

GROWERTALKS

Corr on Cannabis

5/1/2018

Sometimes Rules Change When People Change

Dr. Brian Corr

Cannabis is a truly global plant. It's grown and consumed in almost every country in the world. However, three United Nations treaties prohibit the production and supply of cannabis for any use other than medical or scientific. The first, the Single Convention on Narcotic Drugs of 1961, was followed by the Convention on Psychotropic Substances in 1971, and most recently the Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances in 1988.

Yet many signatory countries effectively ignore parts or all of these treaties. (As an aside—there's an interesting loophole: "This Convention shall not apply to the cultivation of the cannabis plant exclusively for industrial purposes [fiber and seed] or horticultural purposes." Ornamental cannabis anyone?)

The United States and Canada are signatories to these conventions. The U.S. has had some form of cannabis prohibition since the early 20th Century. Yet nine U.S. states have passed regulation allowing production, sale and use of cannabis for "general adult (recreational) use" and soon all of Canada will as well. Many other countries—including Australia, Chile, Colombia, Denmark, Finland, Germany, Iran, Israel, Jamaica, Lesotho, Malta, Mexico, Spain, Turkey and Uruguay—have some form of legalization of cannabis. There are even more countries (e.g., the Netherlands) where use, possession, sale, production, etc. are technically illegal, but enforcement is minimal.

What's going on? As is often the case, regulatory realities are lagging behind social realities.

Treaties, regulations and laws change for many reasons. In the case of cannabis, policy change is slowly resulting from ground-up public acceptance rather than top-down legislation. Although U.S. Attorney General Jeff Sessions may think "good people don't smoke marijuana," many prominent public figures have admitted to smoking cannabis. While it's no surprise Willie Nelson and Snoop Dogg favor marijuana, such notables as George W. and Jeb Bush, Clarence Thomas, Michael Bloomberg, Richard Branson, Justin Trudeau, Oprah Winfrey and Barack Obama have admitted to at least occasional cannabis use at some time in their lives. Unlike former U.S. president Bill Clinton, Obama freely admitted his cannabis use: "I inhaled. That was the point."

This general public acceptance is evident in opinion polls. Recent polls by Quinnipiac (April 2017), Gallup (October 2017), Fox News (January 2018) and Pew Research (January 2018) all found a majority of American voters favor legal use of marijuana (60%, 64%, 59% and 61%, respectively). In March 2018, 68% of the voters in Cook County, Illinois (Chicago is in Cook County), voted in favor of a non-binding referendum regarding legalization of cannabis for general adult use.

Another reason for this greater acceptance of cannabis is the increased availability of more socially acceptable forms to consume cannabis. Rather than smoking hand-rolled cigarettes or from bongs, many users are consuming cannabis in new forms. Electronic cigarettes (vape pens) are available preloaded with cannabis extracts or with refillable cartridges. Rather than eating homemade brownies, a cannabis consumer can choose from commercially prepared candy bars, cookies or mints. Constellation Brands (Corona beer, Svedka vodka and dozens of other brands) has invested about \$191 million USD in a Canadian cannabis company and is planning to create cannabis-infused drinks. Medical-style products like tinctures, capsules and patches can discretely deliver the active ingredients from cannabis. There are even cannabis-infused coffee pods for use in your Keurig machine.

Besides general acceptance, economics are driving policy changes. Although exact numbers cannot be determined, estimates indicate cannabis sales in Canada and the United States were approximately \$56 billion USD in 2016 (although only about one dollar in eight is legal sales—approximately \$6.7 billion USD). To put that in some perspective, in 2017, the revenue for the U.S. National Football League was estimated to be approximately \$14 billion USD and revenue for the National Hockey League was approximately \$3.7 billion USD.

The value of the retail market for cannabis in the European Union was estimated to be over \$9.3 billion EUR in 2013. For comparison, in 2016, the English Premier Football (soccer) League had revenues of about \$4.9 billion EUR and Formula One had revenue estimated at \$1.8 billion EUR.

With cannabis sales this large, there are incentives to make the business acceptable from a regulatory perspective. For example, the current Colorado retail marijuana sales tax rate is 15%, resulting in \$247 million USD in tax revenue in 2017. The state has collected over half a billion dollars since the inception of the program.

Overall, these trends represent a form of political consumerism that's driving policy changes. Consumers are making conscious choices in their purchase decisions, slowly changing policies by the way they spend their dollars or euros and their public acceptance of cannabis use.

As the public changes in their perception of cannabis use, the treaties, laws and regulations related to cannabis are slowly being changed in response. This change can sometimes be tumultuous, and often erratic in timing, but has momentum because it's from the ground up. **GT**

Dr. Brian Corr is a consultant with more than four decades of experience in the greenhouse industry. He has advised legal cannabis producers for the last three years. You can reach him at Brian.Corr@SycamoreHortConsulting.com.