
Uruguay's Half-Baked Marijuana Experiment

The small South American nation is the world's first country to legalize marijuana. But just because the drug is legal to buy doesn't mean you can buy it legally.

BY **LADAN CHER**

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PUNTA DEL ESTE, Uruguay — In December 2013, Uruguay offered itself as the world's leading laboratory for marijuana policy. That month, the Latin American nation of some 3.5 million people became the first country to legalize and regulate the cultivation, sale, and consumption of the drug, turning itself into an outlier in a region where failed prohibition policies had been the norm. Marijuana legalization advocates from around the world eagerly waited to see how the case study would play out.

More than two years later, they're still waiting. That's because the government has yet to implement a plan for mainstream cannabis commercialization, arguing the task is **too complicated** to be rushed. Now, what was heralded as the world's first controlled experiment of a bustling, nationwide legal weed economy is, instead, stuck in limbo. Rather than serving as a model for other countries contemplating cannabis legalization, Uruguay has become a cautionary tale about the difficulties of creating a marijuana market.

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The legalization law, which was passed with the support of groups like [Regulación Responsable](#), a broad coalition that backed the measure, permitted Uruguayans who had registered with the government to purchase weed, in capped quantities, in one of three ways: cultivating it at home, joining cannabis clubs (in which members grow it in a collective garden), or purchasing it from pharmacies. As of early 2016, however, pharmacy sales remain unavailable, leaving only the 6,000 Uruguayans who cultivate their own plants with legal access to the substance.

Pharmacy sales always had been expected to be the most convenient, and thus the most popular, form of legal access in Uruguay. A [2015 study](#) by the Latin American Marijuana Research Initiative found that more than 55 percent of respondents who were registered, or intended to register, with the government to purchase marijuana cited pharmacy sales as their preferred method for obtaining it.

The government had estimated that up to 160,000 Uruguayans would gain access to marijuana through such pharmacy sales by early 2015. Now the government says mid-2016 is a more realistic target. But even that might prove overly ambitious. Regulators are still tackling the basics, from price controls to administrative decisions about whether pharmacies will be compelled, or merely permitted, to sell marijuana.

The landscape for investing isn't blossoming, either. In an interview with Foreign Policy in February, Milton Romani Gerner, the secretary-general of Uruguay's National Drug Board, insisted that investors are eager to get into the cannabis market, as more than 20 companies have applied for permits. But so far, only two have successfully obtained permits to grow and distribute regulated cannabis to pharmacies. And neither has yet to distribute a single ounce.

Meanwhile, the country's black market remains as vibrant as ever. Some analysts believe Uruguayans are buying illegal marijuana — weed sold outside of the three permitted venues — at higher rates than before legalization.

So, what's gone wrong? The biggest factor has been the government's excessive caution, which has made it impossible for the law to be implemented as intended.

That's due in part to a change in the government's leadership. The law was passed in 2013 under then-President José Mujica, who was known for being more liberal, and less risk-tolerant, than his successor, Tabaré Vázquez, who was elected in October 2014. Although a member of the same coalition that supported the bill, Vázquez frequently urged caution about legalization while on the campaign trail. Only after his election did he announce that he would implement the law to the letter.

Romani said the government is very aware that the country's legalization experiment has made it the object of special scrutiny. One wrong move could boost the skeptics, of whom there are many, Romani explained — not just internationally, but also at home. A 2014 AmericasBarometer [survey](#) by the Latin American Public Opinion Project found that 42 percent of Uruguayans thought “the general situation of the country would worsen as a result of regulation”; a mere 19 percent believed that the situation would improve. “We are doing something completely new for our country and the entire world,” Romani says. “It's up to our model to ... overcome prohibitionist attitudes from various agencies and institutions, and general mentalities, that do not accept change.”

According to the AmericasBarometer survey, almost 38 percent of Uruguayans believed the law would have a positive impact on the fight against drug cartels. But to assuage those Uruguayans who believed legalization might enrich those criminals, the government maintains a stringent vetting process for potential investors, which includes obtaining and verifying the financial records of each bidder. Regulators claim the efforts have paid off: In October 2015, Uruguay's anti-money-laundering agency found evidence of “dubious” sources of income from at least one of the applicants.

An unintended consequence of the government's stringency, however, seems to have been an expansion of the country's black market in drugs. In 2015, the General Directorate for the Repression of Illicit Drug Trafficking seized a record high of 5,558 pounds of illegal marijuana, nearly double the amount from 2014, and even exceeding the 2013 (pre-legalization) national record of 4,824 pounds. By comparison, seizures of cocaine and coca paste have significantly decreased since 2013 and have fallen far behind marijuana in total seizure amounts.

In mid-February, the two companies that have received permits to grow marijuana planted their **first crop**. Those planted seeds should produce the evidence of whether pharmacy sales can make a dent in the illegal market. “To shrink the black market, the legal market needs to be convenient enough to attract users,” explained John Walsh, a senior associate at the Washington Office on Latin America who worked with the Uruguayan government on the legislation. “After all, there is already a vibrant commercial market — the illegal one — and forms of legal access will need to undercut it.”

The government continues to urge patience for its novel feat. Considering its size, resources, and the novelty of the task it faces, Uruguay has indeed accomplished a lot. When asked about the credibility of the state’s deadlines, Romani’s best defense is a reminder of what came before the ongoing legalization effort. “We are providing evidence for something that doesn’t yet exist,” he says. “But in our favor we have the painful and overwhelming evidence of prohibitionist policies being the total failure of an absurd war.”

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