Published in final edited form as:

Int J Drug Policy. 2017 April ; 42: 118–120. doi:10.1016/j.drugpo.2017.02.007.

Uruguay's Middle-Ground Approach to Cannabis Legalization

Magdalena Cerdá, DrPH^{a,1} and Beau Kilmer, PhD^{b,*}

^aUniversity of California, Davis

^bRAND Drug Policy Research Center

Abstract

Cannabis legalization is a serious topic of discussion in the Western Hemisphere. Since 2012, voters in eight U.S. states have passed laws to legalize large-scale cannabis production and allow profit-maximizing companies to grow and sell it for nonmedical purposes. Voters in Washington DC also approved legalization, but supply is limited to home production and gifting—retail sales are not allowed. In 2013, Uruguay's President José Mujica ratified a legalization bill that is noteworthy for at least three reasons. Most importantly, it made Uruguay the first *country* in the world to remove the prohibition on cannabis supply for nonmedical purposes. Second, Uruguay's middle-ground approach to cannabis supply falls in between the two options commonly discussed in the United States: prohibition versus the standard commercial model. Third, the law was approved by politicians, not the voters.

Jurisdictions considering alternatives to prohibiting supply have a number of options to consider (See Figure 1; Caulkins et al., 2015); Uruguay chose three middle-ground options. Uruguayan citizens who are 18 years and older and want legal cannabis can either 1) grow cannabis at home (similar to Washington DC); 2) join a cannabis social club (CSC; similar to some European countries); or 3) purchase cannabis from a pharmacy (not yet operational). Adults are only allowed to choose one supply mechanism and there are limits to the amounts grown (six plants) or purchased (no more than 40 grams per month, 10 grams per week).¹ The government has full control over large-scale cannabis production and advertising is prohibited in all its forms.

Unlike the United States, Uruguay's law did not pass because of popular opinion; it passed in spite of it. Following increasing international support for alternatives to marijuana prohibition, and national momentum for the legalization of home-grown cannabis, President Mujica announced a plan in 2012 to legalize the cultivation and distribution of cannabis.²

*Corresponding author. Tel.: 310-393-0411, x6005.

¹Tel: 916.734.3539

Publisher's Disclaimer: This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

¹The Institute for Regulation and Control of Cannabis (IRCCA) tracks the supply mechanisms chosen by users. Those joining CSCs sign up with club and the membership list is submitted to the IRCCA. Those choosing home production or wishing to purchase cannabis from pharmacies register at the post office and those lists are submitted to the IRCCA.

²President Mujica served as president until 2015. He was replaced by President Tabaré Vázquez.

The specific regulations were developed by the legislature (of the same political party that elected Mujica) and the bill was ratified in December 2013. Although pro-legalization activists played a role in advocating for legalization, this process was largely a top-down effort (Cruz et al., 2016). In fact, there was widespread opposition to the regulation of cannabis: 61–66% of Uruguayans in 2012–2013 opposed it (Walsh & Ramsey, 2016).

Implementation of legalization has been slow, and while considerable progress has been made in setting up a very complex system, key gaps remain unaddressed. This is likely partly due to resources: 2015 was the first year the IRCCA had its own budget to hire personnel and carry out its functions. In May 2014, the government published regulations associated with the law. The registry for home-growers started in August 2014, but it only allowed Uruguayans who started to grow cannabis in the six months following the registry's launch to register plants, leaving growers who started after February 2015 outside the system (Walsh & Ramsey, 2016). In October 2014, the government started to register cannabis clubs. Club organizers must register as civil organizations with the Ministry of Education and Culture, then register with the IRCCA, following a lengthy process of documentation of club infrastructure, security, and operations (Queirolo et al., 2016; Walsh & Ramsey 2016). Cannabis clubs face several challenges, including difficulties complying with the regulations and setting up the clubs, financial sustainability—especially given the high costs to set up, administer, and secure the clubs with a limited member base (only 45 members are allowed per club)—and a high degree of variation in crop yield given weather conditions, failed growth, and robberies (Queirolo et al., 2016).

Finally, the pharmacy system shows promise, but it has not been formally established. Two suppliers have been licensed by the state to produce the cannabis that will be supplied to the pharmacies; as of February 2017 cannabis was still not available to be purchased from the pharmacies. The delay may be due to a combination of factors. First, setting up a new marijuana commercialization system from seed production to dispensation is complex, and the government is exercising caution to make sure they get it right (Vitale, 2016). Second, some pharmacists object to selling cannabis – so far, only 50 out of 1,200 pharmacies have registered (Haberhorn, 2016). Some of the reasons pharmacists object include a lack of communication and understanding about the process involved in the setup of pharmacy sales, and concerns about profitability, potential targeting by criminals, and loss of their clientele (Palmer, 2016).

The post-legalization retail price of cannabis is important since it can shape many of the outcomes discussed in policy debates: the size of the illicit market, consumption and related health consequences, and tax revenues (Caulkins et al., 2015). (Note that the latter was not part of the discussion in Uruguay). Uruguayan officials have made it clear that the state will control the price and potency of the cannabis sold in the pharmacies (Vitale, 2016), but the precise figures are still being determined. While potency figures have not been officially released, the plan is to establish a 1:1 THC/CBD ratio and to produce cannabis that has medium-low levels of THC—just potent enough to compete with the illegal market, but no higher (Vitale, 2016). Pharmacies will only be able to sell the cannabis flowers produced by the two companies contracted by the government—no edibles, oils, creams, or alternative products will be allowed.

As supply grows, access to cannabis at a competitive price and potency through pharmacies may displace the illicit market, which is largely supplied from Paraguay. It is also likely that many cannabis users will find the 40 grams monthly purchase limit excessive, possibly generating a surplus of supply that can flow into the grey market. A national household survey found that 57.4% of past-year cannabis users would definitely/probably use pharmacies, while 44.3% would definitely/probably grow their own cannabis (Observatorio Uruguayo de Drogas, 2016). These findings are consistent with reports from frequent users (Boidi et al., 2016), and lend credence to the notion that if pharmacies provide an adequate supply of high-quality (which is not the same as high-potency), competitively-priced cannabis, this may substantially reduce the size of the illicit market.

In addition to questions about how the new regime will affect the illicit market, there are also questions about how the change will affect public health. The health consequences associated with cannabis use are well documented (National Academy of Sciences, Engineering, and Medicine, 2017), but the overall effect of legalization on health will not only depend on how it influences cannabis consumption and related behaviors such as impaired driving; it will also be shaped by its effects on the use of alcohol, tobacco, and other drugs (Caulkins et al., 2015).

In conclusion, it is unlikely that cannabis legalization in the Western Hemisphere will be confined to Uruguay and the United States. Canada's legalization task force recently released a report intended to shape future federal legislation and we expect other countries will seriously consider alternatives to cannabis prohibition (especially after the new legal system is up and running in California). As these jurisdictions debate legalizing cannabis supply, we hope they will examine all of the options being implemented in the hemisphere—not just the for-profit approach dominating conversations in the United States. They should also look to Uruguay where they are implementing an innovative alternative to cannabis prohibition.

Acknowledgments

This work was supported by a grant from the National Institute on Drug Abuse (R01DA040924-01). We would like to thank two anonymous reviewers for their feedback. The views presented here only reflect those of the authors.

References

- Boidi MF, Queirolo R, Cruz JM. Cannabis consumption patterns among frequent consumers in Uruguay. *International Journal of Drug Policy*. 2016; 34:34–40. [PubMed: 27397717]
- Caulkins, J., Kilmer, B., Kleiman, M., MacCoun, R., Midgette, G., Oglesby, P., Pacula, R., Reuter, P. Considering marijuana legalization: Insights for Vermont and other jurisdictions. RR-864. Santa Monica, CA: RAND; 2015.
- Cruz JM, Queirolo R, Boidi MF. Determinants of Public Support for Marijuana Legalization in Uruguay, the United States, and El Salvador. *Journal of Drug Issues*. 2016; 46(4):308–325.
- Haberkorn, L. A majority of pharmacists in Uruguay don't want to sell pot, here's why. *The Cannabist*. Jul 6. 2016 Accessed January 23, 2017. <http://www.thecannabist.co/2016/07/06/uruguay-marijuana-pharmacies/57627/>
- National Academy of Sciences, Engineering, and Medicine. The health effects of cannabis and cannabinoids: The current state of evidence and recommendations for research. Washington, DC: The National Academies Press; 2017.

- Observatorio Uruguayo de Drogas. Informe de investigación. Junta Nacional de Drogas; Presidencia de la República, Uruguay: 2016. VI Encuesta Nacional en Hogares sobre Consumo de Drogas. http://www.infodrogas.gub.uy/index.php?option=com_content&view=category&layout=blog&id=31&Itemid=65
- Palmer, J. Uruguayan pharmacists say no to marijuana. Council on Hemispheric Affairs. Jul 27. 2016 Accessed January 23, 2017. <http://www.coha.org/uruguayan-pharmacists-say-no-to-marijuana/>
- Queirolo R, Boidi MF, Cruz JM. Cannabis clubs in Uruguay: The challenges of regulation. *International Journal of Drug Policy*. 2016; 34:41–48. [PubMed: 27475713]
- Vitale, A (president of the Institute for Regulation and Control of Cannabis). Interview by Magdalena Cerdá. Montevideo, Uruguay: Nov 7. 2016
- Walsh, J., Ramsey, G. Improving Global Drug Policy: Comparative Perspectives and UNGASS. Brookings Institution; 2016. Uruguay's Drug Policy: Major Innovations, Major Challenges.

Figure 1. Cannabis supply alternatives
Adapted from Caulkins et al., 2015