

Letter of 30 March 2022 from the Minister of Health, Welfare and Sport and the Minister of Justice and Security to the President of the House of Representatives on the progress of the Controlled Cannabis Supply Chain Experiment

This letter is to inform the House of how the agreements regarding the Controlled Cannabis Supply Chain Experiment ('the experiment') set out in the coalition agreement are being worked out and how the experiment is progressing. Below we discuss the current situation with regard to the growers, the schedule for the experiment and the progress of preparations for the experiment.

Further details on the commitments in the coalition agreement

We believe it is important to inform you first and foremost that the experiment, which involves the legal supply of quality-controlled cannabis to coffee shops, is continuing. We are currently in the process of working out the further agreements that were set out in the coalition agreement. The first commitment is to expand the experiment to include a major city. For an 11th municipality to participate in the experiment, the legislation must be amended. The Controlled Cannabis Supply Chain Experiment Act currently states that a maximum of 10 municipalities, designated by the Controlled Cannabis Supply Chain Decree, will participate in the experiment. Preparations for the amendment are under way, and the aim is to have amended the legislation by the end of the year. We have also gauged the interest of the Netherlands' four largest municipalities (Amsterdam, Rotterdam, The Hague and Utrecht) in participating in the experiment.

The second commitment is to establish criteria for assessing the outcomes of the experiment in terms of crime, public health and prevention. We are in the process of establishing these criteria, and will provide more information on this matter to the House before the summer. The third commitment is to submit the government's position on the evaluation of the experiment to the House and the Senate in 2024. We are currently in discussion with the researchers and the Guidance and Evaluation Committee regarding how best to carry out this task.

The fourth commitment set out in the coalition agreement is to make legal and practical preparations so that the outcome of the experiment can be acted on as soon as possible after the experiment's completion. We will make these preparations in the near future.

The situation with regard to the growers and the schedule for the experiment

Eight growers have now been designated, and the ninth and tenth growers are expected to be designated soon. The designated growers are in the process of setting up their cultivation operation. Preparations include purchasing a location, applying for local permits, concluding contracts with energy providers and building and fitting out a cultivation facility.

The experiment is currently in the preparatory phase. The growers, coffee shop owners in the participating municipalities, supervisory authorities and municipalities are preparing for the next phase: the transitional phase. During the transitional phase, the participating coffee shops may sell cannabis products from the growers designated for this experiment, in addition to the tolerated sale of illegally produced cannabis. The transitional phase will last six weeks, after which the experimental phase will begin. From then on the participating coffee shops may sell only cannabis products from the designated growers; they will no longer be permitted to sell illegally produced products. The experimental phase will last four years.

In the letter to parliament of 4 November 2021¹ we stated that our aim was to begin the transitional phase in the second half of 2022. This is regrettably no longer feasible. This is due in part to the selection process for the last two growers taking longer than expected and to difficulties encountered by a number of growers in obtaining a location. What's more, with the insight of time, growers can now provide a more realistic estimate of how long they need for the preparatory phase.

On the basis of this new information provided by the growers, we estimate that the transitional phase can start in the second quarter of 2023. That is because this is the earliest time that the quantity, quality and diversity of the cannabis and hashish produced is expected to be sufficient to provide a complete and steady supply to participating coffee shops. If the experiment were to start before this, there would be the risk of coffee shops' supplies running out, prices sharply rising and/or consumers becoming dissatisfied with what the coffee shops have to offer. This could lead

¹ Parliamentary Papers, House of Representatives, 2021, 24077, no. 484.

consumers to resort to the illegal market. We hope to start with the transitional phase sooner, but there are some obstacles along the way. However, identifying and resolving challenges and problems in the preparatory phase is part of the experiment, and provides valuable insight into how to achieve a controlled supply of quality controlled cannabis and hashish to coffee shops, which is the purpose of the experiment. We are monitoring the process closely to see whether the existing schedule is still realistic, and continue to look for opportunities to expedite progress.

The transitional phase will actually start on the date when the quantity, quality and diversity of the cannabis and hashish produced is sufficient to provide a complete and steady supply to participating coffee shops, provided the conditions for a controlled supply chain are met. This threshold could be reached before all growers are ready to deliver their product.

The actual start date of the transitional phase will be laid down in a ministerial order and published in the Government Gazette. We will inform the House of progress on this matter. The appendix to this letter contains the timeline of the experiment, which provides a visual overview of the different phases of the experiment.

Bank accounts

A number of growers have indicated that they are having difficulties obtaining a bank account. The banks see obstacles to providing services to these growers owing to their duties and responsibilities under the Money Laundering and Terrorist Financing (Prevention) Act. We are looking for solutions to this problem together with those involved, including the Ministry of Finance, De Nederlandsche Bank (the Dutch central bank), the banks concerned and the growers themselves, and will provide further information on this matter to the House before the summer.

Progress of preparations for the experiment

Research

The research consortium will monitor the controlled aspect of the supply chain and the effects on crime, security, public nuisance and public health. The research will be supervised by a guidance and evaluation committee. In the autumn of 2021 the research consortium began conducting a baseline survey to take stock of the situation before the experiment. At a later date the results of the baseline survey will be compared to the results of an impact assessment to determine the effects of the experiment. Part of the data collection process, however, involves field work and the survey was put on hold late last year in connection with the coronavirus measures. Data collection has since resumed and is expected to be completed in April 2022.

Track and Trace system

The Track and Trace system that is being developed to support oversight of the controlled aspect of the supply chain is in large part ready. The Track and Trace system follows and registers the cannabis and hashish from the production process to the point of sale or destruction. All growers and coffee shop owners participating in the experiment are required to use this Track and Trace system; there are separate apps for growers, inspectors and coffee shops. During the development process the relevant user groups provided feedback on the Track and Trace system. To date, the designated growers, the national supervisory authorities – i.e. the Security and Justice Inspectorate (IJenV) and the Netherlands Food and Consumer Product Safety Authority (NVWA) – the municipal supervisory authorities and the coffee shops have all had the opportunity to test the system. This test showed that the system works and is accessible. IJenV is now working on a set of reports it can use to analyse the Track and Trace data, which is necessary for remote supervision among other things. The first grower or growers that are ready will serve as the system's first user group, together with the national supervisory authorities. The supervisory tasks of the IJenV and NVWA will begin when the first grower starts cultivation.

Prevention

The development and implementation of a number of instruments that are important for prevention policy in the participating municipalities is progressing according to plan. The Netherlands Institute of Mental Health and Addiction (Trimbos Institute) has formulated a draft Prevention and Enforcement Plan for Cannabis, which will be tested in the coming six months as part of a pilot in two municipalities participating in the experiment, and which can subsequently also be used by other municipalities. On the basis of the experiences of the pilot municipalities, the draft plan will be modified as needed. In addition, the text of the information leaflet that growers must provide with their product has been updated on the basis of new scientific insights.² Other

² This leaflet is included as an appendix to the Ministerial Order; the Order will be amended accordingly.

ongoing activities include the rollout of various easily accessible online self-help resources for various target groups with different issues. This is being done in close collaboration with addiction treatment centres. We are also working with addiction treatment centres on resources to support communication about the experiment with network partners (schools, youth services) and members of the public (young people, parents, coffee shop customers and other interested parties). This includes drawing up a document answering frequently asked questions and example texts.

Amending the Ministerial Order and the Decree

On 16 February 2022 an amended version of the Ministerial Order on the Controlled Cannabis Supply Chain Experiment was published.³ The consultation process for proposed amendments to the Controlled Cannabis Supply Chain Decree has been concluded and the proposal has been submitted to the Advisory Division of the Council of State for an advisory opinion. The proposed amendments to the Decree will also require amendments to several points of the Ministerial Order. It is expected that both sets of amendments will come into effect in April or May 2022.

³ Government Gazette 2022, no. 4952.