



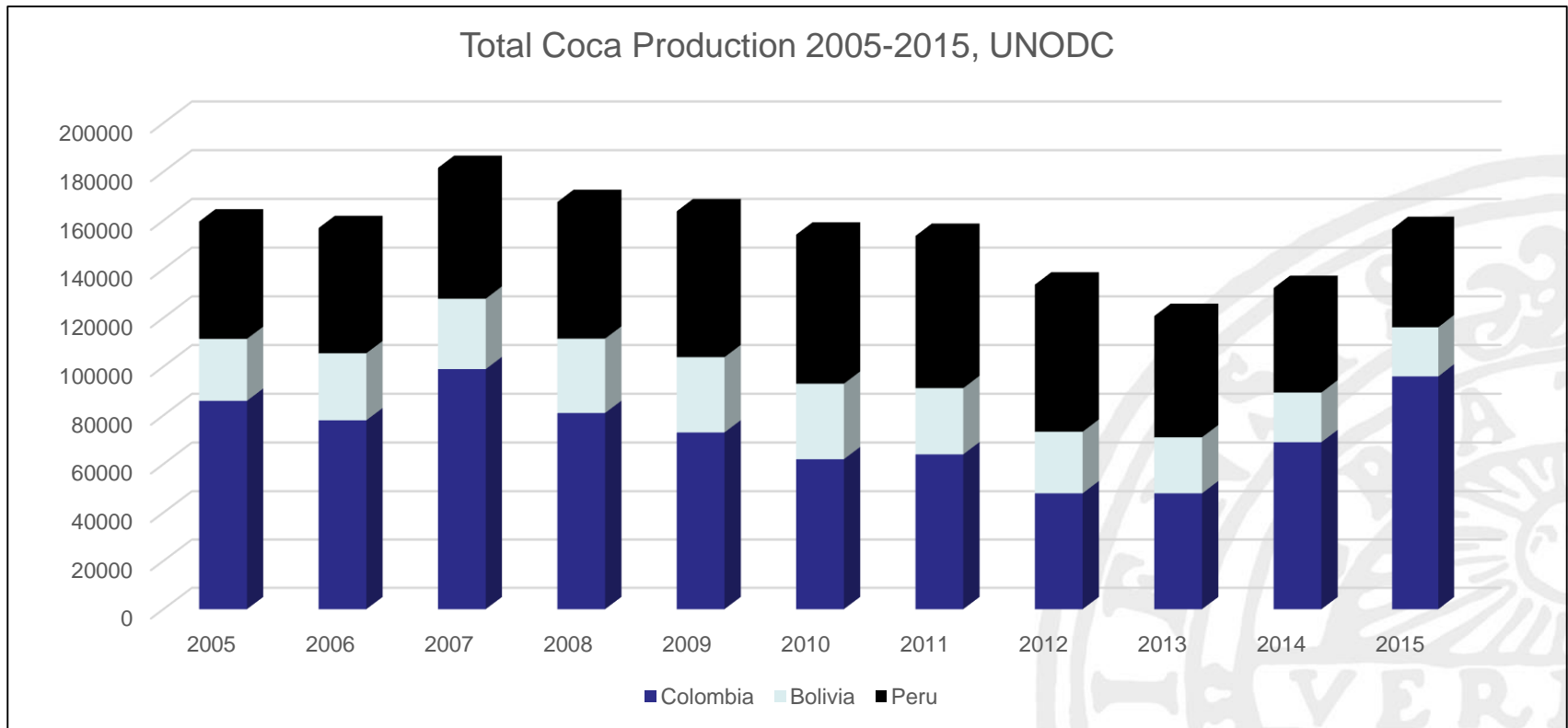
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Supply Reduction in Peril? The Case of Colombia



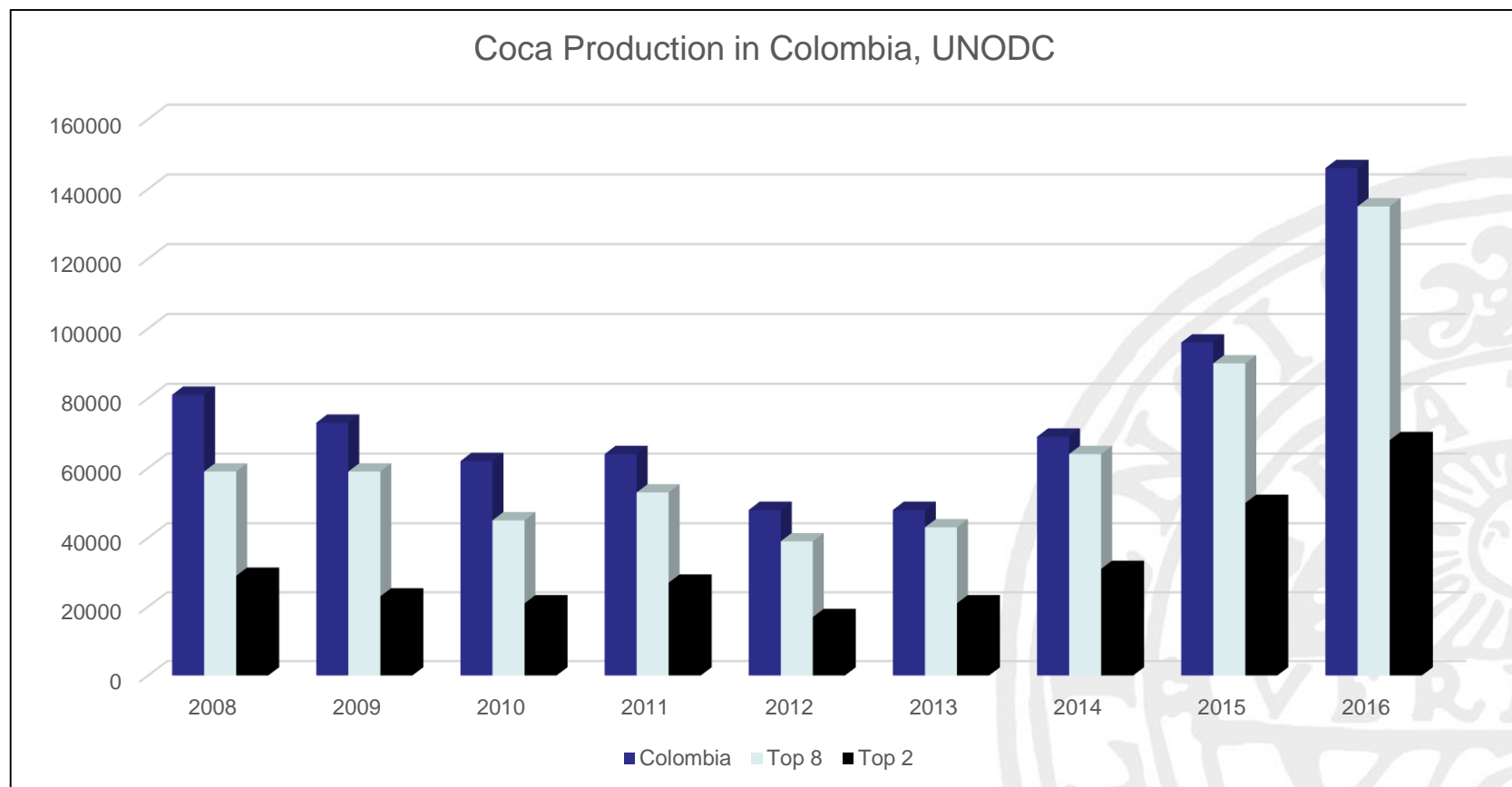


Global Coca Production





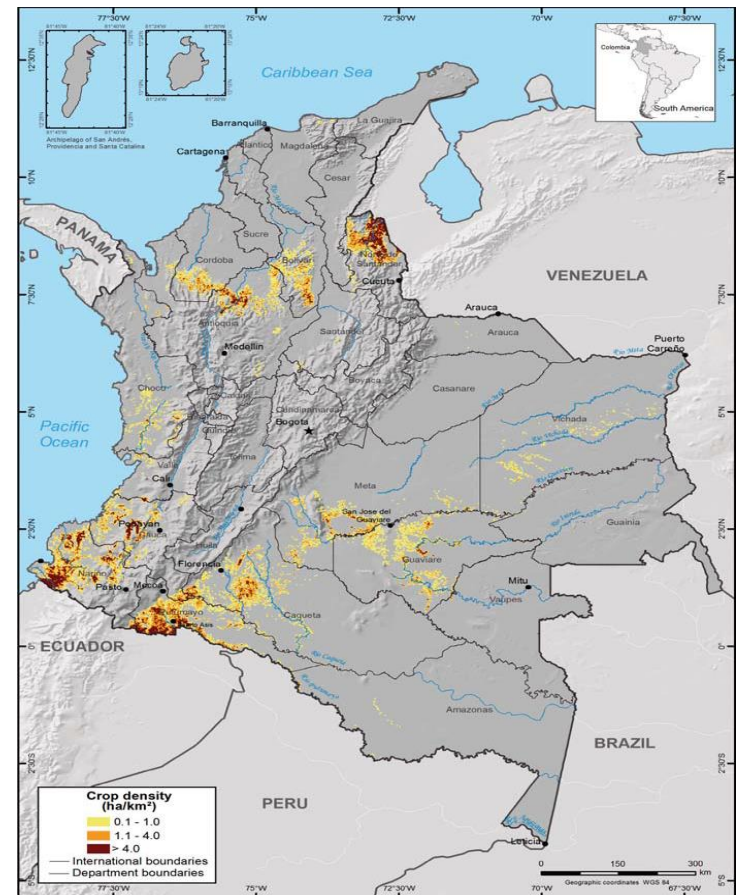
Colombian Coca Production Centered on 8 Departments





Regional Distribution of Coca Production in Colombia

- Very localized phenomenon – 48% of coca production occurs in 10 (of 1100) municipalities.
- Relative crop permanence. Top producers remain fairly stable.
- Areas with "historical presence" of illegal groups. Including but far from exclusively FARC.
- Access to trafficking routes is one key factor.
- Lack of infrastructure, state absence and local poverty also important, but perhaps less so.



FARC and the Colombian Drug Economy

- FARC nominally "taxed and protected" coca growers.
- In reality, deeply involved, but few personal profit incentives.
- Coca production concentrated in 8 Colombian departments.
- Cocaine trafficking concentrated in a handful of FARC fronts.
- Those regions/actors are key to supply reduction (or increase).
- "Solution to the problem of illicit drugs" part of peace agreement.
- So far, the outcome not positive.



Growing Coca Production – Side-Effect of the Peace-Agreement?

Possible Driver	Mechanism	Comment
Increased profitability	Price for coca leaf grew by 45% 2013-2016.	Beyond government control.
Decreased Risk	Suspension of aerial fumigation; blockades.	Implicit result of peace agreement.
Perverse incentives	Crop substitution, incentive for planting more.	Direct effect of peace agreement.
Poor implementation	Poor monetary yield for alternative crops.	Predictable, but difficult to fully avoid.
New actors	Dissident groups, OC groups replace FARC.	Predictable, but difficult to prevent even so.

How Will Supply Reduction in Colombia Evolve?

Possible Driver	Mechanism	Comment
Profitability	Increased supply, presumably lower prices.	Beyond government control.
Risk	State pressured to do more; Presidential elections in May.	Will likely increase efforts; efficacy unclear.
Incentives	Effect of perverse incentives will eventually recede.	Yes – but growers may be pressured by OC.
Alternative crops	Poor monetary yield for alternative crops.	Perennial problem of crop substitution.
New actors	Improved intelligence and law enforcement over time?	Yes – but difficult to solve (rather than manage).

Conclusions: Supply Reduction in Peril?

- Coca production in Colombia tripled 2013-2016. So, yes!
- Even if we are close to peak, do not expect quick resolution.
- Immediate spike partly related to peace agreement.
- The demobilization of FARC may make supply reduction harder, not easier.
- "Root causes" related to state absence – but also profitability.
- Colombian state can be highly efficient, but extremely challenging task.

