
COMMISSION ON NARCOTIC DRUGS

LIMITATION OF PRODUCTION OF RAW MATERIALS

(Item 13 (c) of the Provisional Agenda)

GENERAL CONSIDERATIONS FOR A PLAN FOR THE
LIMITATION OF THE PRODUCTION OF COCA LEAVES

(Note Prepared by the Secretariat)

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GENERAL CONSIDERATIONS FOR A PLAN FOR THE LIMITATION
OF THE PRODUCTION OF COCA LEAVES

Existing Control

The existing system of control of the production and trade in coca leaves is considerably looser than that which exists for raw opium. Coca leaves are referred to in Chapters II, V and VI of the 1925 Geneva Convention. According to Chapter II the contracting parties shall limit the number of towns, ports and localities through which the export or import of coca leaves shall be permitted. The important provisions, however, of Article 2 by which the contracting parties undertake to enact laws and regulations to ensure the effective control of the production, distribution and export of raw opium, do not apply to coca leaves.

The system of import certificates and export authorizations contained in Chapter V of the 1925 Convention applies to coca leaves.

Under Article 21 of the 1925 Convention the contracting parties have undertaken to furnish to the Permanent Central Opium Board estimates of the quantities of coca leaves to be imported for internal consumption during the following year for medical, scientific and other purposes. These estimates are not, however, binding on the Government concerned.

In addition, under Article 22 the contracting parties have undertaken to send to the Board as complete and accurate statistics as possible relative to the preceding year showing the production of coca leaves, the stocks in hand, the quantity consumed, and the amount confiscated on account of the illicit import and export. The contracting parties have also undertaken to forward to the Board quarterly statistics on the importation and exportation of coca leaves. (For available statistics see document E/CN.7/110).

The only quantitative restrictions which apply to coca leaves are contained in Articles 16 and 17 of the 1931 Convention which limit the stocks which manufacturers are allowed to have in stock for the manufacture of cocaine.

Of the producing countries Peru and China (for Formosa) are not parties to the 1925 Convention and Bolivia became a party to the 1925 Convention with the following reservation:

"Bolivia does not undertake to restrict cultivation of coca or to prohibit the use of coca leaves by the native population".

General Considerations Affecting the Limitation of the Production of
Coca Leaves

The object of any plan for the limitation of production of coca leaves would be to ensure that the legitimate needs of the world in coca leaves are satisfied, and to ensure that coca leaves are not cultivated for any other purpose. This implies that the total world needs must be fixed by international agreement. The implementation of this agreement will require that a control of production be established on an international basis.

International Agreement

In considering the possibility of achieving international agreement concerning the total production of coca leaves some valuable lessons can be learned from other commodity control schemes. There is however an important difference in the problem of the limitation of the production of coca leaves. Commodity control schemes have usually in the past been negotiated to prevent the fall in prices due to the excessive accumulation of stocks resulting from a general falling off in demand. In the case of the production of coca leaves the problem is somewhat different. The effective demand will probably for a long time be greater than the legitimate demand. The objective of the control will not be so much the maintenance of an even price level as the restriction of production to satisfy only legitimate requirements. For this reason the problem of the international machinery is somewhat easier than in the case of the general commodity control scheme, because the legitimate world demand for coca leaves may be expected to be relatively constant. On the other hand the problem of control of production of coca leaves will be more difficult because in several of the producing countries there will exist an effective demand which will be greater than the legitimate demand and be a constant source of incentive to illicit production.

International Machinery

If the world wide production of coca leaves is to be controlled it will clearly be necessary for some international authority to fix the maximum total world production. It is suggested that the "principles for a convention on the limitation of poppy cultivation and of the production of raw opium" which were contained in document OC/Confidential/27 of the Advisory Committee of the League of Nations* provides many useful suggestions which can be adapted to a scheme for the limitation of the production of coca leaves.

* See document of the League of Nations C.221.M.123.1938.XI. of 24 June 1933, pages 28-40.

At the present time the easiest way of fixing the total world production would be on the basis of the estimates of requirements for manufactured cocaine which are submitted annually to the Supervisory Body by the parties to the 1931 Convention. It would be necessary for consumer countries also to submit their requirements for coca leaves for other legitimate purposes such as the manufacture of soft drinks. It would be necessary by international agreement to make the estimates submitted by governments binding in order to establish the figure for total world production.

Quota System or Free Order System

There are three possible methods by which international control authority may allocate shares of the total world production between the various producing countries:

1. By a quota system;
2. By a free order system;
3. By a combination of both these systems.

A full discussion of the relative advantages of the three alternatives was undertaken in the above-mentioned document of the Advisory Committee of the League of Nations.* In the case of the coca leaves the available statistics show that there have been considerable fluctuations in the demands of individual consuming countries. For this reason it might be desirable to combine the two systems.

It it were possible to fix quotas of production for a period of five years the free order system should be possible within the general framework of the quotas. The principle weakness which has upset most commodity control schemes in the past has been the lack of representation of consumer countries which has forced the consumers to seek alternative sources of supply. A free order system after fixing of producer quotas might circumvent the difficulty. Moreover, it would give sufficient flexibility to the scheme to allow consumer countries to take into account all the problems created by currency controls in placing these orders.

The production quotas could be fixed in accordance with the provisions of the future Convention by a conference of producer countries in agreement with the international control authority. This authority would then be responsible for seeing that the free order system will not result in over production in any particular country. To do that it would be necessary for the consumer countries to agree that the international control authority should have the right to re-direct orders. Such an arrangement would seem to be in line with the general principles for inter-governmental commodity agreements as laid down by the fifth committee of the Conference on Trade and Employment.

It is suggested therefore that the original quotas should be fixed in accordance with the provisions of the future Convention by a conference of producer countries in agreement with the international control authority for a period of five years, that power should be given to the international control authority to readjust the quotas if they proved unworkable during that period and that the international control authority should be given the right to re-direct the orders of consuming countries in order to ensure that the quotas were not exceeded.

Import and Export Certificates

One of the most effective ways by which the international control authority could watch over the working of the plan for the limitation of production of coca leaves would be to stipulate that the import certificates and export authorizations for coca leaves, crude and manufactured cocaine, would be cleared by the international control authority.

Fixing of Quotas

As the total world demands for cocaine for medical and scientific purposes appear to be relatively constant, it should be possible to fix the production quotas for a period of five years. A full cocaine content can only be obtained from leaves which have been harvested from shrubs grown for three and a half years. The consumption of coca leaves for soft drinks, however, introduces an element of uncertainty, and although an increase in demand for coca leaves for these purposes may be met from stocks, the producer countries and the international control authority might find it difficult to alter the quotas beyond certain definite limits. To overcome this difficulty it might be necessary to include in the international agreement a provision giving the international control authority the right to call a conference of the producer countries at more frequent intervals to review the quotas.

Limitation of Areas of Production

The variability of the alkaloid content (.5-1.0 per cent in South American and Formosan leaves and 1.0-2 1/2 per cent in Javanese leaves) in different species of the coca leaf would make it difficult for an international authority to delimit the areas of production in each of the producing countries. It is therefore suggested that it might be desirable to leave the actual control of cultivation to the administrations of the producing countries, but that the general principles of this control should be incorporated in the international Convention for the limitation of production.

/National Control

National Control

A prerequisite of an effective national control is that the cultivation of the coca leaf should be subject to licence in the countries which are parties to the convention. The cultivation of the coca leaf without licence should be made an offence punishable by law. Probably the most effective method of implementing the control would be to establish a government monopoly which would purchase the whole crop. The Commission might desire to express an opinion on this question and to invite the governments of the countries concerned to express their views on this matter.

Calculation of Areas of Production

It would be necessary to stipulate that producing countries should undertake that the areas under cultivation correspond as closely as possible with the allocated quota of production based on the average yield calculated statistically for a fixed number of years in the past. It might be useful for the international control authority to obtain from producer countries annual statistics of the areas in which the cultivation of coca leaves was permitted.

Stocks

In order to ensure the smooth working of any limitation scheme, the producing countries should be allowed to keep regulating stocks of coca leaves. The size of these stocks should be controlled by the international authority and variations in them will have to be taken into account by it in fixing the quotas. It is suggested that the total world stocks should not exceed one year's production of coca leaves, but the actual level will have to be fixed by the conference of producer countries.

Conclusion

The general considerations of a scheme for the limitation of the production of coca leaves as outlined above show that the effectiveness of the control must depend above all on the efficiency of the national administrations. The first step will necessarily be to find out whether the governments of producer countries are prepared to introduce legislation for the regulation of the production of coca leaves and to limit this production to satisfy only legitimate needs. Before a clear answer to this question can be given it might be necessary to settle the controversy over the effects of chewing coca leaves.

It might be appropriate to quote in this context the report of the joint Bolivian United States Commission which examined labour conditions

/in Bolivia

in Bolivia under the auspices of the International Labour Office:

International Labour Office
Labour Problems in Bolivia

Report of the Joint Bolivian United States Labour
Commission 1943 - Extract - page 40.

.....
There is much controversy as to whether the coca-
chewing habit is the cause or the effect of improper
nutrition - whether the worker chews coca to appease
his hunger or whether the chewing of coca destroys
his appetite. No study has ever been made to
determine how deleterious to health this practice
is. It appears clear to the Commission that this
question has many ramifications that require study.
It constitutes not only a physiological but a
psychological problem. Moreover, the large acreage
now devoted to the cultivation of coca makes it an
economic problem as well. Until such time as an
authoritative study is made to the effects of coca-
chewing, no recommendation can be made with respect
to its control or regulation by taxation or
otherwise....."
