

Development of drug policies in Europe

Stig Erik Sørheim
President,
EURAD

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- A European drug policy network
- Established in the Netherlands in 1989
- Based in Brussels
- Follows EU and UN drug policy
- Advocates for evidence based policies on prevention, treatment and recovery at the national and international level

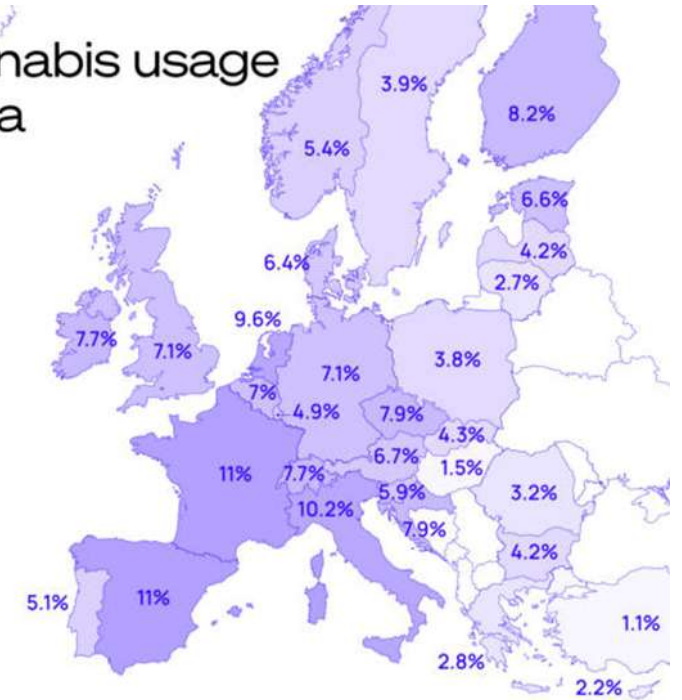
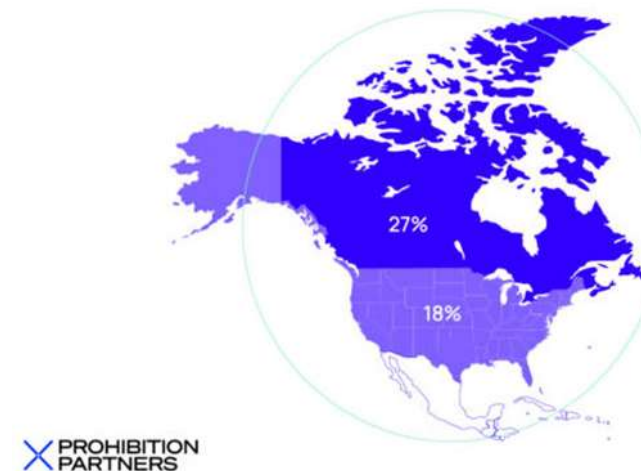


Cannabis use in Europe

- Cannabis use significantly lower than in North America
 - 7.7 % last year (2021)
 - 3,6 % last month
 - 1,8 % daily users (2021)
- Use varies significantly within the region
- Cannabis is the drug most often identified as problem drug for first time entrants to treatment (35 % of treatment seekers)
- Increased potency (Hashish 20-28 %, marijuana 8-13 %)

Prevalence of past-year cannabis usage in Europe and North America

% of population indicating past-year usage of cannabis
0.076 ————— 27



Source: EMCDDA, Health Canada, US Centre for Disease Control and Prevention

Cannabis control policy is changing

Europe sometimes perceived as a liberal alternative to the US

- Portugal
- The Netherlands

Perhaps less punitive approach than the US

- But significant variation within the region

Cannabis has been on the agenda in many countries for a long time

- Initiatives from opposition parties
- Petitions, referenda

Until recently Europe has stood by the UN Drug Conventions

USA and Canada the driving force behind legalization

Complex political landscape

Political developments in many areas and in many countries:

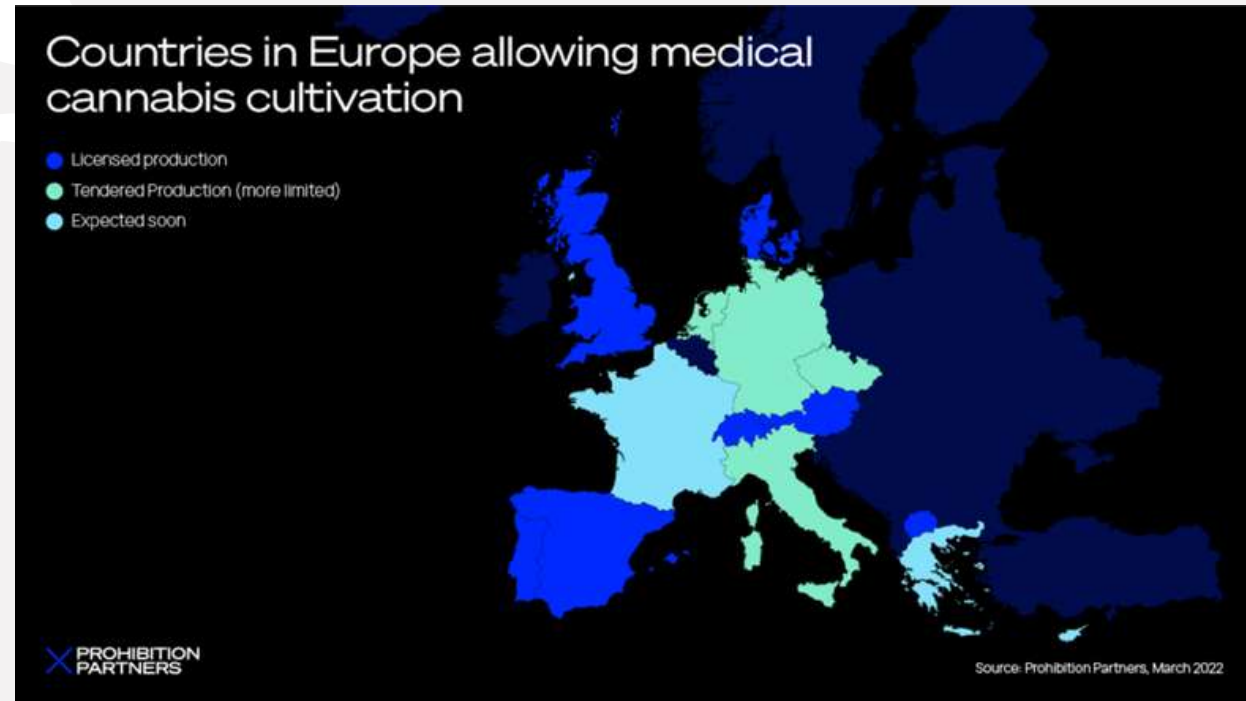
- Medical use of cannabis and cannabinoids
 - Pharmaceutical products vs. raw cannabis
 - Expansion of access to new patient groups
- Sale and regulation of CBD for health/wellness purposes
 - Novel food?
 - Pharmaceutical product?
 - Narcotic drug?
- Production of hemp for industrial purposes
 - Processing of hemp for other purposes, including CBD production
- Recreational use
 - Decriminalization
 - Home growing
 - Legalization of production and sale

Medical use of cannabis and cannabinoids

- More evidence based and doctor-led than in North America
 - Prescribed by doctors if standard treatments have failed or have too many side effects
 - Sold in pharmacies to patients with prescriptions
 - No cannabis dispensaries (cf. North America)
- Mainly medical products with marketing permits (Sativex, Epidiolex)
 - Relatively few get raw cannabis (marijuana, hashish, oils etc)
 - No countries recommend smoking as a route of administration
 - Some standardised raw cannabis products with fixed content of THC/CBD
- Cannabis not approved as a medicine
 - Many countries have special schemes where patients can use non-approved products under doctor's surveillance
 - Usually patients have to pay for these products themselves
- No standardised European regulation

The medical cannabis market

- Canada biggest exporter of medical cannabis to Europe
- North American companies have invested heavily in the European cannabis market over the past 5 yrs
 - Buying up startups, production facilities, distribution systems
 - Expectations about «progress» in legislation on CBD, medical use as well as recreational use
- Much of the production has moved from Canada to Europe
- 15 countries now allow production of cannabis for medical purposes
- So far: Medical market constrained by relatively strict regulation – but huge potential for growth in future legal cannabis market





CBD

- Rapid growth since 2017/18
- January 2019: European Food Safety Authority decided that products that contain cannabinoids should be regarded as «novel foods»
 - High bar for authorisation – must prove that it is safe – costly safety assessment of products
- November 2020: European Court of Justice decided that CBD should not be regulated as a narcotic drug under the UN Drug Conventions
 - EU Members cannot prohibit the marketing of CBD products legally produced in other member states unless to protect public health
- In the absence of clear regulations a large industry has emerged in a legal gray area
- Regulatory framework changing in many countries



The European CBD market

- Many different products
 - Edible products, cosmetics, smoking/inhaling
- At the «branding stage»
 - Branding, technological and product innovations increase value – consumers are shifting from experimentation to more critical consumption
- Consolidation
 - Mergers and acquisitions, control of the whole supply chain
- Cannabis and hemp production for the extration of CBD



Cannabis social clubs

- Some countries (Spain, Belgium) have seen the emergence of «cannabis social clubs»
 - Growing cooperatives that grow cannabis for members
 - Members only
 - Limits amount you can buy
 - Use on the premises
 - Non-profit (in theory) – financed by members fees
- Challenges:
 - Commercialized
 - Sales channel for illegally grown cannabis from organized crime groups
 - Sale to non.members/tourists .- membership fee covers the first purchase
- Illegal
 - Ongoing debate about enforcement of laws
 - Could be shut down



The Netherlands

- Opium law (1976): Possession, production, sales of drugs are criminal offenses
- Use of drugs not criminalized
- Possession of small quantities of “soft” drugs not prosecuted
- Growing of up to 5 plants at home treated as possession of a “small quantity” of soft drugs
- “Gedooogbeleid” – police can choose not to enforce the law
- Sale is criminal, but coffeeshops that sell small quantities will not be prosecuted
- Goal: To separate the markets for “hard” and “soft” drugs

The Backdoor problem

- Who supplies cannabis to the coffeeshops when production is illegal?
- Cannabis production has become a large source of income for organized crime.
- Cannabis money is channeled into other illegal activity, including production and trafficking of other drugs.
- Cannabis money also seeps into the licit economy – hotels, restaurants, property
- Escalation of drug related crime – assassinations of lawyers, journalists, innocent passers-by, plans against politicians, royal family



Dutch gangster case: Shock at murder of lawyer Derk Wiersum

18 September 2019



Reporter R de Vries: Dutch crime reporter dies after shooting

15 July 2021



Torture photos added to evidence in trial of alleged Dutch drug kingpin

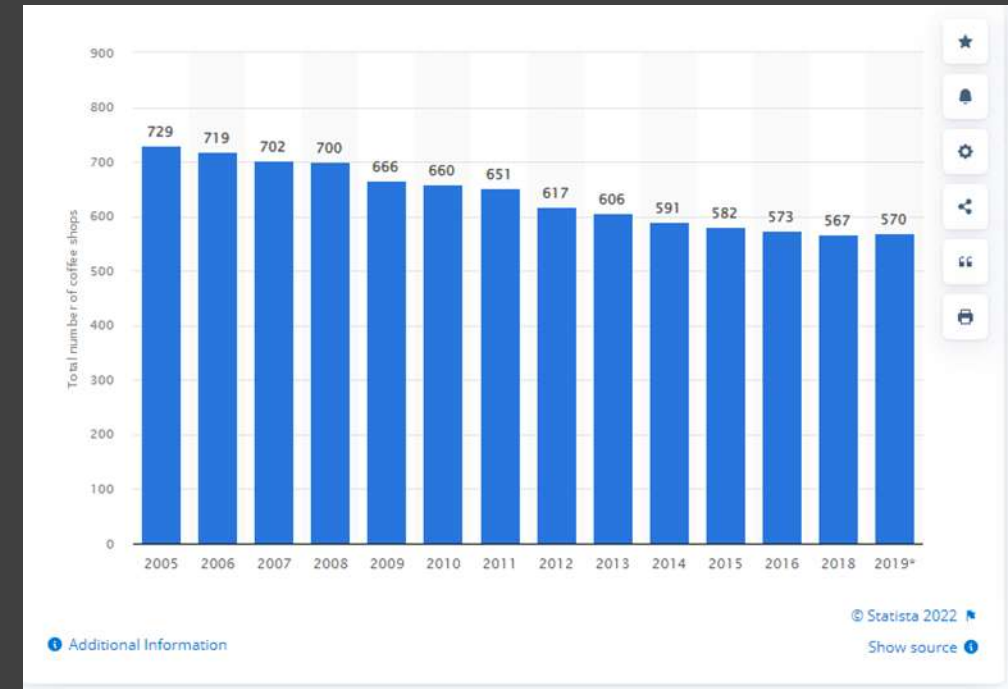
Images show woman who looks like smuggler known as Godmother of the Coke, who disappeared in 2019



Robben Tagh and 16 others are accused of organizing 60 murders between 2015 and 2017. Photograph: Schreier/Reuter/Anadolu Agency/PA Images

Drug policy reforms

- Several attempts to strengthen enforcement and reduce public nuisance from coffeeshops
- Reduction in number of coffeeshops from almost 1200 to under 600
- Introduction of 'wietpass' in some border towns to reduce cannabis tourism
- But also: proposal for a trial project with «licensed production» of cannabis for sale in coffeeshops
 - Combat the «backdoor problem»
 - But also legalizes the whole supply chain



Number of coffeeshops in the NL declining

Switzerland

- First “trial project” with legal sale of cannabis opened in August 2022
 - 400 people allowed to buy cannabis legally from pharmacies
 - Research project will collect data on consumer behaviour as input into future legalization
 - 5 yrs duration, with possibility of 2 yrs extension
 - Only open to people who use cannabis
- Regulations
 - Organically grown in Switzerland
 - <20 % THC
 - No marketing
 - Health warning and labeling of *THC content*
 - *Price to compete with local black market*



Drug policy reforms through «trials»

- Probably the first of many «trials»
 - These «trials» can be operated by private companies, but must include a research component
 - Must be approved by regional authorities
 - Maximum 5000 participants
 - Trial organizers required to monitor health of participants and appoint a responsible doctor
- Why trials?
 - The UN conventions bans drugs except for medical and scientific purposes – therefore a research component has been added to comply with the UN
 - Easier to overcome resistance in the population and the political system (legalization was rejected in referendum in 2018 and again in the national assembly the same year)
 - Possible full legalization within a few years – unclear if the trials will stopped if legalization is implemented in the mean time
 - Unclear if the regulatory restrictions will survive

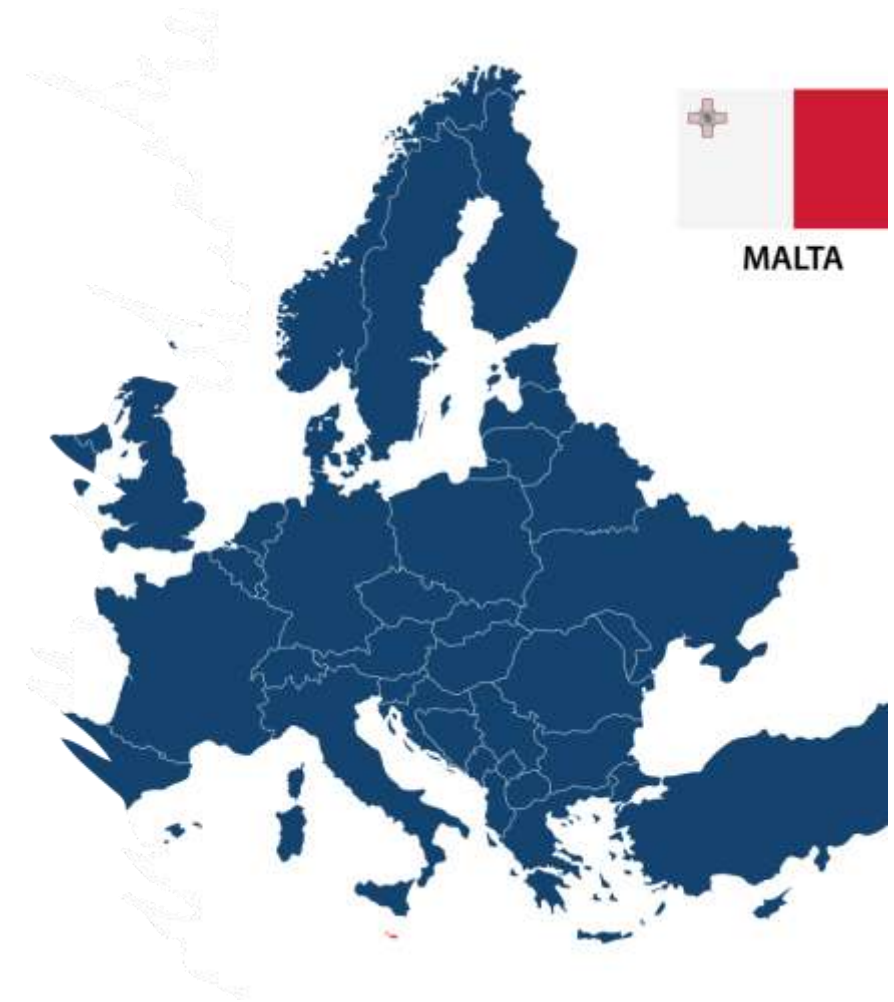
Luxembourg

- New coalition government in 2018 promised to legalize cannabis
 - To limit the black market and reduce youth use (cf rhetoric in Canada)
- Resistance from neighboring countries, conflict with the UN Drug Conventions
- Revised legalization plan presented autumn 2021
 - Adults (18+) can legally grow up to 4 plants per household for personal use
 - Not legal to use cannabis in public place
 - Sale of cannabis products banned (including gifting)
 - Violations can lead to criminal sanctions yet to be determined.



Malta

- Smallest member state in the EU, pop 525.000
- Legalized personal use and possession of up to four plants
- Legalized possession of up to 7 grams of cannabis
 - >7 - < 30 grams: €100 fine
- Use in public places or with children is forbidden and fined up to €500
- Allows cannabis clubs those who cannot grow their own
 - So far no clubs established
- Young people in possession of cannabis will be offered treatment or follow up plan
- Increased demand for cannabis after legalization (according to police), but no legal supply → growing black market



Germany

- German coalition government has promised to legalize cannabis
 - Full legalization – not like Malta and Luxembourg
 - Legal supply chain, sale through licensed shops and pharmacies
 - Age limits
 - Labelling and health warnings
 - Ban on advertising
 - Drug driving rules
 - No THC limit (maybe a limit for 18-21 yrs)
 - Allows homegrowing of up to three plants per adult in household
 - Only domestically grown cannabis (only three companies currently hold licenses)



Challenges for German cannabis legalization

- Legalization violates the UN drug conventions
 - But other countries have done the same...
- Germany is part of Schengen and the EU internal market
 - Legalization will impact other countries
- Legalization is in conflict with several binding European laws and treaties
 - EU decision from 2004: Sale of drugs, including cannabis, should be punishable with effective, proportionate and deterrent penalties
 - Schengen agreement – countries are bound to stop illegal export, sale and supply of narcotic and psychotropic substances
- Germany will have to notify the European Commission, and other EU Member States may have objections.
 - Strong political commitment to legalization
 - But possible plan B: Luxembourg/Maltese model as a first step and blame the EU for not fully legalizing?
- Domestic production cannot supply the domestic market
 - Production today – 2,6 tonnes, expected demand: 400 tonnes
 - Could indicate small scale trials in some areas and gradual expansion

• This article is more than 1 month old

Germany's move to legalise cannabis slows over fears of clash with EU laws

New 'degree of caution' in coalition government over promises of breakthrough before end of this year



People demonstrating last month in Berlin, with a placard calling on the governing coalition's three parties to fulfil their pledges on legalising the drug. Photograph: Carsten Koall/Getty Images

Legal hurdles are slowing down German plans to allow the controlled distribution of cannabis among adults, with fears that a badly crafted law to legalise the drug could be thrown out by the European court of justice.

Building an alliance

- Germany has initiated meetings with other “like-minded” countries to discuss “various aspects of the regulation of cannabis for non-medical and non-scientific purposes”
 - First meeting in June 2022
- Malta, Luxembourg, The Netherlands and most recently the Czech republic
- A group of countries stand a better chance to overcome obstacles to legalization in current treaties and agreements



Germany, Luxembourg, Malta And The Netherlands Discuss Marijuana Legalization Historic Joint Meeting

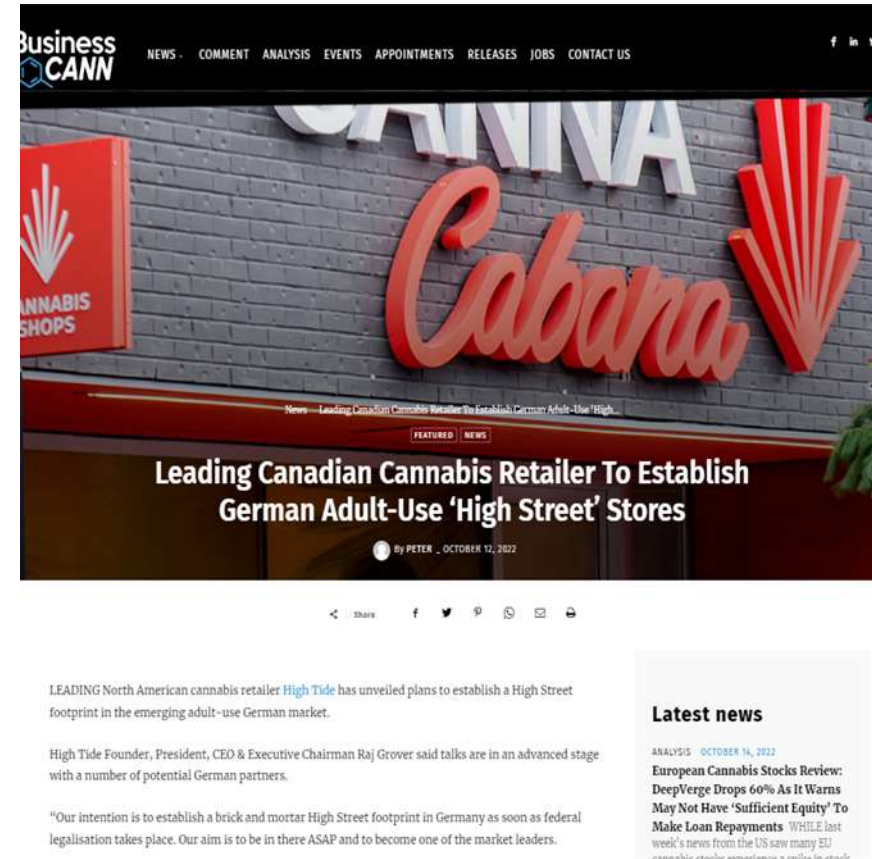
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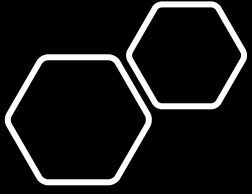
Jaeger



Cannabis industry strategy

- Blueprint for legalization
 - Medical use of cannabis
 - Industrial hemp
 - CBD
 - Cannabis for intoxication
 - US and Canadian companies jockeying for positions in European markets
 - Work to increase access to cannabis, shape future cannabis regulation
 - Establishing the infrastructure for full legalization
 - Growing facilities
 - Processing and packaging
 - Distribution and retail networks
 - Brands
 - Technology
 - PR companies, market analysts, investment capital
- Ready to go if/when the dam breaks...





Domino effect?

- The UN drug conventions have provided “collective security” – “one for all, all for one”
- With legalization in US, Canada & Uruguay, international treaties have been undermined
- Countries are left to their own devices – shifting governments can change policy
- Open economies → policy changes in one country can start a domino effect
- So far European countries have stopped short of full legalization
- This may change in the next years...



Source: Recreational Europe, Hanway Associates