



General Assembly Plenary Topic Background Guide
Topic 2: Global Drug Trade Supply and Demand¹

October 13, 2009

During the 1970s and 1980s, the international drug trade expanded in both its “pervasiveness and its scale.”² According to a UN survey, the worldwide dollar value of illicit drugs became second only to “the amount spent on the arms trade.”³

By 2005, the UN Office on Drugs and Crime (UNODC) estimated that the revenues of the global drug trade totaled more than \$320 billion annually. This is more than the gross domestic product (GDP) of 88 percent of the world’s countries. Forty-four percent (\$142 billion) of the revenue was from cannabis (marijuana and hashish), 22 percent (\$71 billion) was from cocaine, and 20 percent (\$65 billion) was from opium/heroin. The rest of the revenue was from amphetamine-type stimulants such as methamphetamine and Ecstasy.⁴

According to UNODC, five percent (200 million) of adults worldwide used drugs at least once in 2004. Of those, 75 percent used marijuana. That year, North American countries spent more on drugs than any other region (\$100 billion); Europe was the next largest consumer (\$70 billion).⁵

The drugs consumed in these developed countries came overwhelmingly from less-developed countries, especially Afghanistan (which produced 87% of the opium used to make heroin) and Colombia, Bolivia, and Peru (which together produced the majority of the coca used in cocaine).⁶

The global drug trade has many deleterious effects on individuals and societies. But how drug production, trafficking, and use can be reduced is a difficult question -- one that requires consideration of both the supply and demand for drugs.

The Supply of and Demand for Drugs

The supply of drugs is strongly affected by economic conditions such as costs of production and prices of goods. When farmers can make more money growing opium than food, as is the case today in Afghanistan, they are likely to grow opium.⁷ Because people in developing countries have few money-making opportunities outside of agriculture, the opportunity to produce drugs is hard to ignore. Thus poverty is a major factor contributing to drug production.

¹ This document was written by Kedra Hildebrand, Teaching Assistant.

² Diane Leduc and James Lee, “Illegal Drugs and Drug Trafficking,” *Library of Parliament: Political and Social Affairs Division*, available online at <http://www.parl.gc.ca/information/library/PRBpubs/bp435-e.htm>

³ Leduc and Lee, “Illegal Drugs and Drug Trafficking.”

⁴ UN Office on Drugs and Crime (UNODC), *World Drug Report 2005*, available at www.unodc.org/unodc/data-and-analysis/WDR.html

⁵ UNODC, *World Drug Report 2005*.

⁶ UNODC, *World Drug Report 2005*.

⁷ “The poppy trade. (In Box.)” *Foreign Policy*, 168, (September-October 2008), p. 30.

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The supply of drugs is also affected by the security situation in a country or region. One way to limit the supply of drugs is to develop and enforce laws against drug production and trade. But when they are involved in conflicts, governments are likely to be either distracted or weak, and such governments are unlikely to have the capability or will to enforce drug laws. For decades the governments of Colombia and Afghanistan have been involved in civil wars that have reduced their ability to deal with social and legal problems. Moreover, the anti-government groups in these countries have financed their military activities through drug production and trade. Thus war, too contributes to the supply of drugs.

Economic and security factors also affect in which countries drug traffickers choose to sell and transport their goods. In the last ten years, cocaine trafficking in Europe has almost tripled due to the strong Euro, which means traffickers can charge almost twice as much as they do in the United States.⁸ European trafficking has also increased due to the political instability in southern Europe associated with break-up of Yugoslavia, which weakened government control in the region and made it easier for traffickers to operate.

Together, the economic incentives to produce drugs and the lack of strong states to enforce laws make less-developed countries the primary producers of drugs. On the other hand, the availability of cash to buy drugs makes developed states the main consumers. As mentioned, North America (primarily the US and Canada) and Europe were responsible for 53 percent of drug-related expenditures in 2005.

The other major consumers of drugs are in the regions near where they are produced. For example, in Tajikistan from 1997 to 2000, there was a significant increase in the number of heroin addicts, with more than two-thirds of users younger than 30. The increase in heroin use reflected increasing opium production in Tajikistan's neighbor, Afghanistan.⁹ Likewise in Vietnam, a country bordered by several opium producing countries, heroin use has reached unprecedented levels. Drug use has become so staggering that the government sponsors cafés that provide sterile needles to reduce the spread of HIV/AIDS. In 2000, one café handed out over 600 needles a day.¹⁰

History and Current Events

The contemporary pattern of drugs being produced in less-developed countries and consumed primarily in more-developed countries replicates the historical pattern of the international drug trade. In 19th century England, for example, opium was widely used by the upper-classes. So intense was the demand that the British government itself participated in opium trafficking, in two ways. First, it licensed the British East India Company to produce opium for sale in the UK. Second, the British encouraged the Company to sell opium in China. The British goal was to get the Chinese addicted to opium so the British could use opium to pay for Chinese tea and silk instead of silver. During the Opium Wars of the 1840s and 1850s, the Chinese government, which had outlawed opium, tried to resist this British policy. China lost, however, and was forced to open its markets to the British and legalize the opium trade. In China, treaties that codified this result are called "the unequal treaties."¹¹

This mixing of individual drug consumption and international politics is one of the reasons it is difficult to obtain agreement about whether the drug trade should be stopped and, if so, how. From the perspective of less-developed countries, the problem is not their production but the demand from developed countries, which makes prices for drugs so high and thus efforts to eradicate production so difficult. But from the perspective of developed countries, the problem is the supply, which makes it difficult to tell their citizens to "just say no."

⁸ Henrique Almeida, "Cocaine Trade Scents Higher Profit in Europe," Reuters, July 17, 2007, available at <http://www.reuters.com/article/inDepthNews/idUSL0991054520070717?>

⁹ Catherine Davis, "Tajikistan's Battle with Addiction," BBC News, June 6, 2000, available at <http://news.bbc.co.uk/2/hi/asia-pacific/774769.stm>

¹⁰ Mangai Balasegaram, "Vietnam's Drugs and AIDS Epidemic," BBC News, June 6, 2000, available at <http://news.bbc.co.uk/2/hi/asia-pacific/779487.stm>

¹¹ Leduc and Lee, "Illegal Drugs and Drug Trafficking." See also BBC Radio, "The First Opium War, Episode 47," Transcript, 21 February 06, available at http://www.bbc.co.uk/radio4/history/empire/episodes/episode_47.shtml

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Because developed countries have more capabilities to pursue their favored policies, historically the emphasis has been on supply-side solutions, such as crop eradication. But according to many observers, the drug trade will end only with declines in the demand for illicit drugs. A study performed by the RAND Corporation, a non-profit research organization, argued that there are four types of intervention available to countries seeking to stop the use and sale of illicit drugs:

- source-country control, such as crop eradication in countries that grow drugs;
- interdiction, such as illicit drug seizures at the borders;
- domestic enforcement, such as seizures of the drugs in the hands of users; and
- treatment of heavy users, such as outpatient and residential prevention and rehabilitation programs.¹²

In 1992, the US spent \$13 billion on cocaine efforts alone. Of that, 7 percent was for source country control; 13 percent was for interdiction; 73 percent was for domestic enforcement; and 7 percent was for treatment of heavy users. According to RAND, it would cost much less for the US to reduce its spending on supply control programs (the first three items) and expand the funds dedicated to prevention and rehabilitation. Specifically, to reduce cocaine consumption by one percent, it would take “\$783 million for source-country control, \$366 million for interdiction, \$246 million for domestic enforcement, or \$34 million for treatment.” In other words, treatment would achieve the same effects as source-country control at 23 times less cost.¹³

The reason demand-side solutions are so much more effective is illustrated by the fact that takes just 13 truckloads of cocaine to satisfy US demand for one year. Since there are 300 points of entry and 7,500 miles of border to protect, source-country control, interdiction and enforcement would have to be almost perfect to prevent that amount of cocaine from entering the country.¹⁴ Nevertheless, when the US Drug Enforcement Administration (DEA) was created in 1973, the agency’s focus was interdiction. Later, in the 1980s and 1990s, the emphasis became source-country control, namely partnering¹⁵ and in some cases bullying¹⁶ countries to crack down on illicit drug growers in their regions.

One of the regions the US has focused on in this regard is Latin America and the Caribbean. Central America is called “the drug pipeline” because of its connection of South American growers and North American consumers. For decades, drug trafficking in the region has led to blossoming homicide rates, small arms trade, and youth violence, which have fueled violent crime and made sustainable economic development difficult.¹⁷

In recognition of the problems drugs have created -- and under pressure from countries like the US -- several nations in the region have made concerted efforts to stop growers. For example, in 1997, Bolivia announced

¹² C. Peter Rydell and Susan S. Everingham, “Controlling Cocaine: Supply Versus Demand Programs,” Rand Monograph Report, 1994, available online at http://www.rand.org/pubs/monograph_reports/MR331/index2.html

¹³ Rydell and Everingham, “Controlling Cocaine: Supply Versus Demand Programs.”

¹⁴ Drug Policy Alliance, “Drug Treatment vs. Supply Side Measures,” 2002, available at <http://www.drugpolicy.org/library/factsheets/drugtreatmen/index.cfm>

¹⁵ Nicholas Burns, “Future Engagement and Partnership with Latin America,” U.S. Department of State, (November 20, 2006, available at <http://www.state.gov/p/us/rm/2006/76431.htm>

¹⁶ Simon Romero, “Ecuador Opposes Outpost in American War on Drugs,” *The New York Times*, May 12, 2008, available at http://www.nytimes.com/2008/05/12/world/americas/12manta.html?_r=1&scp=1&sq=US%20and%20Latin%20America%20war%20on%20drugs&st=cse

¹⁷ UNODC, “Annual Report, 2008: Covering Activities in 2007,” pp. 37-38, available at http://www.unodc.org/documents/about-unodc/AR08_WEB.pdf

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it would “eradicate the cultivation of the coca leaf from [its] territory by 2002.”¹⁸ The plan received strong financial backing from the US, and for a while succeeded in eradicating “tens of thousands of hectares of coca leaf plantations.”¹⁹ Bolivia has also sought to persuade coca farmers to switch to alternative crops such as coffee, banana or pineapple -- a plan that has been mimicked by other coca producing countries in the region to mixed success.²⁰ However, even with the extensive effort being made to halt production, complete and permanent eradication remains a long way off. In fact, according to the UNODC, in 2004, aggressive US efforts to eradicate coca crops in Colombia reduced the amount of coca produced there, but because demand for cocaine was unchanged, coca production simply moved to Peru and back to Bolivia.²¹

Besides the mixed supply-side success in Latin America and the Caribbean, in recent years the fight against the global drug trade has encountered two new problems. First, there have been significant increases in drug trafficking in Africa. In a 2007 report, the UNODC argued that West Africa had become a “hub for cocaine trafficking from South America to Europe.” The report contended that African shores have become a safe place for drug traffickers seeking to meet the demand for cocaine in Europe and North America due to their easily bribed officials and typically unpatrolled borders. According to the UNODC, over 33 tons of cocaine, a drug not produced in Africa, were seized in the region from 2005 to 2007. According to the UN, this is just the “tip of the ice-burg” of how much cocaine is actually passing through Africa.²²

Second, since the fall of the Taliban government in Afghanistan in 2001, opium poppy production has exploded, created problems for the new government, the people and countries in the region, and other governments trying to stem the flow of heroin to their populations. Under the Taliban, opium production was illegal but nevertheless occurred to some extent. Since 2001, however, Afghan warlords have encouraged the planting of opium instead of food and other crops to finance their mini-states. Moreover, heroin trafficking has become a major source of revenue for Al Qaeda and a destabilizing factor in many countries. Smuggling of opium has stretched to Saudi Arabia, Kuwait, and the United Arab Emirates (UAE) from Jordan, Syria, and Turkey. Iran, too, has felt the effects of the Afghani opium production, seizing 180 tons of opium in the first half of 2007.²³ Emphasis on poppy production has reduced the ability of Afghan farmers to feed themselves and the nation. International efforts to curtail production have proven to be extremely dangerous. In 2007, Canadian troops destroying crops came under attack by disgruntled farmers. As a result, the Canadian government has been reluctant to participate in further eradication efforts and has come under public pressure to wrap up its participation in the NATO operation.²⁴

Previous Committee Work on This Topic

Since the 1960s, there have been a number of international treaties related to the drug trade, most of which were first proposed in the UN General Assembly. Like other treaties, they are binding only on states that sign and ratify them. In such states, the treaties are the law of the land. These treaties are:

¹⁸ James Reynolds, “Bolivia Wages War on the Coca Leaf,” BBC News, June 6, 2000, available at <http://news.bbc.co.uk/2/hi/778100.stm>

¹⁹ Reynolds, “Bolivia Wages War on the Coca Leaf.”

²⁰ Clifford Krauss, “Desperate Farmers Imperil Peru’s Fight on Coca,” *New York Times*, February 23, 2001, available at <http://query.nytimes.com/gst/fullpage.html?res=9901E0DC1239F930A15751C0A9679C8B63&fta=y&scp=1&sq=d rug%20trade%20coca%20to%20coffee&st=cse>

²¹ UNODC, *World Drug Report 2005*.

²² UNODC “Annual Report, 2008,” p. 31, 37.

²³ Thomas Land, “Drugs trade takes its toll in Middle East region” *The Middle East*, 390, (June 2008), 20-23.

²⁴ Nicholas Kohler “War of the Poppies” *Maclean’s* 20:7 (February 26, 2007), 25.

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- 1961 Single Convention on Narcotic Drugs. The purpose of this convention was to combat drug abuse through coordinating international action. The convention also sought to “limit the possession, use, trade, distribution, import, export, manufacture and production of drugs exclusively to medical and scientific purposes.”²⁵
- 1971 Convention on Psychotropic Substances. This introduced controls over a number of drugs while taking into account their “abuse potential on the one hand and their therapeutic value on the other.”²⁶
- 1988 Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances. This treaty established measures to stem drug trafficking, including provisions against money laundering and extradition of drug traffickers from one country to another so they can be tried in court.²⁷
- 2000 Convention against Transnational Organized Crime. This convention commits member states to take a series of measures against transnational organized crime groups, such as international drug cartels.²⁸

In addition to these treaties, the UN is involved in a number of projects that target the supply side of the drug trade. For example, in 2006, the UNODC established “Data for Africa” to help countries monitor and reduce drugs and crime on the African continent. The program supports both national and regional initiatives, including the establishment of a national drug and crime intelligence database in Cape Verde.²⁹

In 2007, the UNODC embarked on a campaign against illicit drug traffickers. As of 2008, UNODC had intercepted “shipments totaling several hundred tons of a chemical that helps to turn poppy-based opium into heroin.” This campaign involved an unusually high level of cooperation among countries that normally do not work together, including the US and Iran. Within the first year of activity, opium operations in Afghanistan were reported to slow for the first time since 2001.³⁰

On the demand side of the drug trade, the UN has created several programs for use by member states. For example, the UNODC has developed prevention programs targeted to youth as well as programs aimed at workplace environments.³¹ The UNODC has also created “Treatnet,” an international network of “drug dependence treatment and rehabilitation resource centers” aimed at reducing drug dependence treatment internationally, especially in countries that lack the resources to supply such treatments.³²

²⁵ UNODC, “Single Convention on Narcotic Drugs, 1961,” available online at <http://www.unodc.org/unodc/en/treaties/single-convention.html>

²⁶ UNODC, “Convention on Psychotropic Substances, 1971,” available online at <http://www.unodc.org/unodc/en/treaties/psychotropics.html>

²⁷ UNODC, “Convention against the Illicit Traffic in narcotic Drugs and Psychotropic Substances,” available online at <http://www.unodc.org/unodc/en/treaties/illicit-trafficking.html>

²⁸ UNODC, “Convention against Transnational Organized Crime,” available online at <http://www.unodc.org/unodc/en/treaties/CTOC/index.html>

²⁹ UNODC, “Annual Report, 2008,” p. 33.

³⁰ Celestine Bohlen, “UN Progress on War on the Drug Trade,” *International Herald Tribune*, (October 7, 2008), available at <http://www.iht.com/articles/2008/10/07/europe/letter.php>

³¹ UNODC, “Drug Abuse Prevention,” 2008, available at, <http://www.unodc.org/unodc/en/prevention/index.html>

³² UNODC, “Treatnet,” available at http://www.unodc.org/treatment/en/centers_map.html

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Conclusion

UN efforts in regards to the illicit global drug trade have seen some successes but are in need of improvement. One of the most important questions is whether money is being directed to the most effective areas, as billions more dollars are spent stopping drug suppliers than reducing demand. Furthermore, the UN must also recognize the need to respect the sovereign territory of nations while trying to reduce drug production, trade, and consumption.

As the UN committee charged with oversight of all economic, social, and cultural issues as well as security issues not considered by the Security Council, the GA Plenary can take the lead on this issue, recommending new actions to member states and giving instructions for improvement to UNODC. When researching your country's position on this issue, consider the following questions:

- Is your country a supplier of illicit drugs? If so, why? Where are those drugs sold?
- Is your country a consumer of illicit drugs? If so, why? Where do those drugs come from?
- What, if any actions has your country taken to stem the production and trade of illicit drugs? Is it pursuing primarily a supply or demand-side strategy? How much money is your country contributing to this effort?
- Has your country ratified the various conventions on illicit drugs? Why or why not?
- Does your country contribute to the finances and/or personnel of the UN Office on Drugs and Crime?
- What can and should states do to address the supply and demand of illicit drugs?

Recommended Reading

“The Global Drugs Trade” (2000). BBC News. Available online at http://news.bbc.co.uk/1/hi/english/static/in_depth/world/2000/drugs_trade/production/production.stm

This web site is valuable because it provides an interactive map that allows you to read a short synopsis of the relationship different regions in the world have with the drug trade.

Romero, Simon (May 12, 2008). “Ecuador Opposes Outpost in American War on Drugs.” *New York Times*. Available at http://www.nytimes.com/2008/05/12/world/americas/12manta.html?_r=1&scp=1&sq=US%20and%20Latin%20America%20war%20on%20drugs&st=cse

This article provides a good explanation of some of the difficulties associated with dealing with the drug trade in an international setting. It shows that cooperation can be difficult when one country, such as the US, has more resources to combat the problem.

Rydell, C. Peter and Susan S. Everingham (1994). “Controlling Cocaine: Supply Versus Demand Programs,” Rand Monograph Report. Available online at http://www.rand.org/pubs/monograph_reports/MR331/index2.html

This article compares the costs and effectiveness of various drug control strategies.

United Nations Office on Drugs and Crime (UNODC). Website. Available at <http://www.unodc.org/>

This site provides access to information about all of the UN's drug-related activities, including the texts of various treaties, lists of states that have ratified the treaties, annual World Drug Trade reports with statistics on production and consumption in various regions, and Annual Reports on the UNODC's activities.