



## PRESS RELEASE

Geneva | 20 June 2022

# The economic effects of Cannabis in Switzerland

A study conducted by the UNIGE and the consulting firm EBP reveals that the entire Cannabis system in Switzerland generates an annual turnover of one billion francs.

**Cannabis generates an annual turnover of around one billion Swiss Francs. This sum does not only contain production, import and trade in the shadow economy but also legal economic activity such as policing, the judicial system, social work and healthcare. A study from the University of Geneva (UNIGE) investigated the economic effects of the current form of regulation in-depth and shows: alternative regulation could significantly change the status quo.**

Cannabis was first prohibited in Switzerland in 1951. Seventy years later, the world has changed, and many countries are discussing as to whether prohibition is a policy best suited to serve the public interest. Switzerland has been considering the question for decades now and multiple attempts have been made to change the form of regulation both in a stricter and in a more relaxed direction, so far to no avail. The Federal Office of Public Health (FOPH) in coordination with the cantons of Geneva, Basel-Stadt as well as the cities of Berne and Zurich have financed a study that adds previously unavailable information to this discussion from an economic perspective.

### Many industries are affected by Cannabis

The study was conducted by Department of Sociology of the University of Geneva and the consulting company EBP Switzerland. The research team estimates the total turnover of the current cannabis system in Switzerland at 1 billion CHF annually. This estimate includes both the direct effects of the cannabis market, healthcare, police, jurisprudence, and court enforcement segments as well as indirect economic effects triggered across the Swiss economy.

About 56 tons of cannabis (marihuana and resin) are consumed in Switzerland annually. This corresponds to a little more than 750,000 joints daily. Based on this demand the annual revenue of the Swiss market for recreational cannabis is estimated at 582m CHF (excluding imports the estimate lies at 432m CHF). Additionally, the direct turnover of the other segments of the cannabis system amount to 14m CHF (court enforcement), 9m CHF (jurisprudence), 34m CHF (police), and 22m CHF (healthcare). Including indirect effects through intermediate inputs and generated incomes, the total effects (direct and indirect) amount to 843m CHF for the market segment, 44m CHF for healthcare, 71m CHF for the police, 18m CHF for jurisprudence and 23m CHF for court enforcement.



© IRS

About 56 tons of cannabis (marihuana and resin) are consumed in Switzerland annually.

**High resolution pictures**

## Gross value added comparable to the production of cars and car parts

The total gross value added (GVA) is estimated at 673m CHF of which 428m CHF are direct effects and 245m CHF are indirect. The direct value added generated by the cannabis system roughly corresponds to about 0.06% of Swiss GDP or to about half of the economy of the canton of Appenzell Innerrhoden. The closest industries in Switzerland with similar value added are water supply which is slightly smaller at 0.04% or the production of cars and car parts, which is slightly larger at 0.08%.

The total employment effect of the economic activity associated with the cannabis system amounts to about 4,400 full time equivalents. As a point of reference this is similar to the employment generated by the Swiss accident insurance (SUVA), which employs about 4,200 employees in Switzerland.

## contact

### **Oliver Hoff** (UNIGE - EBP Switzerland AG)

Research Associate  
Institute of Sociological Research

Department of Sociology  
Geneva School of Social Sciences

+41 44 395 16 16  
Oliver.Hoff@ebp.ch

### **Adrian Gschwend (BAG)**

Head of Policies and implementation section

+41 58 462 58 00  
Adrian.Gschwend@bag.admin.ch

### **Sandro Cattacin (UNIGE)**

Full Professor

Department of Sociology  
Geneva School of Social Sciences

+41 22 379 83 16  
Sandro.Cattacin@unige.ch

## Should cannabis be legalised in the future?

The study also shows that the economic effects would change in the medium term if alternative forms of regulation were applied. To show this different regulation scenarios were simulated. A legalisation of consumption and possession for personal use combined with a legalisation of non-commercial production (scenario "Cannabis Social Club") would decrease the total turnover of the cannabis system to 650m CHF. A mostly unregulated private market (scenario "Free Market") would even further decrease turnover to 200m CHF whereas a highly regulated privately organised scenario would achieve about 275m CHF.

A part of this decrease in turnover is redirected in the form of tax revenue. While the status quo, without a legal market and without a product-specific form of taxation generates tax revenue of about 25m CHF, the scenario "Cannabis Social Club" would generate around 166m CHF, the scenario "High-Regulation" (weight- and value-based taxation, similar to tobacco) would generate 464m CHF and the scenario "Free Market" (just VAT) would generate 11m CHF.

## A necessary basis for moving the legislative process forward

Dr. Oliver Hoff, Research Associate at the Institute of Sociological Research of the UNIGE and author of the study, comments on the results: "The simulation shows, that the current form of regulation produces an economically inefficient result. While artificially high profit margins enable illegal actors to generate generous profits, consumers suffer from inadequate transparency regarding products and quality. The healthcare system and preventative measures have a hard time accessing consumers with problematic consumption patterns and the state lacks access regarding regulatory, fiscal and public-health oriented initiatives.

Adrian Gschwend, head of policy and implementation at the FOPH, adds: «The study comes precisely at the right time as the commission for social and healthcare issues of the national assembly has recently started a legislative proposal regarding the legalisation of cannabis. The results show that both the current illicit market as well as a liberal commercial market inflicts costs on the public while individuals generate big profits. We thus need a well-regulated market that ensures both protection for children and adolescents as well as health protection measure.»

Dr. Sandro Cattacin, Full Professor at the Department of Sociology of the UNIGE, puts the result into context: «During the heroin prescriptions in the 1990s the deciding element was the suffering of people which led to a public indignation and a discussion on the solution of the drama. Subsequently, evaluations led to a stabilisation of this policy approach. For cannabis policy the same elements are relevant even though the suffering was not visible for a long time. Only recently the public discussion has started to pay attention to the suffering caused by prohibition. This study does not specifically address the suffering and also does not show, which regulation is preferable from a moral point of view. Instead, it provides welcome and necessary information on the economic effects of current and alternate regulatory scenarios which will add a new quality to the legislative process on cannabis regulation.

*A German summary of the study is published by Seismo [here](#).*

*The full report in English (including a summary) is published in the series «Sociograph - Sociological Research Studies» at the University of Geneva. It is available [here](#).*