

Crisis and Opportunity: Unraveling Colombia's Collapsing Coca Markets

By: Adam Isacson

The market in Colombia for coca, the plant whose leaves can be used to produce cocaine, is in a state of historic collapse, bringing with it an acute humanitarian crisis in already impoverished rural territories. The unusually sharp and prolonged drop in coca prices has several causes. WOLA has identified 12 possible explanations, some more compelling than others.

Regardless of the reason, the crisis is sure to be temporary as world cocaine demand remains robust. The Colombian government, and partner and donor governments including the United States, should take maximum advantage of this window of opportunity before it closes. **The humanitarian crisis offers a chance for Colombia to fill vacuums of civilian government presence in territories where insecurity, armed groups, and now hunger are all too common.**



Putumayo, Colombia. Photo: Adam Isacson

The buyers have stopped coming

Starting in the first half of 2022, buyers of coca leaves and coca paste (the product of early stages of processing coca leaves into cocaine) stopped coming to the Catatumbo region of northeastern Colombia, near the Venezuelan border. Throughout the year, and into 2023, the coca market continued collapsing all around the country.

- In Nariño, in the country's southwest, the price of a 27.5 pound bushel (*aroba*) of coca leaves [fell](#) from about US\$20 to about US\$7. A kilogram of coca paste had sold for between US\$450 and US\$600; that dropped to perhaps US\$375.
- Several hours' drive north in Argelia, Cauca—where the mayor [says](#) 90 percent of the population depends directly on the coca crop—the *aroba* fell from about US\$17 to US\$9. A farmer who picks 300 *arobas* now clears, after paying for all inputs, just US\$150 per month. Coca paste prices dropped 30 percent in a year.
- In Tibú, in Catatumbo, coca leaf prices have [dropped](#) by more than 40 percent.

[More](#) than [200,000](#) households in Colombia (population 52 million) make a living by cultivating coca, which as of 2021 was planted in 204,000 hectares (504,000 acres) of territory, [according](#) to the UN Office on Drugs and Crime (UNODC). Adding people who make a living less directly from the crop—pickers, sellers of farm supplies, and others—increases the estimated [total](#) to 400,000 households.

These households are mainly farming families living in rural areas with poverty rates [well over 60 percent](#) and very little evidence that Colombia's government is present. **Under those circumstances growing coca is a survival strategy**, as the illegal crop earns an above-average price paid in cash and is easier to transport in zones with few roads and poor access to markets.

The coca price crash means that **these families are hurting badly**. Their income slashed, they are petitioning mayors, governors, and the central government for emergency assistance as they go literally [hungry](#). Farmers are burying their coca paste, or [trading](#) it for food. Parents in La Gabarra, north of Tibú in Catatumbo, [told](#) the Colombian investigative website *Vorágine* that they are contemplating suicide after a year and a half without buyers. Some have taken poorly paid jobs in the region's illegal coal mines and nearby oil palm plantations.

Why have coca prices plummeted?

Such dramatic market crashes are rare for a commodity whose illegality, and resulting scarcity, usually prop up prices. Something similar happened in 2017, after the Revolutionary Armed Forces of Colombia (FARC) guerrilla group demobilized: [reports](#) from some regions, like Catatumbo, pointed to coca growers going

hungry and burying their product as the cocaine market struggled to adjust—which it did in a matter of months.



Putumayo, Colombia. Photo: Adam Isacson

The current coca-price crisis is more prolonged, and it has no single cause. Though WOLA staff have not performed field research in coca-growing zones during the current crisis, our consultation with partners and review of local media and NGO reports have identified **12 potential reasons why prices fell**.

These possible causes have to do with overproduction, disruptions in relations between buyers and sellers, changed demand patterns, peace and conflict dynamics, and recent policy changes. Most are hypotheses, and some have only slim evidence presented to sustain them. **Some are more compelling than others, and most are more applicable to specific regions, rather than nationwide.**

1. Overproduction

Overproduction—an increase in supply outpacing any increase in demand—is the most frequently cited cause for the price drop. The U.S. government [estimated](#) that Colombia’s coca crop more than tripled between 2013 and 2020.

In 2015, Colombia stopped eradicating coca by spraying herbicides from aircraft, but has taken a [long time](#) to replace fumigation with [efforts](#) to govern coca-growing zones and help farmers transition to other crops. Then, starting in 2017, the FARC’s demobilization and withdrawal altered coca markets all around the country.

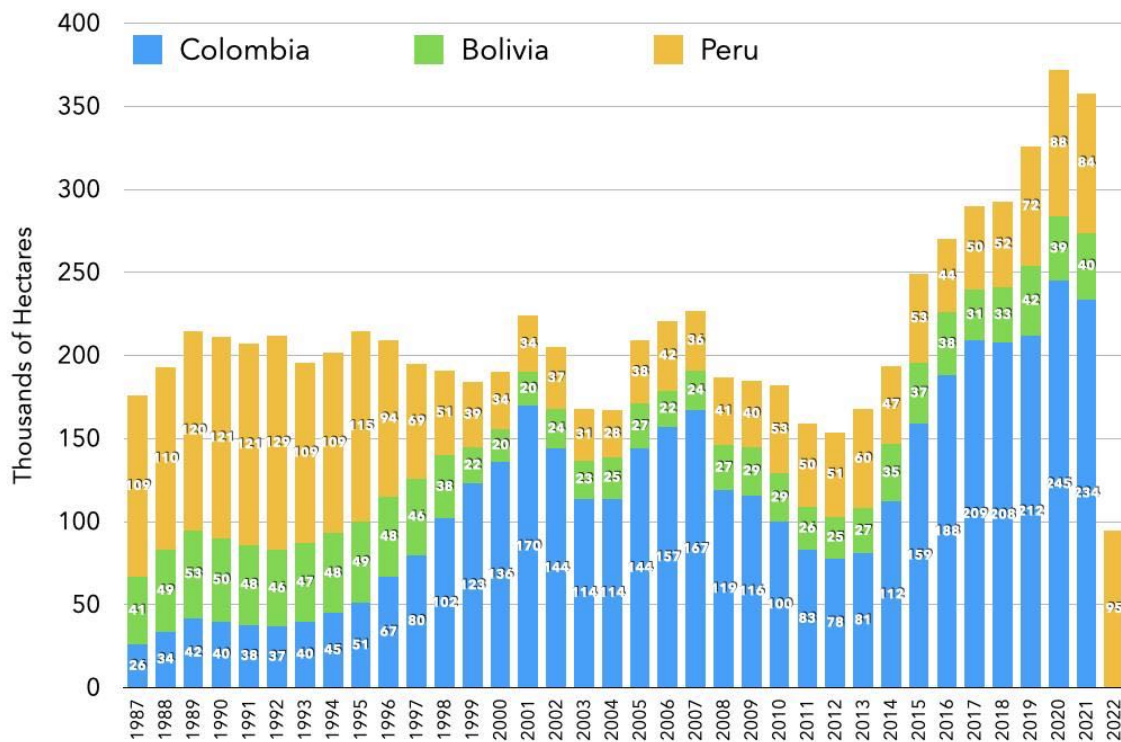
Suddenly, there was no actor with the ability to set and stabilize prices. At first, in the 2018-2019 timeframe, prices inflated, making the crop attractive to more farmers, former Truth Commission researcher Estefanía Ciro, of Colombia’s “A la Orilla del Río” research collective, [explained](#) recently to *El Espectador*. [According](#) to Felipe Tascón, a drug-policy expert who now runs the Colombian government’s crop substitution program, **many of the buyers offering inflated prices were members of Mexican criminal organizations**. As supplies grew faster than transshipment routes, Colombian authorities’ cocaine [seizures skyrocketed](#).

With supplies glutted by overproduction, this hypothesis contends, **the bubble burst and prices fell to earth**. The coca boom came to a sudden end, unevenly across regions, in 2022.

2. Cultivation is up elsewhere, too

Coca overproduction is not just a Colombian phenomenon. Peru’s estimated land under coca cultivation has jumped from 44,000 hectares in [2016](#) to 95,000 in [2022](#). Bolivia’s has increased from the mid-20,000s to the high 30,000s since the early 2010s. And coca fields and labs keep turning up in [Venezuela](#), [Ecuador](#), [Honduras](#), [Guatemala](#), and [Mexico](#), contributing to robust supplies that could continue depressing prices.

Coca Cultivation in the Andes, 1987-2021 (U.S. Government Estimate)



Sources: U.S. Department of State 1999 <http://bit.ly/250QyPn>; 2007 <http://bit.ly/31rTOU>; 2015 <http://bit.ly/2v3aDv8> White House 2022 <https://bit.ly/3ylpcBC> Government of Peru <https://bit.ly/3OTabGa>

Disruption among buyers and sellers

Several often-cited reasons for the coca price drop have to do with shifts in who is buying, and who is facilitating relationships between buyers and sellers.

3. Changes in the military and police command

An interesting hypothesis surrounds President Gustavo Petro's [forced retirements](#) of more than 70 military and police generals and colonels in August 2022, shortly after taking office. Some of these officers were suspected of involvement in corruption or human rights abuses.

Removing corrupt top brass may have affected the cocaine supply chain. "Analysts are seeing that **the rapid removal of military and police personnel who were connected to facilitating the flow of coca out of the country has had a very serious effect on the price drop,**" [said](#) Francisco de Roux, who headed Colombia's Truth Commission until it completed its work in 2022. "I think this could be the case in some places," Estefanía Ciro [told](#) *El Espectador*. "But not everywhere, because it's not the whole Army or the security forces that are involved, but... there might have been a change in the pacts on which the market functioned."

Other indicators, however, challenge this hypothesis. If Petro replaced officers who were permissive with the drug trade with more law-abiding colleagues, one would expect cocaine seizures and arrests of top drug traffickers to have increased since August 2022. That has not happened: neither measure has increased.

4. Takedowns of top criminals

Just as the FARC's withdrawal from the scene roiled coca markets, so did some arrests or killings of top criminal and armed-group leaders in 2021 and 2022. Colombia's military, or rival armed actors, killed several FARC dissident commanders during those years, among them "Gentil Duarte," "El Paisa," "Romaña," and "Mayimbú."

In terms of coca market impact, though, analysts most often cite the October 2021 capture of Dairo Antonio Úsuga, alias "Otoniel," leader of the Gulf Clan, an armed group founded by ex-leaders of pro-government paramilitary blocs that demobilized in the mid-2000s.

The arrest of Úsuga—whom a New York court [sentenced](#) to 45 years in prison in August 2023—may be why coca buyers stopped coming to the Catatumbo region, *La Silla Vacía* [reported](#). "Otoniel had the authorization of the 33rd Front dissidents and the ELN to bring in the buyers and was in charge of securing the routes for the shipments."

Daniel Parra of Colombia's Peace and Reconciliation Foundation [told](#) *Al Jazeera* that Úsuga's successors may be less interested in generating income through large-scale cocaine trafficking. "They may also be trying to punish those in the coca industry they view as partly responsible for Otoniel's capture," he added.

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5. Today's armed and criminal groups lack hierarchy, discipline, and relationships

Another factor likely depressing prices is the nature of the groups that have filled the vacuum left by the FARC's 2017 demobilization. "Now there are more than 500 criminal groups across the country. Gangs who buy cocaine wholesale can pick and choose which regions they purchase it from and drive prices down locally," the *Economist* [reported](#) in August, citing Ana María Rueda of Colombia's Fundación Ideas para la Paz.



Catatumbo, Colombia. Photo: Adam Isacson

These groups confront each other frequently, increasing uncertainty in coca markets. "It has not been possible to have order or hegemonic control as in the past," Ricardo Vargas of Colombia's Corporación Viso Mutop [told](#) *La Silla Vacía*. "All these territorial disputes to control (drug trafficking) generate great instability."

The new groups are far less organized than the rigidly hierarchical FARC was, Estefanía Ciro [told](#) *El Espectador*. The FARC had "political and financial cadres that had certain backgrounds," but today's groups suffer from "disorganization in terms of politics and objectives and so on.... The scenario is much more disorderly and this is much more complicated for a person who buys and sells and lives from the business."

6. Farmers' inputs grew more expensive, lowering the product's quality

"With the departure of the FARC guerrillas from control of the country's coca production, inputs for coca paste production have become much more expensive," Colombia's *Cambio* magazine [observed](#). Supplies of inputs like fertilizer were also disrupted by the pandemic and the February 2022 Russian invasion of Ukraine

which further drove up the price paid for inputs. The cost of producing coca paste increased beyond its selling price. In Catatumbo, *La Silla Vacía* [reported](#), buyers stopped coming because the product's quality was not enough to produce desired amounts of cocaine.

7. Criminal groups are setting up their own growing operations and distribution networks

"Some traffickers who had previously only bought coca are also now reportedly taking over the entire production process, including growing crops, in order to improve quality, cutting out traditional farmers in the process," *InSight Crime* [reported in April](#). Former buyers, [added Salomón Majbub](#), a researcher at the Colombian government's Directorate for the Substitution of Illicitly Used Crops, "decided to start their own production processes, leaving the growers in these areas once again relegated to the sideline."

UNODC's October 2022 [survey](#) of coca cultivation in Colombia points to a recent trend: the formation of about 14 small geographic "enclaves," mainly in border and coastal areas, where traffickers have combined cultivation, laboratories, and jumping-off points for transshipment. These enclaves do away with the need to introduce precursor chemicals, and to buy leaves and paste, from farmers in more remote areas. Outside the enclaves, farmers are more likely to be facing reduced demand and falling prices.

8. Criminal groups are moving away from cocaine and into precious-metals mining

The [price of an ounce of gold](#) is about two-thirds higher today than it was in the mid-2010s. As [happened](#) the last time that precious-metals prices hit a peak, in the early 2010s, criminal groups are turning to illegal mining, which does great damage in environmentally fragile zones but tends to run less risk of interdiction by authorities. As a result, "there has been a migration of capital from coca paste to mining in areas of highland Nariño, southern Bolívar, or Antioquia's Bajo Cauca region," Sandra Bermúdez of Corporación Viso Mutop [told *El País*](#). In southern Bolívar and southern Córdoba, Felipe Tascón told *Cambio*, "armed groups have given a direct order not to buy (coca) in order to pressure the transition to mining." Media reports indicate that the [Gulf Clan](#) and the [Carlos Patiño Front](#) FARC dissident group are both turning away from coca and toward mining.

9. Changed demand in the United States

In a July [speech](#) before Colombia's Congress, and in an August 12 [tweet](#), President Petro said that exports of cocaine to the world's largest market, the United States, had diminished as U.S. drug users turned toward cheaper synthetic compounds, especially fentanyl and methamphetamine.

This is not quite accurate: while other, cheaper synthetic drugs' use has multiplied, U.S. demand for cocaine is either steady or has slightly increased since the mid-2010s, measured by [street price](#), border-area [seizures](#), or [overdose deaths](#) (when not combined with an opioid). Meanwhile, as UNODC's latest *World Drug Report* [recalls](#), cocaine demand is increasing nearly everywhere in the world, especially Asia, Africa, and Oceania.

Peace and conflict dynamics

10. Armed groups prohibiting sales in territory influenced by rival groups

Reports from disputed territories around Colombia point to competing armed and criminal groups prohibiting coca and coca-paste purchases in order to deny income to rivals. That leaves coca growers with no buyers. In Briceño, Antioquia, “if they sell to one group, they suffer retaliation from the other group,” a social leader [told](#) *Cambio*. In Nariño in 2022, *El Espectador* [reported](#), FARC dissidents killed Sinaloa Cartel representatives who were buying “merchandise” in territory under a rival group’s influence, halting all purchases in that area. In Catatumbo, groups have [destroyed](#) each others’ processing laboratories and clandestine airstrips.



Catatumbo, Colombia. Photo: Adam Isacson

11. A goodwill gesture from armed groups involved in negotiations

Reports from [Cauca](#) and [Catatumbo](#) point to the National Liberation Army (ELN) guerrilla group beginning to discourage coca cultivation and cocaine production. “They said that it (coca) has no future and that it was time to get it out of the region,” a Catatumbo social leader [told](#) *La Silla Vacía*.

Several [Colombian media reports point](#) to negotiators pursuing the government’s “Total Peace” strategy—talks to steer armed and criminal groups toward demobilizing—making an oral request for a goodwill gesture. “The request was made confidentially,” *La Silla Vacía* [reported](#). “This was part of the first talks between the government of Gustavo Petro and the dissidents of the FARC and the ELN. **The request was to**

discourage both coca trade and coca cultivation in the regions where they operate, as a show of good will.”

If that truly happened, groups involved in negotiations may be complying, at least partially, in some regions. Sandra Bermúdez of Corporación Viso Mutop [told](#) *Cambio* that “there are regions controlled by FARC dissidents that are currently discouraging drug trafficking, as the dissidents themselves want to consolidate a good environment for the Total Peace plan.”

12. Changes in the Petro government’s supply-reduction strategy

A final hypothesis credits the Petro government’s decision to concentrate supply reduction operations on cocaine interdiction, instead of forced coca eradication which mainly affects poor farmers. Felipe Tascón, the director of Colombia’s crop substitution office, [told](#) *El Espectador* that since heightened interdiction operations have made it harder for traffickers to get cocaine out of the country, their stockpiles are high and they are purchasing less.

This hypothesis is less certain: over the first six months of 2023, the Petro government’s security forces have [seized](#) twelve percent less cocaine than its predecessor did during the first six months of 2022.

Crisis and opportunity

Some of these purported reasons for the collapse of Colombia’s coca markets have more explanatory weight than others, and many are truer in some regions than in others. Still, they point to a “perfect storm” of factors contributing to a genuine humanitarian crisis in territories that were already poverty-stricken and poorly served by government.

The collapse of coca markets has brought a collapse—for now—in many farmers’ belief that the illegal crop could guarantee sufficient income for survival. That presents a golden, fleeting opportunity for the state to enter these zones and establish a new relationship with abandoned populations. **The Petro government, in cooperation with international partners, must rise quickly to the occasion and help farmers integrate into the legal economy.**

“The market will reactivate at some point,” [said](#) Estefanía Ciro. “But in this interregnum, we must first alleviate hunger and ensure that people have food, and then begin the whole process of territorial transformation and lay the foundations for these regions’ economic transition.”

In the short term, that means delivering humanitarian aid to populations facing a food security emergency. That can open the door to longer-term efforts to establish and consolidate a civilian state presence in these ungoverned areas, to end their historic abandonment.

Civilian state presence would mean greater access to education and health care. It would mean massive titling of land, a long standing demand. It would mean technical assistance and access to credit. It would mean introducing the judicial system to settle disputes and to bring accountability for corruption and human rights violations. And it would mean protecting local leaders who seek to have a say in how their communities are governed.



Cauca, Colombia. Photo: Adam Isacson

Over the past 30 years, Colombian governments have pursued several of these [“state presence building” efforts](#), but none has stuck. Some have relied too heavily on the military and neglected the civilian part of the government. Some were too small and underfunded. Most started in one presidential administration, only to shut down in the next.

The most recent, which is [running](#) behind [schedule](#) but remains in place, are **the “rural reform” and “illegal crops” commitments made within the 2016 peace accord** with the FARC. The Territorially Focused Development Plans (PDET) and National Comprehensive Illicit Crop Substitution Program (PNIS) make up most of the expected cost of implementing the accord. Still, they offer exactly the kind of participatory development that Colombia’s long-abandoned zones need in order for families to transition sustainably from reliance upon coca, and in order to prevent renewed expansions of illegal crops, or any future humanitarian emergencies caused by price collapses.

Bringing the state into many remote regions at once is a complicated and ambitious endeavor. The present crisis, however, makes it easier. Though they distrust the government after years of neglect and broken promises, populations will be more welcoming now at a time of urgent need. These are also territories that

voted overwhelmingly for President Petro in 2022's elections, which may make them more willing to engage. State-building and humanitarian assistance efforts can also be linked to ongoing negotiations with armed groups: if these groups truly intend to demobilize, the future peace of their regions of influence demands that they cease to be obstacles.

The window of opportunity is closing

Colombia's suffering coca-farming communities won't wait forever for the government to come. Nor do they have to. Worldwide cocaine demand is [on the rise](#), and in some regions, like Tumaco in southwestern Colombia, **coca prices are already beginning to recover**, Diego García-Devis of Open Society Foundations [told](#) *InsightCrime*. Estefanía Ciro has also [heard](#) of buyers returning to Caquetá, in south-central Colombia. And even where prices are not recovering, some residents of ungoverned zones are turning to illegal mining, joining armed groups, or displacing elsewhere.



Putumayo, Colombia. Photo: Adam Isacson

The window of opportunity is closing. “It is a great moment to implement social programs and development alternatives. But the government is not taking advantage of it,” Pedro Arenas of Viso Mutop [warned](#) in March. “They keep on designing and designing the policy,” [lamented](#) Ciro in May. “I think it is very complicated for us to take six, eight months, a year to consider what needs to be done.”

The Petro government has made a strong rhetorical commitment to implementing the 2016 peace accord's rural provisions, [stating](#) that it expects to spend 50.4 trillion Colombian pesos (about US\$12.5 billion) on

accord implementation during Petro’s 4-year term. In the short term, the government in July [launched](#) a plan to alleviate hunger by giving 2 million pesos (about US\$500) to more than 77,000 families. Crop-substitution chief Tascón had earlier [said](#) that the government expects to set up “*ollas comunitarias*” (community food centers) to meet urgent food-security needs in coca-growing zones, but that this effort was [slowed](#) by contracting mechanisms left behind by the previous administration.

In the medium and long term, **the Petro government is about to roll out a long-awaited new drug policy.** This is likely to include a reinvigorated crop-substitution aid program along the lines of what the peace accord foresaw, but ended up with [broken promises](#) of assistance to tens of thousands of families who eradicated their coca.

The Petro government only [modestly](#) restarted the accord’s crop-substitution effort during its first year. Supported by international partners, it will have to move fast to implement it within its yet-to-be-launched policy, despite a price tag that Justice Minister Néstor Osuna [estimated](#), preliminarily, at 18 trillion pesos (about US\$4.5 billion).

So far, the Petro government has not moved fast. As Ana María Rueda of the Fundación Ideas para la Paz [wrote](#) in *El Espectador* in August, after a year in office it is not even clear which official is fully in charge of carrying out its new drug policy. Nor is it clear what the strategy for executing this eventual policy will look like.

The government will have to move at a quicker tempo. Once the new policy emerges, **the U.S. government should be prepared to help implement both the short-term humanitarian and long-term “state presence” responses**—even if “seizing the opportunity while the window remains open” requires it to assist farmers who still have some coca.