



8 DECEMBER
2010

09.00 to 12.00

**DRUG
REGULATION
a way out of
THE CRISIS?**

**A Public Hearing On
Assessing Impacts Of
Drug Reform And Regulation
Hosted by
Michail Tremopoulos, MEP
Greens/EFA,
Green Ecologists Greece**

**Room A5E1, European Parliament,
BRUSSELS**



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PUBLIC HEARING

Drug reform and regulation: a way out of the crisis?

Wednesday 8 December 2010

09.00 - 12.00

European Parliament

ASP Building, Room A5E1

Hosted by **Michail Tremopoulos**, MEP Greens/EFA, Green Ecologists Greece

Speakers:

1. **Rui Tavares**, MEP GUE/NGL, Portugal.
2. **Dennis De Jong**, MEP GUE/NGL, Holland.
3. **Dana Spinant**, head of the Anti-drug policy coordination unit, DG Justice, European Commission.
4. **Richard Cowan**, former director of the National Organization for the Reform of Marijuana Laws (NORML) and current editor of "The Marijuana News", USA.
5. **Martin Barriuso**, president of the Spanish Federation of Cannabis Organisations (FAC), and of Pannagh, the first legal Cannabis Social Club in Bilbao, Spain.
6. **Marc Josemans**, owner of Easy Going coffeeshop in Maastricht, chairman of the Maastricht Society for Official Coffeeshops (VOCM), and of the national Platform of Coffeeshops (LOC) in Holland.

Moderated by **Marisa Felicissimo**, ENCOD Steering Committee.



PROGRAMME

- 09.00 - 09.05: Introduction **Michail Tremopoulos**, MEP Greens/EFA, Greece
- 09.05 - 09.25: **Dennis De Jong**, MEP GUE/NGL, Holland
- 09.25 - 09.45: **Rui Tavares**, MEP GUE/NGL, Portugal
- 09.45 - 10.05: **Dana Spinant**, Anti-drug policy coordination unit, DG Justice, EC
- 10.05 - 10.25: **Richard Cowan**, former director of NORML, USA
- 10.25 - 10.45: **Martin Barriuso**, president of FAC, Spain
- 10.45 - 11.05: **Marc Josemans**, chairman of LOC, Holland
- 11.05 - 11.15: Concluding remarks by MEP **Michail Tremopoulos**
- 11.15 - 12.00: Q & A, Debate

Background:

In March 2009, the European Commission has published the "Report on Global Illicit Drug Markets 1998 – 2007" (edited by Peter Reuter and Franz Trautmann). The conclusions of this report are that current "prohibitive" policies are failing in their main objective, which is to reduce the demand and supply of illicit drugs, and possible they are a crucial factor in generating and increasing harm to individual drug consumers, their direct surroundings and society at large.

Current economic crisis had exaggerated the drug problem through increased and uncontrolled use of illegal drugs by marginalised users (i.e. youth, unemployed, students, etc), as well as through an increased pressure on European governments to reduce public spending. According to the EMCDDA 2010 annual report Europe faces new challenges posed by changes in drug supply and use, and highlights the increased usage of cocaine, heroine and of a record number of new synthetic drugs across Europe.

Prohibition policies as such have failed to tackle the issue effectively and it is time to investigate at EU level, through a proper impact assessment, alternative approaches to tackle the issue of drug use and abuse. Therefore it is important that European authorities produce a thorough impact assessment on the costs of drug prohibition (current policy) and the economic benefits of drug decriminalisation and cannabis regulation (harm reduction policy alternative).

Decriminalisation of drug use and cannabis regulation would save billions of Euros in expenses generated by police and judicial sector, would foster harm reduction, would weaken the illegal cartels, and it would provide the opportunity to generate considerable income from taxes. The examples of California, Spain, Holland and Portugal lead the way and will be presented as case studies.

DRUG REFORM AND CANNABIS REGULATION, A WAY OUT OF THE CRISIS?

The topic of legally regulating drugs has been discussed for many years. Arguments related to public health, human rights and other issues have a long history. In the current economic crisis affecting a growing number of European citizens and governments, however it is now essential to consider the possible economic consequences of an end to drug prohibition, most of all for the financial situation of the state.

These consequences can be divided in three areas:

1. Savings on public spending due to a reduction in expenses of law enforcement

In order to calculate the savings on public spending that might occur if drugs were decriminalized, it would be necessary to identify the exact amount of this spending. This is a difficult, if not impossible exercise. However, estimations can be made, based on data that have been provided by both governmental and non-governmental sources.

Governmental data

The European Monitoring Centre on Drugs and Drug Addiction has since 2001 stressed the need to conduct research in the field of public expenditure throughout Member States of the European Union, as a tool to advance progress in the area of evaluation.

In 2008, the EMCDDA published a report, 'Towards a better understanding of drug-related public expenditure in Europe'. In this report it was evident that the research on drug-related expenditure and costs remains largely insufficient. European countries in general cannot provide estimates of their expenditure on drug policy. Besides, the ways that these estimates are produced differ between member states, which makes a general comparison difficult.

Drug related public spending is divided between labelled and unlabelled expenditure. Labelled expenditure is planned by government for tasks related to drugs and identified as such in the budget. Labelled expenditure is traced in official accountancy documents. The greater part of drug-related public expenditure is, however, 'unlabelled' — that is, not identified as such in the national budget. Unlabelled expenditure must be estimated by a cost-modelling approach.

TABLE 1 Drug-related public spending on law enforcement in some EU countries, in millions of Euros (Source: EMCDDA: Towards a better understanding of drug-related public expenditure in Europe, 2008, figures from 2007)

	Labelled costs	Unlabelled costs	Total	Inhabitants	Costs per capita, in euro
Czech Republic	5,8	162,9	168,7	10,5	16
Finland	0	58,1	58,1	5,3	10,9
France	0	854,5	854,5	64,7	13,2
Hungary	0	31	31	10	3,1
Luxembourg	3,9	19,3	23,2	0,5	46,4
Poland	40	119,3	159,3	38,1	4,1
Portugal	4,4	54,3	58,7	10,6	5,5
United Kingdom	397	4.909,00	5306	62	85,5

In 2005, the total figure of drug related public expenditure for the European Union (501 million inhabitants) was estimated to be 34 billion euro. This figure was based on an extrapolation of figures from 11 countries. It has a range of uncertainty of 95%, which means the real figure may lie between 28 and 40 billion euros. The percentage of this figure that was spent on law enforcement is unknown.

Based on a calculation made in 5 EU countries (Czech Republic, France, Luxembourg, Poland and the United Kingdom), where 11% of all drug related public expenditure in 2005 was spent on health costs, and 89 % on law enforcement, the total figure that was spent on drug-related enforcement in the EU can be estimated between 25 and 35 billion.

Non-governmental data

Several actors have carried out research into drug related public expenditure in law enforcement in the past years. In a study of the Università degli Studi di Roma in 2009, Marco Rossi estimates the total costs of drug-related law enforcement as 2,1 billion euro, of which 943 million euro were spent only on cannabis prohibition. The German Hemp Association (DHV) estimated in a study in 2008 ("Finanzielle und wirtschaftliche Auswirkungen einer Cannabislegalisierung ") the total amount of cannabis-related law enforcement costs in Germany as 1 billion euro/year. The British House of Commons estimated in August 2000 that law enforcement costs to maintain prohibition of only cannabis in the UK amounted to 1,35 billion euro/year.

2. Income for the state as a result of the introduction of taxes on the cannabis market.

Apart from the reduction of public spending on law enforcement as a result of drug law reform, a legal regulation of the market would also produce benefits in the form of tax revenues. A first case to consider in this regard is the regulation of the cannabis market. The consumption of cannabis has become an integrated phenomenon in European society.

With approx. 23 million regular users in the European Union, cannabis is the most used illegal drug. In several European Member States, the use, possession of small quantities and the cultivation for personal use, and even small scale distribution of cannabis to adults is already decriminalized. This measure has increased the possibility to obtain a better view on the cannabis market, so calculations can be made on the tax revenues that could be produced if this market were legally regulated.

Various studies have been made about the financial implications of a possible legal regulation of the cannabis market. From these studies it is possible to make an extrapolated estimation of these implications for the entire European Union.

The cannabis study of the Library of the House of Commons in August 2000 estimated the amount of tax that could be raised on cannabis sold in the United Kingdom as 1,2 billion euros per year. In 2001 a study by the Free University in Brussels calculated the amount of possible yearly tax revenues of the cannabis market in Belgium as 360 million euro.

More recently, Dutch economist Martijn Boermans of the Academy of Utrecht, estimated the annual tax revenue of a legal cannabis market for the Dutch state as 850 million euro per year. In a study released in 2008, the German Hemp Association estimated this amount for Germany as 2,8 billion euro.

Extrapolating these figures to the entire EU, the total amount of tax revenues that could be produced by legalizing the cannabis market could be estimated between 10 and 25 billion euro/year.

The total amount of income for the state that could be produced by a combination of decriminalization of drugs (leading to a significant reduction in law enforcement) and legal regulation of the cannabis market could be estimated between 35 and 60 billion euro (that is between 70 and 120 euro per capita per year). By comparison, the amount of aid given by the EU to Greek banks in 2010 was 23 billion euro.

Other benefits

Regulation of the cannabis market will enable authorities to control the production and distribution of this product. It will ensure the establishment of codes of conduct that guarantee the respect for public health, safety and environment. Regulation will improve the impact of measures to reduce the access of cannabis to minors. People working in establishments where cannabis is purchased can be obliged to carry out age controls, follow courses on the recognition of problematic use, social hygiene etc.

Regulation of the cannabis market will also allow for more lenient rules concerning the cultivation of hemp, which can make an enormous contribution to the economy. The applications of hemp in the area of textile, paper, food, insulation and fuels are considerable. The EU is currently subsidizing the cultivation of hemp: that will not be necessary anymore if farmers could grow it more freely.

At a time of economic crisis, it is particularly important that drug policy expenditure is cost-effective. Despite the many billions of euro in drug-related spending each year, there are significant concerns about the effectiveness of current drug prohibition at the domestic and international level.

The time has come to provide an objective mechanism for assessing the relative merits of different policy approaches, by developing a genuinely evidence-based Impact Assessment of Drug Policy that compares the impact of drug policy reform on good governance, including public spending.

SPEAKERS

Martin Barriuso

Martin Barriuso is one of the frontpeople of the Spanish cannabis movement. President of the cannabis consumers club Pannagh in Bilbao, that is working as a closed circuit between producers and consumers of cannabis since april 2007, with the consent of local political and judicial authorities. Barriuso is also president of the national Federation of Cannabis Associations in Spain (FAC – Federación de Asociaciones Cannábicas)

Richard Cowan

Bachelor of Arts in Economics (Yale University, 1962) He was President of the Yale Young Republicans, Chairman of the Party of the Right in the Yale Political Union, and was a Founding member of Young Americans for Freedom. From August 1992 to August 1995, Cowan was National Director of NORML, The National Organization for the Reform of Marijuana Laws.

Marisa Felicissimo

Psychiatrist, originally from Brazil, living in Brussels. Since June 2009, she is a member of the Steering Committee of the European Coalition for Just and Effective Drug Policies, ENCOD.

Cornelis de Jong

After studying law and political economy at the Erasmus university in Rotterdam, De Jong obtained a master in international relationships at the new School of Social research in New York. His professional career brought him to the Dutch ministries of Foreign Affairs, Social Affairs and Justice and to the European Commission. In 2002 and 2009 he worked as special

advisor on Human rights and Good Governance on behalf of the Netherlands. Since 2009, he is Member of the European Parliament for the Socialistische Partij.

Marc Josemans

For almost 30 years, Marc Josemans owns a cannabis coffeeshop in the city of Maastricht (in the border area between the Netherlands, Belgium and Germany). Josemans is also the chairman of the Union of Official Coffeeshops in Maastricht, the VOCM (Vereniging Officiële Coffeeshops Maastricht), and a board member of the LOC (Landelijk Overleg Coffeeshopbonden), a national platform of Dutch coffeeshops.

Dana Spinant

Dana Spinant is a Romanian journalist who studied journalism and communication sciences at the University of Bucharest and holds a masters' degree in the College of Europe. She worked for EuroNews, Antena 1 TV, TV5-TV Sigma and the EUobserver. Since July 2010 she works as head of the Anti-Drugs Policy Unit of the European Commission.

Rui Tavares

Rui Tavares is a Portuguese writer, translator and and historian specialized in 18th Century history and culture. He collaborated with the newspapers Público and Blitz and the Television Channel SIC Noticias. IN 2009 he was elected as deputy in the European parliament as independent member of the List Bloco de Esquerda

Michael Tremopoulos

Michalis Tremopoulos is a Greek journalist, environmentalist and politician. He graduated in law at the Aristotle University of Thessaloniki in 1991, and in social ecology at the Goddard College in Vermont in 1993. He worked as a TV, radio and newspaper journalist. As a member of Ecologist Greens party, he won a seat in the European parliament in 2009 EP elections.