

Letter of 5 August 2024 from the State Secretary for Youth, Prevention and Sport Vincent Karremans and the Minister of Justice and Security David van Weel to the House of Representatives on developments relating to the Controlled Cannabis Supply Chain Experiment

We are writing to update you on the Controlled Cannabis Supply Chain Experiment ('the experiment').

The transitional phase of the experiment began on 17 June. From that date, the appointed growers have been able to sell their products to coffee shops in the 10 participating municipalities¹ and the coffee shops have been able to sell these controlled products to the consumer, in addition to the tolerated sale of illegally produced cannabis products. Currently, three growers are supplying the participating coffee shops. So far, out of a total of 75 participating coffee shops, 63 have sold controlled cannabis and hashish to a greater or lesser extent.

On 15 March we informed the House that the experimental phase was expected to begin on 16 September, provided there was a sufficient quantity, quality and diversity of cannabis and hashish to supply all the coffee shops. We also stated that if these preconditions could not be met, the transitional phase would be extended.

Since the start of the transitional phase on 17 June, compliance with these preconditions has been monitored by means of questionnaires sent to coffee shop owners,² quarterly discussions with growers, input from municipalities and monitoring of current production figures. Monitoring began then because it was from that date that coffee shop owners could purchase the controlled products and the most up-to-date information about compliance with the preconditions could be obtained. Current monitoring shows that the preconditions have not yet been met.

Data from the track & trace system shows that the first three growers are not producing the quantity of cannabis and hashish that they forecast in March. In total, the growers need to deliver at least 570kg of weed and 160kg of hash a week to ensure a sufficient *quantity*.

In addition, there must be a minimum stock of 6,800kg of weed and 2,000kg of hash available. At present, the required *quantity* is not available and, on the basis of the forecasts, it does not appear that this can be achieved by 16 September. Growers 4 and 5 have experienced delays in their preparations. It is not realistic to expect that they will have caught up by 16 September, given that the process of cultivating, drying and packing cannabis takes several months. In this light, we must conclude that the *quantity* is not at the level it should be, especially the quantity of hash. As things look now, not enough hash will have been produced by mid-September to provide all the coffee shops in the 10 participating municipalities with a steady supply. The importance of ensuring sufficient quantities of hash has been stressed during the quarterly discussions with the growers.

Having only three growers also impacts the *diversity* of the cannabis and hashish. In their questionnaire responses, the majority of the coffee shop owners stated

¹ Almere, Arnhem, Breda, Groningen, Heerlen, Maastricht, Nijmegen, Tilburg, Voorne aan Zee, Zaanstad.

² 65% of the participating coffee shop owners completed the questionnaire.

they were currently unable to provide customers with a diverse supply of cannabis products. To ensure a sufficiently diverse supply, coffee shop owners have said that more than three growers are definitely needed. Mayors from the participating municipalities have also expressed concerns about quantity and diversity.

In addition, most coffee shop owners indicated in their questionnaire responses that they were 'neutral' or 'satisfied' when it came to the perceived *quality* of the weed products. This is not the case for hash, however: the majority of the coffee shop owners have said that the quality of hash is currently not sufficient.

These findings mean that we expect that the quantity, quality and diversity of the controlled products will not be at the level needed by 16 September. The experimental phase therefore cannot begin on that date. If the experimental phase begins without the preconditions being met, there is an increased risk of illicit (street) trade. During the experimental phase, only controlled products can be sold. Due care is therefore required and more time is needed to ensure a complete and steady supply from growers before the experiment can begin. With this in mind, the transitional phase is being extended.

Production will be monitored again when growers 4 and 5 are fully operational. We aim to communicate the results of this monitoring to the relevant parties in mid-November. The experimental phase will begin no sooner than six weeks after it is announced. This is to enable growers, coffee shop owners, municipalities and supervisory authorities sufficient time to prepare.

Finally, the nine-month compliance requirement will be included in the designation for five growers this week. These are the five growers (out of the total 10) that have not yet begun cultivation. This means that, from that point in time, these growers must begin cultivating within nine months otherwise their designation could be revoked. This implements the motion by MP Songül Mutluer,³ ensuring that the progress of growers that have not yet begun production is monitored.

³ Parliamentary Paper 36 279, no. 18. In this motion, the government was asked to include a nine-month compliance requirement for growers. The government was also asked to revoke the designation of growers that fail to meet the conditions of the compliance requirement and to approach the next grower on the waiting list for participation in the experiment.