

URUGUAY – A Cannabis paradise?

Uruguay, famous for its legal battle with Phillip Morris, is expected to continue raising it's already strict tobacco restrictions, yet is moving the other way on cannabis.

Cannabis production and consumption in Uruguay is legal, although in a highly regulated form and one that is very sui generis.

Law No 19.172 was approved in 2013 and regulated by Decree No 372 in December 2014. But it was only in June 2017 that it's most visible provisions came into force.

In 2013, when the law was passed, public opinion was 66/24% against legalization. But, the government went ahead anyway.

Polls show the majority of Uruguayans are still against it, but there has been no public scandal and it will be interesting to see if the government can lead in forming public opinion in this area as it did with its tobacco restrictions.

Likewise, Uruguay's plans have been subject to much international interest. We are something of an experiment: if successful it could conceivably be copied in many other countries and if unsuccessful it could also lead to legalization plans being abandoned.

What kinds of production and consumption are allowed?

The law creates different regimes for different groups of users:

- Grow your own. Private individuals are allowed a maximum of 6 plants per household, with a maximum production of 480 grams per year and prior registration with the Instituto de Regulación y Control del Cannabis (IRCCA) part of the Public Health Ministry.
- Growers Clubs. Interested individuals are allowed to form clubs for the specific purpose of growing cannabis and distributing it amongst the members subject to the following restrictions:
 - i. The club must have a minimum of 15 and a maximum of 50 members.
 - ii. All members must be Uruguayan citizens or legal residents
 - iii. One of the members must act as the responsible person who controls the production and distribution to each member.
 - iv. Each member is entitled to a maximum of 480g per year.
 - v. The club can have a maximum of 99 plants.
- Buying in registered pharmacies.

This is where the law gets interesting! The government wants to make consumption legal, but also wants to take production away from the drug mafias. So, the

government put production out to tender. Five companies have been selected to produce the cannabis at secret locations around the country.

These companies in turn are obliged to sell all their production to the government at a pre-established price. In this way the government hopes to also ensure the quality of the product being sold.

This part of the law has proved to be the most difficult to implement (in addition to being the most controversial). It has taken 4 years to get from approval of the law to the first sales in July 2017.

The sales process is as follows:

- i. The government sells the cannabis to final consumers through a pre-selected list of pharmacies. At the present time, only 15 pharmacies in the whole country registered to sell, mainly because the majority of pharmacies were simply not prepared to take on the sale of the product for a variety of reasons.
- ii. The pharmacies sell only to pre-registered individuals, who must be Uruguayan citizens or legal residents. This means that each person has given all his personal data (including finger prints) to the government, although supposedly the database is confidential.

The fact that you must be a citizen or resident in Uruguay means, in theory, Uruguay will not be a market for cannabis tourism.

- iii. The maximum amount which each person can buy per month is 40g.

What problems have there been?

On the buyer's side:

- i. Many concerns were raised about whether people would be prepared to give up their personal details to go on the register. Perhaps they would prefer to continue to buy illegally. But to date this does not seem to be an issue. So far more than 17.000 people have registered.
- ii. Lack of supply. There has been so much interest that the government has simply not been able to meet demand, so registered pharmacies have often been unable to sell, and queues have formed outside pharmacies when people know they have product to sell.
- iii. Product Quality. At first there were complaints that the level of 2% THC was insufficient. The government has now increased this to 9% THC and buyers seem to be happy.

On the seller's side:

- i. For those pharmacies which decided to participate there has been only one

significant problem: banking. The problem the government did not foresee was the US Patriot Act, which makes it illegal for any US bank to have any contact with a foreign bank which could be dealing with money from drug transactions. It is hard to believe that the government did not foresee this difficulty before, but it would seem to be the case as this only came to light when private banks started to warn their pharmacy customers that they would have to close their accounts if they continued to sell cannabis.

The public banks took the same stance, when they were informed of the position.

A definitive solution to this problem is yet to come. But at the present time, the pharmacies seem to have found a way to continue selling.

What other restrictions are there?

- Employment – No smoking is allowed in the workplace and one is not allowed to turn up to work whilst under the influence – which is taken as meaning a 0% level of THC. The public authorities can make unannounced inspections of workplaces at any time to control compliance.
- Driving – Likewise one cannot drive whilst under the influence – which is 0% level of THC. This is similar to the 0% level of alcohol allowed for driving.
- No publicity is allowed either directly or indirectly in any medium.
- Grow shops are allowed and in fact there are numerous ones springing up throughout the country. They are though subject to the above restrictions on publicity.

What medicinal use is allowed?

- This is an area which has not yet been regulated, either for private users to get a doctor's prescription for it or for businesses wanting to export market it. Many businesses have expressed interest in this market.

Conclusion:

So far, the law seems to have been a success, apart from the banking issue. The streets are not full of dope addicts, either Uruguayan or foreign and there has been no increase in crime. It is still early days and it will be interesting to see if sales of "illegal" cannabis drop and also whether sales of other drugs go up or down. Time will show if the argument about cannabis being a starter drug for other more noxious drugs is correct or not.

If it continues to be a success, then hopefully the government will move quickly to regulate the medical use side, with its interesting business opportunities.

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