building of customs officers as for MEAs with trade provisions
- ▶ developing customs officers capabilities to consider cross-cutting issues that deal with the shipments of environmentally-sensitive commodities
- ▶ improving effectiveness and cost-savings related to the implementation of MEAs
- ▶ increasing detection of smugglers and illegally-traded commodities by national customs officers in the context of specific MEA enforcement

● **Expected outputs:**

- ▶ a «Green Customs» training guide (support for training and reference document)
- ▶ subregional workshops to train customs officers;
- ▶ a web site presenting Green Customs training resources ([www.greencustoms.org](http://www.greencustoms.org))
- ▶ guidance documents complementing the training (e.g. briefing sheets);
- ▶ information and awareness materials related to the project.
- ▶ an assessment of national needs to combat illegal trade through workshop reports.

The following MEA secretariats are cooperating with UNEP DTIE on the Initiative:

- ▶ Montreal Protocol (the Ozone Secretariat)
- ▶ The Basel Convention on the Transboundary Movements of Hazardous Wastes and their Disposal
- ▶ The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in international trade

- ▶ Stockholm Convention on Persistent Organic Pollutants
- ▶ Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES).

As well as:

- ▶ the World Customs Organisation (WCO)
- ▶ Interpol
- ▶ UNEP Division of Environmental Policy Implementation
- ▶ UNEP Division of Environmental Conventions (which contributes financial resources to the Initiative)

The Organisation for the Prohibition of Chemical Weapons (OPCW) is also cooperating with the organisation of Green Customs workshops.

Governments of Norway, Finland and the Czech Republic have financially supported this Initiative.

The Green Customs Initiative is an example of unique partnership on MEAs and trade issues. It represents a cooperative effort that supports the effective implementation of conventions as called for during the SAICM process.

## The Rotterdam Convention Perspective

Technical assistance activities under the Rotterdam Convention are currently primarily focussed on assisting countries to implement the Convention, including the provision of their import responses and the enforcement of controls



on exports from their territories. In this way, the provisions of the Convention can be used effectively to combat the unwanted movement of certain potentially hazardous chemicals in trade. Furthermore, the World Customs Organization has agreed to assign Harmonized System custom codes for the chemicals included in Annex III of the Convention. The existence of these codes should facilitate implementation and enforcement of the PIC procedure.

## Key lessons learned by DTIE

### Reinforce the partnerships to combat illegal chemical trade

Illegal trade is a complex and cross-border phenomenon that involves social and economic actors at different levels within countries.

Responses to illegal trade require frequent and targeted dialogue and information sharing at the regional and international levels. Countries, international organisations, the private sector and non-governmental organisations have important and distinct roles in such dialogues.

Partnerships need to be strengthened at all levels: national, bilateral/subregional, regional and global. For each of these levels, collaboration between environmental authorities and other actors of MEA enforcement can be facilitated. Information exchange and communication can be encouraged. Agreements for collaboration with other partner organisations ensure the sustainability of such partnerships.

The Green Customs Initiative is an effective example of how to 'expand the level of coordination and cooperation among all stakeholders' (as requested in SAICM PrepCom2).

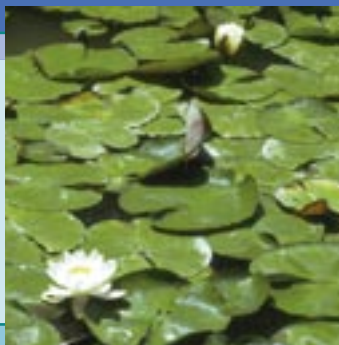
### The Partnership with the World Customs Organization (WCO)

UNEP and WCO signed a Memorandum of Understanding, in June 2003.

Cooperation between UNEP and the WCO is reflected both at the global, regional and national level between their respective contact points. The WCO's regional training centres are strategic partners to organize awareness-raising and training actions for customs staff.

The WCO has Regional Intelligence Liaison Offices (RILOs) located in eleven countries throughout the world. These contact points are responsible for gathering, analysing, using and circulating information at the regional level. Close cooperation is taking place between the regional offices of UNEP and the WCO global RILO Network. As an example of such cooperation, in the Asia and Pacific region, UNEP Regional Office and the RILO signed a Letter of Intent on 25 April 2005. Involving RILOs in regional networks provides an access to a very valuable range of intelligence to combat environmental crime and particularly illegal trade in chemicals.

WCO-developed Harmonized System, comprising about 5,000 commodity groups and covering more than 98 percent of world trade, is also an important tool for the monitoring and prevention of the illegal traffic in environmentally hazardous substances.



## The Partnership with Interpol

Interpol has been actively providing technical assistance, law enforcement contacts and investigative support in combating environmental crime, such as stopping illegal trans-frontier shipments of hazardous waste, illegal dumping, illegal traffic of ozone-depleting substances and illegal trade in endangered species of wild flora and fauna.

## Involve Industry early

Industry has a strong interest in eradicating illegal trade in chemicals, and is thus a key partner in combating the phenomenon. The private sector should be engaged early in the process. The legitimate enterprises have a stake in putting smugglers out of business. Quite often the Industry has very good intelligence information available on smuggling operations. Industry associations are in a good position to inform the authorities when they track illegal trade episodes. Customs brokers are also important to include in the process since they can be a source to point out shipments that may not be appropriately entered labelled. UNEP DTIE has helped build such public/private partnerships to combat illegal trade, involving partners both from developed and developing countries.

## Build networks to combat illegal trade

Networks and smaller-scale group dialogues are a good combination of activities to combat illegal trade. Networks provide a useful tool to exchange information, discuss and obtain feedback on national implementation activities. They facilitate communication channels and offer a forum for RILOs or NGOs to present information and tools which are useful for national actors. Supported by the work of teams based in UNEP regional offices, networks help raise the political importance of illegal trade. Networking helps understand the impact of illegal trade at the national level and the importance of setting and enforcing adequate policies. It is a forum to publicize information on cases of illegal trade reported by countries and on penalties incurred by smugglers, which have a dissuasive impact.

## Facilitate country-to-country dialogues on illegal trade

Countries may not on their own address their neighbours about such sensitive issues as illegal trade. UNEP has found that as a neutral third party it can bring two to three countries together to discuss these issues, exchange information on exporters and importers, help identify smuggling schemes and find solutions that will meet the needs of those countries. This can include coordinate sub-regional codes of practice for ODS monitoring and control activities. Such informal consultations are powerful tools to effectively prevent chemical illegal

trade. Several instances of such dialogues have taken place in Asia and Pacific (including Central Asia): as the largest remaining producers of ODS are located in this region, such facilitated discussions have proved extremely useful. For example, a Mongolia-China task force was established in 2003.

### **Provide tailored tools and services to customs to combat illegal chemical trade**

Customs officers need to be aware of the trade dimension of MEAs and of ways to combat illegal trade. Their work can be made easier by the preparation of practical quick tools providing key information on what they need to know about MEAs. These can be under the form of posters, training guides, on-line resources - all of which can also be used for the country's own national training. UNEP DTIE has initiated this work with its partners and is encouraged to go further in this direction.

### **Strengthen the capacity of the full chain of enforcement of MEAs**

The «compliance and enforcement chain» of MEAs includes:

- ▶ Monitoring, detection, and seizure of illegal shipments by customs agencies,
- ▶ Prosecution of criminal cases involving such shipments by prosecuting attorneys
- ▶ Appropriate sentencing by the judiciary.

All three individual links in this chain must be strong for the whole to succeed. Without effective detection and seizure by customs, the criminal act cannot be identified. Without consistent prosecution by attorneys, the criminals identified by customs will not be brought to justice. Without appropriate fines and sentences levied by judges, criminals who have been successfully prosecuted will resume their illegal activity and others will not be deterred from undertaking similar activity.

All parts of the compliance and enforcement chain - customs, prosecutors, the judiciary - must have a common perspective about the seriousness of the crime, have the necessary information and training, and seek the same overall objective. Legislators must also be aware, so that appropriate legislations are adopted at the country level.

Combating chemical illegal trade implies reinforcing these links, increasing awareness and capacity to address MEA issues at these various levels. UNEP DTIE will take this dimension into account in its future work on illegal chemical trade.

**The experience that has been developed by UNEP DTIE in combating illegal trade in chemicals can be brought to use, along with other partners, in the context of the concluding SAICM process.**

**Basel Convention**  
[www.basel.int](http://www.basel.int)

**Green Customs**  
[www.greencustoms.org](http://www.greencustoms.org)

**Interpol**  
[www.interpol.int](http://www.interpol.int)

**Ozone Secretariat**  
[www.unep.org/ozone](http://www.unep.org/ozone)

**Rotterdam Convention**  
[www.pic.int](http://www.pic.int)

**Stockholm Convention**  
[www.pops.int](http://www.pops.int)

**UNEP (United Nations Environment Programme)**  
[www.unep.org](http://www.unep.org)

**UNEP Chemicals**  
[www.chem.unep.ch](http://www.chem.unep.ch)

**UNEP Division of Environmental Conventions (DEC)**  
[www.unep.org/dec](http://www.unep.org/dec)

**UNEP Division of Technology, Industry and Economics (DTIE)**  
[www.uneptie.org](http://www.uneptie.org)

**UNEP DTIE OzonAction Programme**  
[www.uneptie.org/ozonaction](http://www.uneptie.org/ozonaction)

**Strategic Approach to International Chemicals Management (SAICM)**  
[www.chem.unep.ch/SAICM](http://www.chem.unep.ch/SAICM)

**World Customs Organisation (WCO)**  
[www.wcoomd.org](http://www.wcoomd.org)

## About the UNEP Division of Technology, Industry and Economics

The UNEP Division of Technology, Industry and Economics (DTIE) helps governments, local authorities and decision-makers in business and industry to develop and implement policies and practices focusing on sustainable development.

The Division works to promote:

- > sustainable consumption and production,
- > the efficient use of renewable energy,
- > adequate management of chemicals
- > the integration of environmental costs in development policies.

**The Office of the Director, located in Paris, coordinates activities through:**

- > **The International Environmental Technology Centre** - IETC (Osaka, Shiga), which implements integrated waste, water and disaster management programmes, focusing in particular on Asia.
- > **Production and Consumption** (Paris), which promotes sustainable consumption and production patterns as a contribution to human development through global markets.
- > **Chemicals** (Geneva), which catalyzes global actions to bring about the sound management of chemicals and the improvement of chemical safety worldwide.
- > **Energy** (Paris), which fosters energy and transport policies for sustainable development and encourages investment in renewable energy and energy efficiency.
- > **OzonAction** (Paris), which supports the phase-out of ozone depleting substances in developing countries and countries with economies in transition to ensure implementation of the Montreal Protocol.
- > **Economics and Trade** (Geneva), which helps countries to integrate environmental considerations into economic and trade policies, and works with the finance sector to incorporate sustainable development policies.

*UNEP DTIE activities focus on raising awareness, improving the transfer of knowledge and information, fostering technological cooperation and partnerships, and implementing international conventions and agreements.*

For more information,  
see [www.unep.fr](http://www.unep.fr)

[www.unep.org](http://www.unep.org)

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*Illegal international trade in “environmentally-sensitive” commodities such as ozone depleting substances, toxic chemicals and hazardous wastes is an international problem with serious consequences: it directly threatens human health and the environment and results in revenue loss for governments. Illegal trade in chemicals has been highlighted in the SAICM process as a severe threat to MEA enforcement and to sustainable development. UNEP and its partners are working together to stop illegal trade in chemicals.*