

Country: Peru

Illicit financial flows from cocaine trafficking

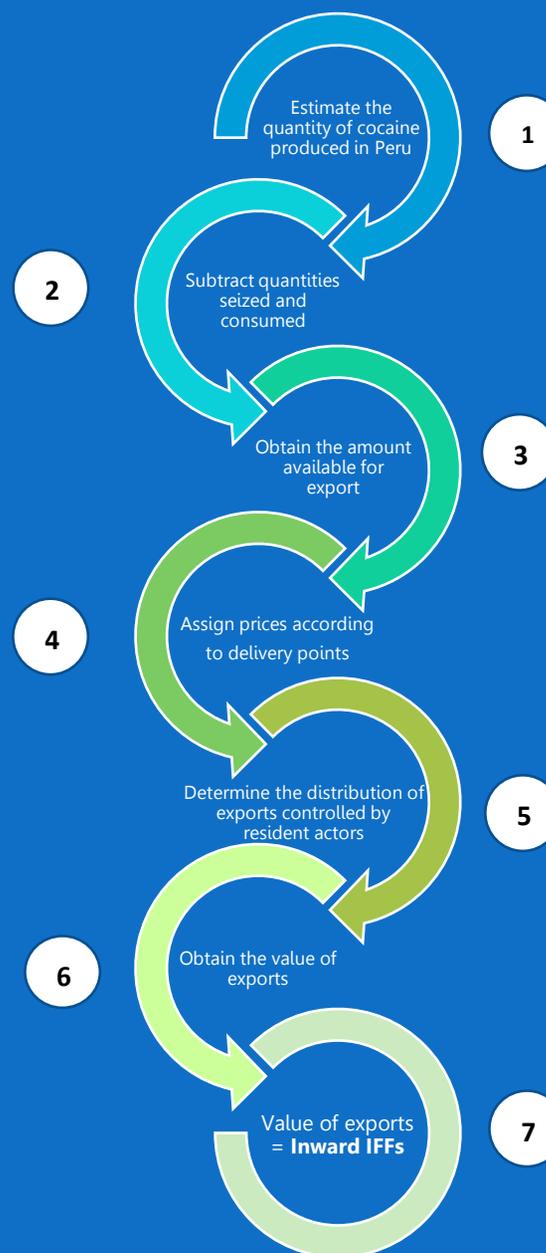
According to the *World Drug Report 2020*, published by UNODC, Peru is the country with the second largest area under coca bush cultivation worldwide: Colombia accounts of 70 per cent, Peru for 20 per cent and the Plurinational State of Bolivia for 10 per cent. Traffickers resident in Peru export the substance to markets in South America and additional income is generated by selling cocaine to non-resident drug trafficking organizations involved in the extra-continental export of the drug, mainly to North America, Europe and Asia.

In Peru, inward Illicit financial flows (IFFs) are generated when the cocaine produced is exported to the rest of the world, as well as from the income that resident citizens receive as a result of their participation in the cocaine trafficking chain.

As cocaine is produced in Peru, the pilot estimated the value of IFFs generated from cocaine trafficking in the country through a supply-based approach. The approach starts with the estimation of the production of cocaine paste, cocaine base and cocaine hydrochloride from data on the area under coca bush cultivation and the production of coca leaf, obtained through the coca cultivation surveys conducted by UNODC over the period 2015–2017. Subtracting the quantity of cocaine-type products seized and consumed from the estimated potential quantity of cocaine produced gives an estimate of the total quantity available for export. For a transaction to be considered an export, the sale of cocaine from a resident to a non-resident actor has to take place; therefore, the amount available for export is combined with information on the actors involved in the transaction. The final figure is then obtained by combining the domestic wholesale price paid by non-resident actors and the price obtained by Peruvians selling cocaine in other countries. Based on this, the value of illicit financial flows flowing into Peru from abroad is estimated to have been an average of **\$1.48 billion** (range **\$1.33 to \$1.70 billion**) over the period 2015–2017.

The pilot benefited from information on actors collected through institutional and media-based sources, which enabled the calculation of both an estimate of inward IFFs from exports of cocaine products sold to non-resident drug trafficking organizations within Peru (equivalent to between \$1.25 and \$1.60 billion) and an estimate of the cocaine sold by Peruvians in other countries (estimated to range from \$0.08 to \$0.10 billion).

Methodology



Results (average 2015–2017)



Key data and results

Inward illicit financial flows

IFFs from cocaine trafficking -> are generated whenever there is a cross-border exchange of value from resident actors to non-resident actors (regardless of the location where the exchange of value takes place) resulting in the export of cocaine or of other inputs and services related to trafficking in cocaine.

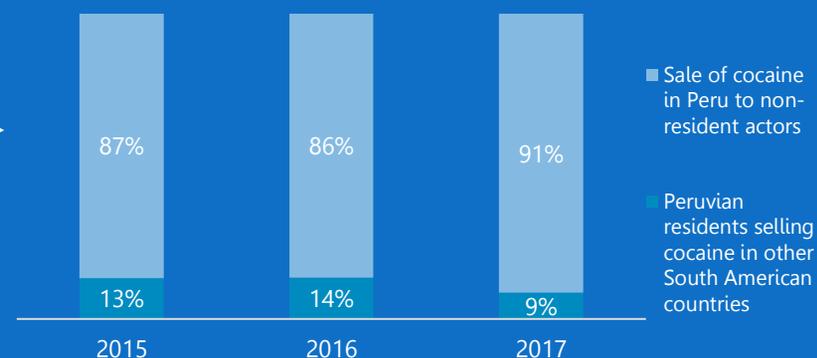
Value of the exports = volume of cocaine exports x export prices -> inward IFFs

QUANTITIES

	2015	2016	2017	Average 2015–2017
Illegal production of cocaine hydrochloride *	269	315	368	317
– Cocaine hydrochloride seizures	7	12	19	13
= Available cocaine after seizures *	262	303	349	305
– Domestic consumption of cocaine-type products *	26	27	28	27
= Volume of cocaine available for export *	236	276	321	278

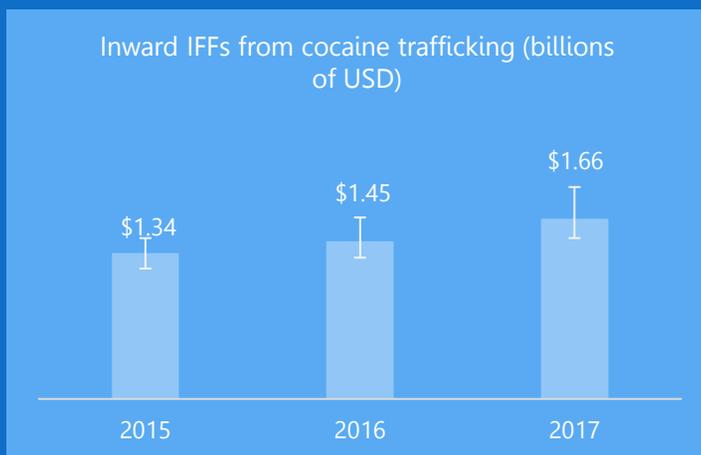
Source: UNODC, estimates based on annual report questionnaires data and Peru coca crop monitoring surveys 2015, 2016 and 2017.
Note: All quantities above refer to tons and to pure cocaine equivalent. * midpoint estimates.

DISTRIBUTION OF EXPORTS



Source: Ministry of Interior.

INWARD IFFs ESTIMATE



Sources: UNODC estimate.

PRICES (USD per kg)

	2015	2016	2017
Peruvian residents selling cocaine in other South American countries	\$2,800	\$2,600	\$2,500
Sale of cocaine in Peru to non-resident actors	\$5,900	\$5,500	\$5,300

Sources: Department of Antinarcotics (Ministry of the Interior), expert interviews.
Note: The figures refer to average wholesale purity-adjusted prices.