

Sam Cowan
On: Colombian Coca price Crash

The ongoing crash in coca prices in Colombia has caused substantial food insecurity and displacement in the country, and has decimated local economies in rural regions dependent on coca farming. At least 400,000 families dependent on the coca trade for survival are struggling to the point that President Petro promised 77,000 families in July \$487 in stimulus, as part of an initiative to switch them to legal farming activities. In the Cauca region of Colombia, the price of a gram of coca base has decreased from around \$0.75 to \$0.42. In regions such as Cauca, the vast majority of families either farm coca or turn it into cocaine, but buyers have almost entirely gone away. Meanwhile, a number of global factors have contributed to inflation in food, pesticide, and gas prices. Restaurants in towns that thrived as recently as last year due to the cocaine trade are shuttering, while college students drop out of schools they can no longer pay for. Coca paste addiction has increased in a number of indigenous communities because of how much extra is stockpiled waiting for buyers.

Experts are still struggling to explain the sudden drop in price, but many think it is part of the ongoing shift in the market after the 2017 disbanding of FARC (The Revolutionary Armed Forces of Colombia), the guerilla group that had previously monopolized the drug trafficking industry and kept prices high. The Washington Office On Latin America has proposed 12 potential reasons for the market crash, one of which is overproduction: cocaine production went up 24% nationwide in 2022, due to a combination of increased coca farming and improved extraction techniques in laboratories. Coca production is also increasing in Mexico, Honduras, Guatemala, Ecuador, Peru, and Bolivia, creating alternate markets for buyers. Another is that President Petro fired over 70 corrupt officials upon taking office, who may have been ensuring the security of drug trafficking routes, which now forces drug traffickers to spend more energy finding new routes than buying coca. However, cocaine seizures have not increased substantially, which calls into question this theory. Government activities may partially explain the drop - the arrests of the leaders of several armed groups have been arrested in recent years, and peace negotiations with these groups may involve the slowing of coca buying as an act of goodwill. The Colombian government believes that the increase in fentanyl use in the US has decreased the market for cocaine, although statistics indicate that cocaine use has remained stable in the US, while increasing substantially in Brazil and Asia.

Some Colombians believe there are two possible outcomes to this market change: either a transition to legal agriculture and de-escalation of the long-time Colombian Conflict (the catalyst of the cocaine trade), or a transition of illegal activities committed by the armed groups of Colombia to precious metal mining. The Colombian government is banking on the first option, and much of its policy is aimed at limiting the extent of illegal cocaine production once prices inevitably even out.