

Bank boycott snuffs Uruguay's legal marijuana sales

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Uruguay's unique new marijuana industry has run into a hurdle as international anti-money laundering rules are forcing banks to close the accounts of pharmacies legally selling the drug.

Uruguayan pharmacies started selling [marijuana](#) last month under a 2013 law that made the South American country the first in the world to legalize pot all the way from production to sale.

But lenders such as Uruguayan state bank Banco Republica (BROU) now say they must abandon such businesses.

Not doing so would "cause BROU and its clients to be financially isolated," its president Jorge Polgar was quoted as saying by El Observador newspaper.

That would "prevent it from carrying out any kind of operation with an international counterpart," he warned.

Another major bank, Santander of Spain, said it too would close any accounts held with it by Uruguayan pharmacies selling the [drug](#).

"As a global bank with clients in various countries, we have to observe the various norms in force in those places," a Santander source told AFP.

Blow to government

Some pharmacies have warned they will have to stop selling marijuana because of the banking restrictions.

"The truth is we did not know... that this could happen," Economy Minister Danilo Astori was quoted as saying by La Republica newspaper.

"A way will have to be found and we are looking for one."

The marijuana law was launched by Uruguay's last president Jose Mujica.

He urged his successor and ally Tabare Vazquez to find a solution.

"If this gets blocked, then the whole parliament will be blocked," warned Mujica, now a senator, whose Broad Front party has a majority in the legislature.

Despite widespread public opposition, Mujica pushed through the law, saying it would stem violence and crime by undermining the illegal drugs trade.

"This is a blow to the government and to the Broad Front," said Adolfo Garce, a political scientist at Uruguay's University of the Republic.

"Having made so much progress, having planted and harvested the marijuana and delivered it to the pharmacies... not being able to sell it due to an unforeseen problem is a very hard blow."

Another of the architects of the law, Julio Calzada, said Uruguay will now have to talk with US banks to seek a way around the restrictions.

"There are alternatives," he said, "but not in Uruguay."

Half population opposed

A survey published this month indicated that half of Uruguayans were opposed to selling marijuana in pharmacies.

More than 10,000 users have signed up with the authorities to buy the drug legally, according to the Cannabis Control and Regulation Institute.

In all, 16 pharmacies have been authorized to sell marijuana under state controls, barely enough to cover a country of 3.5 million people.

No major [pharmacy](#) chain has agreed to sell the drug.

Many pharmacies have been unwilling to participate in the scheme because of concerns about security and doubts that the small market of registered users is worth the trouble.

US laws

Cannabis producers have experienced similar difficulties in the United States, where several states have legalized marijuana for medicinal or recreation use.

US federal anti-drug laws forbid banks from letting them hold accounts, obliging the producers to operate in cash.

Credit rating agency Standard and Poor's estimates that only 300 of 12,000 financial institutions in the United States do business with producers of the drug.

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