About
Prohibition Partners

We are trusted advisors to the LATAM legal cannabis industry

The Latin American legal cannabis market is one of the fastest growing cannabis industries in the world. The value of the legal market is expected to be worth over $12 billion by 2028. Low cost exports and favourable legislation will disrupt the global cannabis market.

We work with investors, entrepreneurs and regulators to identify, qualify and maximise the many opportunities in this emerging frontier. Our reliable and credible insight is maturing the conversation and opening up the market.

Market Data & insights
The most comprehensive market intelligence and data set on the international cannabis market. Regular free reports including The European Cannabis Report™ and International Cannabis Weekly newsletter.

International Strategy
Market entry and expansion strategy including regulatory relationships, licensing applications and cross border commerce.

Bespoke Consultancy
Detailed research and analysis for both regulators and investors interested in the potential of the international market.

Are you looking for investment?
Our reports are read by over 120,000 cannabis investors and entrepreneurs. For sponsorship opportunities contact Stephen Murphy
stephen@prohibitionpartners.com

Contact Details

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MANAGING DIRECTOR

EOIN KEENAN
CONTENT MANAGER

ALEXANDRA CURLEY
HEAD OF INSIGHTS

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Latin America Regional Insights

Low Prices
Low quality cannabis and the weak currency exchange means that cannabis prices are markedly lower than Europe and North America. Often prices for the lowest grade of cannabis can run as cheap as $0.50 per gram. As the industry matures, expect this to increase.

Home-grown
Self-cultivation is popular in Latin America with many countries such as Chile, Chile and Uruguay home to different cannabis clubs and communities. The abundance of homegrown cannabis has helped to keep cannabis prices low.

Canadian-Influenced
The current world leader and first mover in the global cannabis industry is making its mark in Latin America. Many of the countries in the region continue to rely on medical cannabis exports from Canadian companies as they lack the official infrastructures for domestic cultivation industries.

Cultivator's Paradise
Many Latin American climates boast cheap land and favourable climates for cultivators, offering at least two harvests a year. In addition, outdoor grows will become popular, offering strong savings on costly heating and lighting infrastructures.

CBD Dominant
Many of the medicinal products available are limited to low THC cannabis, predominantly distributed as oils and tinctures. High THC cannabis flowers are very uncommon (outside of Uruguay).
The LATAM Cannabis Report™
Introduction

Over the past 24 months, the Latin American cannabis industry has emerged from the shadows to command the attention of the international cannabis community. While their noisy Northern neighbours have attracted much of the mainstream media attention, Latin America can boast the first country in the world, Uruguay, to officially legalise both medical and recreational cannabis. Since then-president, Jose Mujica, signed Law 19.172 into effect in December 2013, over ten countries in the region have legalised medical cannabis, with three further decriminalising the use of personal amounts.

The LATAM Cannabis Report™, the first of its kind from Prohibition Partners, is the most extensive and credible review of the Latin American cannabis market to date. The report examines the legislation, regulation, market size and commercial opportunities in 11 countries, all of which intricately detailed over 69 pages.

I would like to thank the support of our sponsors and the dedicated team at Prohibition Partners who are committed to providing the most comprehensive data and insights on the global cannabis industry.

Stephen Murphy
Co-Founder & Managing Director
Prohibition Partners

Lead Sponsor Foreword

The global cannabis market is expanding at an unprecedented rate with growing acceptance of the financial and medical benefits and new developments in diverse markets occurring daily.

Aphria’s mission is to be the premier global cannabis company through an unrelenting commitment to our people, product quality and innovation. Currently, we are recognized or licensed by health authorities in over 10 countries across five continents. Our international strategy is focused on expanding into medical cannabis markets with rigorous regulatory rules, markets with limited license opportunities and stable economic environments.

LATAM is a burgeoning market for medical cannabis. In 2018, Aphria acquired LATAM Holdings Inc., further solidifying our leadership position in the global cannabis industry with world-class assets in the most advanced regulatory jurisdictions across LATAM and Caribbean markets.

As the demand for premium medical cannabis continues to rise, Aphria is executing on our global strategy and leveraging our proven experience and practices, innovation and world-class talent to be an industry leader. We look forward to furthering relationships with partners and regulators in LATAM to support the growth and development of the global cannabis industry.

Jakob Ripshtein,
Chief Commercial Officer,
Aphria
Aphria is setting the standard as a worldwide leader in the cannabis industry through a diversified approach to innovation, strategic partnerships and global expansion.

Learn more at aphria.ca
As a global leader in the cannabis industry, Aphria currently has a presence in 12 countries across 5 continents. We are bringing Aphria’s expertise, experience and know-how to the most strategic opportunities in international markets today.

Learn more at aphria.ca
The Latin American cannabis industry is developing at a rapid pace, emerging as a key region in the global cannabis marketplace. Calculating a range of pricing, consumption and patient datasets, the market is expected to exceed US$12 billion by 2028, offering serious growth potential to global cannabis companies and investors.

Positive public perception of the plant coupled with radical efforts from pioneering countries such as Uruguay and Colombia have encouraged a wave of policy changes in the region, opening the market to entrepreneurs, investors and international brands. From a political standpoint, Uruguay has challenged the global perception of cannabis, becoming the first country in the world to fully legalise cannabis for both medical and recreational purposes in 2013, when then-President Jose Mujica formalised Law 19.172. Commercially, Colombia has become a global industry leader in cannabis cultivation, claiming 44% of the total cannabis export quota according to the UN Single Convention on Narcotic Drugs of 1961.

While trailblazing countries have caught the majority of the limelight, the region as a whole has substantial commercial and political potential. Latin America has a prospective market of over 500 million adult use customers and 4.3 million patients, making it a core priority in cannabis companies’ global strategy. Its low-cost agricultural exports and increasing support for the legalisation of recreational cannabis means it could play a pivotal role in the international cannabis industry. Although the global medical cannabis industry is in its infancy, the drug is increasingly incorporated into the healthcare systems of several Latin American countries.

The regulatory environment is favourable to pro-cannabis legislation. In Chile, Colombia, Jamaica, Mexico, and Uruguay, cannabis is either legalised or decriminalised for medical, recreational and/or industrial uses. As a result, corporate activity and interest are gathering pace in the region, most notably in Argentina, Colombia, Chile, and Brazil. Cannabis facilities have begun to emerge over the last 24 months with a particular focus on cultivation, production and manufacturing.

Favourable climatological systems, low-cost labour and available farmland are making Latin America one of the most attractive bases for global cannabis cultivation and major international LPs. For instance;

- **Latin America is becoming a leading cultivation centre for global cannabis supply**
- **Colombia alone has issued 142 licenses for the cultivation and production of cannabis**
- **Over 40 licensed producers are active in the region**
- **Legal cannabis sales are expected to surge from US$125 million to US$12.7 billion**
- **Facility and construction costs are 80% lower than North America and Europe**

Globally, a significant number of other countries are moving towards the legalisation of cannabis for medical use, while elsewhere the established national cannabis systems are maturing. As a result, the demand for cannabis and cannabis products is increasing substantially. Latin America is poised to meet the rising demand but faces competition internationally. Investors and cannabis companies worldwide must now examine the true value of cultivation. Cultivation sectors in Germany and Canada come with high costs and significant barriers. As the Latin American cultivation market develops, it offers a low-cost alternative for licensed producers who are keen to reduce costs.

Value is abundant in the market but the scale of the market opportunity is negated by the regulatory complexity and diverse commercial opportunities in the region. Prohibition Partners’ first report on the Latin American cannabis industry provides comprehensive guidelines of the legislation and regulatory environment in the region. The market data and commercial analysis presented in this report will detail the maturation of the industry. As the global cannabis market enters the second phase of development, our data, insights and intelligence will define the emerging cannabis landscape.
The LATAM Cannabis Report™ | Executive Summary

**Key Statistics for the Latin American Cannabis Industry**

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>650m</td>
</tr>
<tr>
<td>GDP</td>
<td>US$ 5.3T</td>
</tr>
<tr>
<td>Total Healthcare Expenditure</td>
<td>US$ 354B**</td>
</tr>
<tr>
<td>Total Pharmaceutical Expenditure (2016)</td>
<td>US$ 117B</td>
</tr>
<tr>
<td>Estimated Total Of Cannabis Users</td>
<td>5.4%</td>
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<tr>
<td>Estimated Cannabis Market Value 2018</td>
<td>US$12.7B</td>
</tr>
<tr>
<td>Estimated Medical Cannabis Market Value (2028)*</td>
<td>US$8.5B</td>
</tr>
<tr>
<td>Estimated Recreational Cannabis Market Value (2028)*</td>
<td>US$4.2B</td>
</tr>
<tr>
<td>Estimated Industrial Cannabis Market Value (2028)*</td>
<td>US$12.6M</td>
</tr>
</tbody>
</table>

*Estimates assume that by 2023, all 11 countries profiled, have legalised medical cannabis and regulated recreational use. **Estimate based on average Latin American health expenditure (6.7%)
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QUALITY. CONFIDENCE. TRUST.

Organigram is Atlantic Canada’s original licensed cannabis producer. Organigram produces a full-suite of industry leading, award-winning, whole-flower cannabis and extract products, regarded nation-wide for exceptional quality.

The company’s flagship, data-driven production facility operates on a unique, tiered growing model and is regarded by cannabis industry leaders as best-in-class.

Organigram operates in all corners of the globe, including North America, Europe and Australia, with an eye on Latin America.
Market Size

Methodology

The market sizing contained within this report assumes that, by 2023, all countries profiled have legalised medical cannabis and regulated recreational use.

Market size and segmentation have been calculated following extensive analysis of the dynamics and performance of fully regulated cannabis markets outside of Latin America, including Canada and some states in the United States of America.

Data has been drawn from a wide range of reputable sources including the Organisation for Economic Co-operation and Development (OECD) and the International Narcotics Control Board (INCB). The Commercial Opportunities section of each country profiled represents our best estimate of market size, segmentation and future performance. Please note that market size, segmentation and performance, as well as cannabis prevalence and consumption frequency may change as more data becomes available.

Overview

Historically, Latin America and the Caribbean has been subjected to strict prohibitive policies exercised by the USA and other countries. The region possesses key strengths when it comes to cannabis cultivation and production particularly the fact that they can undercut the global market. In fact, experts such as Triston Thompson of Tacaya, believe the Latin American countries can become the “China of cannabis production and manufacturing”. However, barriers exist, particularly when it comes to restrictive commercial regulations and access to capital.

Key strengths

- Location
- Cannabis Quality
- Branding Power
- Low Compliance Costs
- Low-cost Labour
- Favourable Climate
- Foreign Direct Investment

Key barriers

- Lack of Official Export Regulations
- Inconsistency Among Policy Makers
- Lack of Banking Options for Cannabis Companies
- Limited to Medical Cannabis Only
- Lack of Access to Capital
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POSITIONED TO BE THE LEADING MEDICAL CANNABIS COMPANY IN LATIN AMERICA

With core operations in Colombia, Khiron is expanding medical cannabis innovation to reach more than 640 million people in LATAM, including 68 million potential patients.

www.khiron.ca
TSXV: KHRN
OTCQB: KHRNF
The region boasts a population of over 650 million with a total GDP of $5.3 trillion. However, total healthcare spend stands at $354 billion which, compared to Europe’s €2.3 trillion, means that the Latin American market value is significantly smaller than North America or Europe, despite its large population.

This report has analysed 11 key countries from the region, and estimates that the medical cannabis market will be worth US$8.5b by 2028 across this region (assuming a fully legal and regulated market is in place). Patient numbers, in 2018, remain relatively low, but a series of recent legislative changes in the region should open up the market in the short-term.

Similarly to many European states, some public healthcare plans are beginning to cover patients costs in Latin America, often accompanied by a smaller co-payment from patients (usually calculated as a percentage of their income).

The Latin American recreational cannabis market is expected to be worth some US$4.2 billion by 2028, (assuming a fully regulated and legalised market is in place). Analysing OECD data, we estimate that 5.4% of the total population in the region are cannabis users. This percentage represents a much smaller segment of the population than the markets of Europe and North America. This is predominantly a result of a conservative approach to cannabis and other recreational drugs in the area, and a historically punitive approach to cannabis users and growers.

The value of the estimated market (by 2028) is relatively low in comparison to the large, high value consumer markets of Europe and North America. The average price of cannabis is significantly lower than other markets, with some markets reporting prices as low as $0.50 per gram. This low price is a result of a large supply of home-grown, low quality cannabis, sometimes known as "bush weed". This low price of cannabis is the main reason for the relatively low market value (compared with international markets). However, as the cannabis industry becomes commercialised and regulated across the region, we expect the price per gram, market value and consumption levels to increase over time.

Cannabis and hemp have been legal in Uruguay since 2013, putting this vanguard nation in a strong position to cash in on its ability to sell unrestricted amounts in order to meet demand.

Amongst the countries analysed in this report, Mexico is the second largest Latin American market for industrial cannabis products, taking a 15% share. Although production and transformation of industrial hemp was illegal until 2017, the Mexican government is now finalising the details on the legalisation of industrial cannabis, amidst claims that the presence of the country’s mighty cartels will make legal cannabis cultivation impossible.

The Latin American industrial market is expected to be worth some US$13 million by 2028, (assuming a fully regulated and legalised market). Chile is expected to be the largest market in the region and would account for around 39 cent of every dollar of Latin America's industrial cannabis industry. We estimate that Chile's market will be worth an estimated US$5m. Chile is aided by the fact that Chilean law has always made provisions for the legal cultivation of cannabis as hemp. Although there are not many hemp farms in the country, a resurgence is anticipated as new hemp industries are being developed in response to growing international demand. The global hemp industry is currently valued at over US$1b.

Amongst the countries analysed in this report, Mexico is the second largest Latin American market for industrial cannabis products, taking a 15% share. Although production and transformation of industrial hemp was illegal until 2017, the Mexican government is now finalising the details on the legalisation of industrial cannabis, amidst claims that the presence of the country’s mighty cartels will make legal cannabis cultivation impossible.

Cannabis and hemp have been legal in Uruguay since 2013, putting this vanguard nation in a strong position to cash in on its ability to sell unrestricted amounts in order to meet demand.
The trajectory of far-reaching legalisation could see Latin America become a leader in the global market because of the edge it has over other legal, developed countries. The key commercial advantages of Latin America, in terms of cannabis cultivation, production, processing and distribution, are the low cost of labour and favourable climates. Power consumption related to indoor cultivation is a huge disadvantage to countries looking to compete with Latin American countries who, on average, have a robust outdoor growing season. Additionally, the low cost of labour and less strict business regulations allow lower expenses.

Currently, Colombia owns the only exportation licence in the region and Uruguay is the only country to legalise and regulate recreational cannabis use.

Naturally, as with any commercially diverse region, certain Latin American countries are more likely to enter into the cannabis space than others. Investigating the infrastructures of these countries can give us an indication as to what countries can enter the space with a commercial advantage. The easiest way to project this is to examine the current state of agriculture in Latin America. For instance, agricultural export powerhouses in South America (such as Brazil, Chile, and Argentina) will enter the space with an infrastructure for cultivation, processing and transportation of commodity crops and agricultural products. If we examine the top 25 exporters in the world, only two Latin American countries are in that list - Brazil and Mexico. Cheap labour and agricultural infrastructure should not be the only considerations taken into account as open legislation and government support will prove key drivers in the cannabis export industry.

As Latin America joins the global green rush, cannabis prices will continue dropping as cannabis oil becomes an agricultural commodity. The more supply that enters the global market, the lower the prices will fall. This is not to say that all countries in Latin America are poised to become world leaders in cannabis exportation. In fact, some of these countries have high taxation that could negate the advantages laid out above and miss out on the first mover advantage of neighbouring Latin American countries. Most importantly, the level of infrastructure and experience cultivating for export markets will be a differentiator between different countries.

Some countries, like Colombia, will move fast, while others, such as Uruguay has done, will pass legislation...
Regulation and Legislation

and implement rules and regulations over a long period of time. Other countries will lay low and examine the outcomes of the passed legislation elsewhere before moving forward with their own. In the the global market, first mover advantage is held by Colombia, after they introduced export licences before other countries in the region.

Medical cannabis is already legal or will be in the short term (within 3 years) across Latin America. CBD oil is commonly treated as a controlled substance but a medicinal product. Medical cannabis in flower form is still relatively uncommon.

Although recreational cannabis is currently illegal, attitudes are changing and there is a moderate probability of legalisation in the medium term (within 5 years).

Industrial cannabis (THC < 0.3%) and hemp is still illegal in many countries but a popular hemp industry exists in Chile.

### Legal status in key markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Medical</th>
<th>Recreational</th>
<th>Industrial</th>
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<td>Illegal</td>
<td>Legal</td>
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<td>Chile</td>
<td>Legal</td>
<td>Decriminalised</td>
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</tr>
<tr>
<td>Colombia</td>
<td>Legal</td>
<td>Legal (self-cultivation)</td>
<td>Legal</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Legal</td>
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Leading in innovative and biotechnological advancements in the cannabis industry worldwide

Avicanna is a Canadian biotechnology company that is uniquely positioned to address the current gaps in the medical cannabis industry through its vertically integrated, multi-vertical, multi-market and scientific approach:

- **Sustainable**, economical and industrial agricultural projects across Colombia
- **R&D** through an established scientific team at JLABS in the MaRS Discovery district of Toronto and in collaboration with University of Toronto’s department of pharmacy
- **Clinical development** platform and partnerships with world class institutions across Canada, Colombia and Jamaica
- **Multi-vertical** commercialization platform offering API’s, derma-cosmetics, medical and pharmaceutical product offerings

Cultivation

Organic and industrial scale cultivation project in partnership with Grupo Daabon in Colombia

Cosmetics

Organic CBD skin-care portfolio scientifically developed for derma-cosmetic solutions

Medical

Advanced medical solutions in a range of cannabinoid ratios and delivery mechanisms

Pharmaceuticals

Pipeline of indication specific pharmaceuticals developed through a rigorous scientific-based approach and evidenced based clinical approach

AVICANNA.COM
Overview

Medical cannabis and recreational cannabis will be universally legal in the region when cannabis is rescheduled by the United Nations or when cannabis becomes legal at the federal level in the US. The economies of Latin America and the Caribbean remain dependent on the US systems. There is sufficient local support to make cannabis fully legal but, currently, no political will to do so. However, the economic and medical potential of the industry cannot be ignored by any forward-thinking government and we expect both medical and recreational cannabis to become legal in the next 5-10 years.

The Latin America and Caribbean region is home to 42 individual countries which all possess very different political, social and cultural landscapes to their neighbours. Because of these differences the legislative progression within each country is unique and the pro-legalisation movement has been progressing without region wide legislation on the subject. Tradeblocks, treaties, and alliances such as NAFTA (North American Free Trade Agreement), Mercosur, Pacific Alliance, and SIECA (Secretary of Economic Integration of Central America) have no stated position on the legalisation or commercialisation of medical or recreational cannabis.

“However, Uruguay and Colombia have established free trade agreements with both Canada and the European Union on the international trade regulations of cannabis”

Many Latin American populations are conservative but the major cities, where legislating bodies reside, tend to be more progressive. For example, in very conservative countries like Mexico, Colombia, and Peru, forward action has been taken to legalise the commercialisation of medical cannabis. Latin American regulators and legislators are no longer viewing cannabis through a prohibitionist point of view. Instead, they recognise the social, health and economic benefits of the cannabis industry while prioritising the freedom of choice granted by their constitutional rights.

Regulated Markets

Although many Latin American countries have approved legislation for the use of cannabis, only three operate regulated and profitable markets.

- **Approved**: Jamaica / Uruguay / Colombia
- **Regulated**: Paraguay / Cayman Islands / Chile / Argentina / Brazil / Peru / Mexico
- **Unregulated**: Panama

Medical

When it comes to drug legalisation in Latam countries, two things stand out - the recognition of the constitutional rights of freedom of the person, and the focus on the health of the drug user as a patient. The trend that can be seen is in treating consumers of cannabis as patients in need of medical help and not, as criminals. Decriminalising and offering social services is the focus of most health policies in the region and the expansion of legal medicinal markets across Latin America will continue to grow in the coming years.
The regulatory bodies in charge of the development of the cannabis industry tend to be:

- The Health Department (Food and Drug Administration)
- The Department of Agriculture
- The Justice Department (Drug Enforcement Agencies)

These agencies work hand in hand to draft legislation that is uniform across these departments.

The majority of Latin American countries abide by the UN Controlled Substances Act in an effort to align themselves with international treaties. Many of the signatories themselves never actively criminalised cannabis. The convention, however, does allow governments to use controlled substances for medicinal and scientific research. It’s because of this provision that most Latin American countries are able to legalise medicinal cannabis as long as their department of health allows it. Since currently most countries do not allow the cultivation or distribution of medical cannabis, which requires time and money to regulate, they do allow the importation of cannabis with permits from their respective health departments. Whether a health department is willing to permit the use of medicinal cannabis for patients depends mainly on the resources of the department and the priorities of their administrators.

Across Latin America, we are experiencing a shift towards the legalisation of medical cannabis. Mexico, Colombia, Peru, Chile, Argentina, Uruguay, and Brazil already boast legal medicinal markets. Panama will be debating the legalisation of medicinal cannabis in the next few months and will have a vote before the end of the year, with regulations expected to be finished in 2019. The timeframe of how quickly a country will legalise medical cannabis in the coming years depends on internal social and commercial interest.

The definition of medical cannabis differs between the countries in the Latin American region:

- Mexico defines medical cannabis as a product with 1% or less THC.
- Countries such as Chile, Ecuador, Paraguay, and Argentina specify individual ailments that cannabis can be used no matter the cannabinoid content.

While these differentiations are in place, for this report we use the term medical cannabis to address cannabis that is being used specifically for a medicinal purpose (regardless of what that means in terms of compound make up). Despite the ambiguity of the term, medical cannabis (of some form) is available on prescription in over 10 countries in Latin America. However, the application process is markedly different across the region. In certain countries, cannabis patients must apply for government licensing and medical cannabis cards, while other countries grant patients access directly via their GP.

Recreational

Very few countries look likely to legalise the recreational use of cannabis in the very near future. In Mexico, the situation differs slightly as Mexico's constitution upholds the freedoms of the individual. Thus, Mexico is currently leading the race to legalise the commercialisation of recreational use (aside from Uruguay). The Mexican Supreme Court has ruled in favour of three defendants, in three separate cases, granting them the right to grow and self cultivate cannabis for personal use. If another two rulings were made in favour of cannabis growers (for personal use) the Supreme Court will turn to Congress to have them modify the existing law. This will mean that Congress will need to amend the current legislation in order to federally legalise the use of cannabis for recreational use.

Chile, Colombia, and Uruguay currently allow self cultivation. In the next 6 to 12 months, instead of new legislation coming out in favour of a recreational market in these countries, we can expect to see them constructing and implementing their medical cannabis laws. During this time frame Mexico, Colombia, Ecuador, and Peru are set to finish regulating the use and commercialisation of medicinal cannabis, but none of them have released any official statements on recreational legalisation. As the general stigma against cannabis within individual communities begins to wear away, the majority of these countries will legalise recreational cannabis.

For the purposes of this report, recreational cannabis refers to any use of cannabis other than use for an ailment or medicinal purpose. In the region, there are some differentiations on the term; In Colombia self cultivation and consumption is legal, but not the commercialisation of the industry. In Uruguay, commercialisation has been legalised and dispensaries and over-the-counter purchases are commonplace.

Recreational cannabis is considered illegal in over half the countries in Latin America, but tides are changing. Colombia and Uruguay have already legalised the recreational consumption of cannabis, despite differences in regulations around the production and sale of the product. Chile, Jamaica and Mexico have decriminalised cannabis use, and cannabis culture is widespread within the region. Consumption levels are high, cannabis clubs are popular and advocates are pushing for the right to access but also the right to self-cultivate (which is particularly popular relative to North America and Europe).
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The global cannabis advisory
Key Countries

In this report, we have profiled the key markets of interest in the Latin American (and Caribbean) cannabis industry, examining the regulatory framework, current legislation, commercial opportunities and healthcare models in 11 countries.

Understanding the political and economic environments, as well as significant cultural nuances, will be absolutely essential for companies looking to enter the Latin American industry.
## Argentina

### Market Overview

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (m)</td>
<td>44.69</td>
</tr>
<tr>
<td>GDP (US$b)</td>
<td>637.6</td>
</tr>
<tr>
<td>Ruling Government Party</td>
<td>Cambiemos - Pro</td>
</tr>
<tr>
<td>Party Stance on Cannabis</td>
<td>Cannabis Oil Legalised In 2017</td>
</tr>
<tr>
<td>Total Healthcare Expenditure (US$b)</td>
<td>43.4</td>
</tr>
<tr>
<td>Alcohol Consumption (Litres Per Capita Per Year)</td>
<td>9.8</td>
</tr>
<tr>
<td>Prevalence of Tobacco Users (% of Population Aged 15+)</td>
<td>19.3</td>
</tr>
<tr>
<td>Prevalence of Cannabis Users (% of Population Aged 15-64)</td>
<td>21.8</td>
</tr>
<tr>
<td>Average Cost Per Gram of Cannabis (US$)</td>
<td>1.30</td>
</tr>
</tbody>
</table>

Source: UNDESA, World Bank, IHME/ UNODC/ Prohibition Partners

In March 2017, the Argentine Congress approved a new medical cannabis law. This law authorises the free import of cannabis oil for sufferers of refractory epilepsy. Patients will now be able to access medical cannabis via a doctor’s prescription. The new program will allow patients to access medical cannabis free of charge, however, more than a year after the law was passed, activists are noting a lack of legitimate progress.
Drug smuggling: Import/export and/or customs control concealment of cannabis is punishable by prison sentences of 4.5-16 years. If it is proven that the amount is for personal use, the penalty is reduced to from 3 - 12 years.

In addition to these, there are also fines of US$70 for drug possession, and US$70 - US$58,000 for trafficking cannabis.

In Argentina, public opinion favours the legalisation of cannabis, with thousands attending the Global Cannabis March every May. In addition, cannabis use among young adults is generally accepted in Argentina. In 2018, cannabis march attendees called for the Congress in Argentina to conduct more research into the benefits of the cannabis plant and its cultivation.

Drug possession: If the authorities confiscate cannabis from a person, the punishment can be imprisonment ranging from 1-6 years. If found to be for personal use, punishment is less harsh, but it is still punishable with prison time ranging from a month to two years.

Drug trafficking or trade: Trafficking or trade of cannabis is punishable with imprisonment from 4-15 years. Sentences may be mitigated if traffic has only been occasional, was not for profit, and/or was for personal use. The custodial sentences for these offences range from six months to three years.

**Regulatory Environment**

**Medical**

Since 2017, medical cannabis (cannabis oil and other cannabis for medical purposes) is legal for patients with a prescription from a licensed doctor in Argentina.

**Recreational**

Illegal, although possession of small quantities for personal use has been legal since 2009.

**Industrial**

Illegal.

In March 2017, CBD oil for medical use was legalised by the Argentine Senate, with all 58 senators present voting in favour of the bill. In response, President Mauricio Macri and his ruling party, Cambiemos, sponsored Law 27,350 legalising cannabis for medicinal use for patients with a regular medical prescription. This new legislation was entitled *Medical and Scientific Investigation into the therapeutic use of cannabis and its derivatives*.

The law stipulates the creation of a "National Program for the study and research of the medicinal use of the cannabis plant" with a brief to "verify the benefits and adverse effects of the use of the cannabis plant and its derivatives as a therapeutic and palliative option for diseases whose diagnosis conforms to internationally accepted standards," and are subject to attention of the International Classification of Diseases of the World Health Organisation (WHO).

September 2017 saw the creation of a regulatory framework for the medical and scientific studies of cannabis and its derivatives under government decree 738/2017. The final legislative approval followed, resulting in a bill that legalises cannabis oil for medicinal use and permits the federal government to grow cannabis for research and therapeutic purposes. Medical cannabis has been legal in Chubut, a Southern region, since September 23, 2016, and in Santa Fe, based in the South-East, since November 30, 2016.

Cannabis remains illegal in some LATAM countries so please reference your local laws in relation to medical or recreational use. This report has been compiled for informational purposes only. It should not be construed as a research report for investment, legal, medical, health or tax advice. © 2018 PP Intelligence LTD.
Cannabis remains illegal in Argentina as per Law 23.737 of 1989 and punishable by prison and fines. However, there are signs of a somewhat softer legal approach in terms of consumption and cultivation for personal use as a result of a legal precedent known as Arriola, which was enacted in 2009. The Arriola case proved to be influential in Argentine cannabis policy, after the Supreme Court ruled the legislation to be unconstitutional.

On August 25, 2009, Argentina’s Supreme Court unanimously declared the second paragraph of Article 14 of Law 23.737 to be unconstitutional, as it punishes the possession of drugs for personal consumption with prison sentences ranging from one month to two years (although education or treatment measures can be substitute penalties). According to the court, the article is unconstitutional in cases of drug possession for personal consumption which does not affect others.

Congress has yet to clarify how much cannabis amounts as ‘personal use’, leaving the courts to judge this on a case-by-case basis. It is also common for people to cultivate cannabis plants in their homes despite it being illegal. Anyone suspected of large-scale cultivation or trafficking of cannabis is more likely to face prosecution. Personal cannabis cultivation or production remains illegal, despite the new laws promoting the production of and research into medicinal cannabis. Whilst the nation develops its cultivation operations, cannabis must be imported from countries outside of Argentina with patients required to import products like Charlotte’s Web or similar products available through national health care providers.

In Argentina, hemp is not distinguished from cannabis and as such is illegal to cultivate.
The national healthcare expenditure has steadily declined since 2011; there has been a 40% decrease in total over the last five years. Expenditure per capita is currently around US$540. About 56% is funded publicly, with the remaining 44% stemming from private health insurance and patient contributions. The country provides universal medical coverage through a tax-funded public insurance program. The healthcare system can be divided into public, private and union-run, each with their own network and funding mechanisms. The private healthcare sector in Argentina is characterised by great heterogeneity and consists of a large number of fragmented entities and small networks; it consists of over 200 organisations and covers approximately two million Argentines.

The National Health Ministry has promised to create a national register of cannabis patients who will be able to access the medication for free via the public health system. Those who qualify must follow the country’s guidelines and receive a certified recommendation from a trained doctor. The Ministry of Health then provides prescriptions to patients.

Qualifying conditions for this medical cannabis program include: persistent, difficult-to-treat pain, refractory types of epilepsy, and autism. These laws will also lay the foundation for a growing medical cannabis industry and commit the health ministry to produce and supply sufficient amounts of cannabis in all its forms to support the new programme, in addition to promoting research and domestic production.

According to data published by the International Narcotics Control Board (INCB), there is a requirement for just 50g of cannabis in Argentina in 2018. However, with an estimated 72,000 potential medical cannabis patients in Argentina, this requirement could be as big as 27.8 million grams with a total market value of close to US$152 million in the short term.

Commercial Opportunities

**Market segmentation of the cannabis industry**

<table>
<thead>
<tr>
<th></th>
<th>Forecast Medical Cannabis Market Value 2028 (US$m)</th>
<th>Forecast Recreational Cannabis Market Value 2028 (US$m)</th>
<th>Forecast Industrial Cannabis Market Value 2028 (US$m)</th>
<th>Total 2028 (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Market</strong></td>
<td>474.6</td>
<td>233.8</td>
<td>0.7</td>
<td>709.1</td>
</tr>
<tr>
<td><strong>Secondary Market</strong></td>
<td>278.7</td>
<td>137.3</td>
<td>0.4</td>
<td>416.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>753.4</td>
<td>371.1</td>
<td>1.1</td>
<td>1,125.6</td>
</tr>
</tbody>
</table>

Thus far, only one medical cannabis drug licence has been issued in Argentina, but in January 2018, a public laboratory became the first to request permission from the Federal National Administration of Drugs, Foods and Medical Devices to import 50 kilograms of cannabis flower from Uruguay. The lab expects to use this to manufacture 2,000, 50-millimetre units of Cannabis oil which will be used to create CBD for children with refractory epilepsy.
Brazil

Market Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (m)</td>
<td>210</td>
</tr>
<tr>
<td>GDP (US$t)</td>
<td>2.1</td>
</tr>
<tr>
<td>Ruling Government Party</td>
<td>A nine-party coalition: (detailed in regulatory environment)</td>
</tr>
<tr>
<td>Party Stance on Cannabis</td>
<td>In Favour</td>
</tr>
<tr>
<td>Total Healthcare Expenditure (US$b)</td>
<td>170</td>
</tr>
<tr>
<td>Alcohol Consumption (Litres Per Capita Per Year)</td>
<td>7.8</td>
</tr>
<tr>
<td>Prevalence of Tobacco Users (%)</td>
<td>13.9</td>
</tr>
<tr>
<td>Prevalence of Cannabis Users (%)</td>
<td>2.5</td>
</tr>
<tr>
<td>Average Cost Per Gram of Cannabis (US$)</td>
<td>0.25</td>
</tr>
</tbody>
</table>

In 2015, Brazil’s Agência Nacional de Vigilância Sanitária / National Health Agency (ANVISA) began to allow the import of non-psychoactive CBD oil products. In May of the same year, US-based Medical Marijuana, Inc. was named the first company licensed to import CBD oil into Brazil.

Imports of medical cannabis had initially started in 2014, when a small number of families obtained special authorisations from ANVISA to import and use CBD oils to treat their children suffering from refractory epilepsy. Brazilian doctors and patients are now legally allowed to import CBD products that have possible benefits for a cancer patient’s condition.
Medical cannabis products can be obtained through a doctor’s prescription and government-approved import documentation. Approved patients are allowed to import additional cannabis-based medicines into the country.

Medical Recreational Industrial

Medical cannabis products can be obtained through a doctor’s prescription and government-approved import documentation. Approved patients are allowed to import additional cannabis-based medicines into the country.

Cannabis in general is illegal, but a 2006 law decriminalised personal growth and use, whilst sale and purchase of cannabis is seen as trafficking and remains illegal.

Hemp oil for medical products was legalised in 2015.

The ruling government consists of a nine-party coalition made up of the Workers’ Party, the Progressive Party, the Brazilian Democratic Movement Party, the Social Democratic Party, the Republican Party, the Brazilian Republican Party, the Democratic Labour Party, the Republican Party of the Social Order, and the Communist Party of Brazil.

According to Havocscope and the United Nations Office on Drugs and Crime (UNODC) the average price of cannabis in Brazil is relatively low compared with other LATAM nations. This low price is a result of the popularity of home cultivation and the decriminalisation of cannabis use in public. These factors have led to a large supply of low-grade cannabis, and we expect both the price and the quality of cannabis to increase significantly over the next ten years. As a result of the low price of cannabis, the forecasted market values can be considered very conservative.

In 2006, Brazil’s government approved Law 11.343 which decriminalised the use of cannabis in public. Instead of incarceration, the new law detailed a range of alternative penalties for cannabis use. These alternatives are set out in Article 28, which states: “Whoever acquires, keeps, holds in storage, transports or carries upon himself, for personal use, drugs without authorisation or in violation of legal or regulatory decree, shall be subject to the following penalties: I: warnings about the effects of drugs; II: community service; III: educational measures, completion of an educational course.”

However, it remains illegal to cultivate and sell cannabis sativa and its derivatives under Article 33 of the aforementioned drug law details that:

“It is illegal to import, export, refer, prepare, produce, manufacture, obtain, sell, expose to sale, offer, store, transport, carry, keep, prescribe, administer, or deliver for the consumption or supply, narcotics – even if for free – without authorisation or in violation of the legal or regulatory norms. Punishment: Imprisonment for 5 to 15 years and payment of R$500 to R$1,500 fine.”
Imports of medical cannabis began in 2014, when a small number of local families obtained special authorisations from ANVISA to import and use CBD oil to treat their children with refractory epilepsy. Due to a lack of pharmacies or dispensaries, patients had to purchase and import their own prescribed products, often online. To get authorisation, patients need a prescription and written report from their GP justifying the need. Authorisation from ANVISA needs to be renewed annually.

In 2015, ANVISA started to allow the import of non-psychoactive CBD hemp oil products. US-based Medical Marijuana, Inc. became the first company allowed to import hemp CBD oil into Brazil in May that year. Then, in 2017, ANVISA announced that public laboratories, companies, and universities will be able to grow medical cannabis and issued the first license for the use of cannabis-derived medicines that contain both THC and CBD. In addition, patient associations would be allowed to partner with universities to access medical cannabis.

ANVISA is also considering allowing companies to both grow and process cannabis in order to produce oils and extracts for medical purposes. These companies could potentially be allowed to sell their products directly to patients, after the government agency inspects and approves the cannabis-based products. However, there is no pharmacy or dispensary network, which forces patients to import their prescribed products, usually through the internet.

The cultivation, consumption, distribution and possession of any amount of cannabis is illegal in Brazil. The Brazilian government considers anything made from cannabis, including non-psychoactive hemp, as illegal. However, in 2006, Brazil introduced Law 11.343, effectively de-penalising the use of cannabis in public, replacing the penalties with a warning, community service and education on the effects of drug use. Possession or cultivation of large amounts, as well as sale or transport of cannabis is considered drug trafficking and punishable with 5-15 years in prison, plus a large fine.

An in-depth study on cannabis prevalence by the Brazilian National Alcohol Survey (BNAS), found that the highest proportion of users are aged 18-30, followed by the 14-17 age bracket. More than six in ten Brazilians (62%) are aged under 30.

Since the 1980s, the campaign to legalise cannabis began to gather momentum with politician Fernando Gabeira and the Environment Minister Carlos Minc attempting to implement the cultivation of hemp for industrial purposes.

Hemp oil was legalised for medical cannabis products in 2015.
The Brazilian constitution has, since 1988, guaranteed access to free healthcare for all Brazilian citizens. The Sistema Único de Saúde (SUS) is a free universal healthcare system founded on the principles of decentralisation (financing comes from federal, state, and municipal governments), equal access to healthcare, and comprehensiveness (the system covers all aspects of care, from preventative measures to hospital treatment).

In January 2017, healthcare regulators in Brazil issued the country’s first licence for the sale of Sativex oral spray (marketed as Mevatyl in Brazil), derived from cannabis and used to treat multiple sclerosis. Since Mevatyl is exclusive to MS treatments, Brazil’s medical cannabis program also allows approved patients to import other select cannabis-based medicines. Although CBD is not clinically tested for the treatment of cancer, nor for the side effects commonly associated with cancer treatments, Brazilian doctors and patients are now legally allowed to import CBD products that have possible benefits for a cancer patient’s condition.

HempMeds Brasil’s RSHO (Real Scientific Hemp Oil) is the first cannabis product to be approved for import by Brazil’s federal government and used as a prescription for approved medical conditions including epilepsy.

Today, any resident of Brazil who has a government-approved medical cannabis card can access RSHO products but will need both a doctor’s prescription and government-approved import documentation.

Not all patients require a medical cannabis card, for example, a patient with a prescription for Mevatyl would not require one. If medication has been imported through ANVISA, however, a prescription, as well as proof of exceptional authorisation by ANVISA is required. There are also some restrictions on how cannabis is consumed. The government has only approved cannabis-based medicines with max 30 milligrams of tetrahydrocannabinol (THC) and cannabidiol (CBD) per millimetre.

With a population of more than 210 million, Brazil could potentially have one of the world’s highest potential patient counts. Due to the country’s approach to its medical cannabis program, patients with a range of conditions can qualify for cannabis-based medicines. In many cases, however, sufferers of diseases eligible for medical cannabis including cancer, chronic pain or epilepsy will need to apply through ANVISA, as Mevatyl (introduced in Brazil in 2017) only treats MS. The national healthcare system in Brazil covers all costs associated with medical cannabis treatments.

The 12-month prevalence of cannabis use was 2.1% among the entire population. Despite this relatively low percentage, this equates to a potential consumer market of 4.4 million cannabis consumers. In the event of a regulated recreational cannabis market, expect big players across the continent to target the Brazilian market.

In addition, cheap land, low-cost labour and agreeable climates will provide an impetus for a strong cultivation industry in the future.
In October 2016, the Cayman Islands legalised the limited use of CBD oil for medical purposes. Cayman lawmakers approved a key second reading of a bill that amends the country’s Misuse of Drugs Law to allow cannabis to be prescribed by local doctors and dispensed via local pharmacies:

“The use of cannabis extracts and tinctures of cannabis for medical or therapeutic purposes, where prescribed by a medical doctor licensed in accordance with the Health Practice Law (2017 Revision) as part of a course of treatment for a person under that medical doctor’s care, is lawful.”

The product itself is imported from supplier nations such as Canada and Jamaica. Currently, police are obligated to remove and destroy any cannabis cultivation facilities found on the islands. However, the prevailing attitude towards cannabis is changing in the country, and a large
Hemp cultivation is illegal in the Cayman Islands.

Medical cannabis oil was legalised in the Cayman Islands in 2016, but no medication has entered the market yet. The cannabis oil itself is imported, and in 2017, Cayman was one of nine countries, and the only Caribbean nation, to import Canadian cannabis oils - 26.52 litres in total.

Dennie Warren Jr. (whose wife suffers from stage four lung cancer) and businessman Prentice Panton are pushing for the next step; a creation of a medical cannabis industry in the Cayman Islands, where the plant can be legally cultivated and turned into medicinal oil and other relevant products.

The use, cultivation, selling and buying of cannabis is illegal in the Cayman Islands. Despite an increasing tolerance among residents (due to the legalisation of medical cannabis), there are no indications that recreational use in any form will receive the same treatment any time soon.

Hemp cultivation is illegal in the Cayman Islands.

### Healthcare Analysis

<table>
<thead>
<tr>
<th>Total Healthcare Expenditure (US$b)</th>
<th>Total Pharmaceutical Spending (US$b)</th>
<th>Total Estimated Medical Cannabis Allowance 2018 (grams)</th>
<th>Total Estimated Medical Cannabis Market Value 2018 (US$m)</th>
<th>Approved Cannabis-based Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>137.5</td>
<td>No data found</td>
<td>No data found</td>
<td>No data found</td>
<td>Cannabis Oil</td>
</tr>
</tbody>
</table>
The health system in the Cayman Islands is a combination of public and private. In 2015, the Cayman Islands government funded about 51% of all health-related expenditures in the territories, while the other 49% was funded through private sector insurance coverage or out-of-pocket expenses. Patients are divided into pre-acute care, acute care and post-acute care, each with different considerations regarding health care, private/public health care, and insurance coverage.

In the Cayman Islands, the over-65s are the most frequent health service users. As the cultivation of medical cannabis remains illegal in the country, cannabis oil is imported mostly from Canada, greatly increasing the price of the medication for patients. However, the Cayman Islands are home, albeit often temporarily, to mostly well-heeled residents who will most likely be able to afford these medical bills.

Canadian firms CanniMed Therapeutics and Cronos Group have so far been granted permission to export cannabis oil to the islands. When the system is up-and-running, this medication will be made available to specially selected residents via an initiative of CTMH (Doctors Hospital and Cayman Pharmacy Group).

In April 2017, a series of in-house education events were held for healthcare staff and residents to prepare for the program. During an initial phase, medicines containing THC (tetrahydrocannabinol) and CBD (cannabidiol) will be dispensed from pharmacies. The medicines are being sourced from Canada’s CanniMed Therapeutics via Caribbean Medical Distributors Ltd. (CMD). The primary focus of the initial phase is to engage and educate physician-selected patients, while tracking their progress.

Two Canadian firms have been granted licences to export medical cannabis oil to the Caymans while local firm Lion’s Garden is offering prescription cannabis oils and pastes through Grand Cayman’s Health Care Pharmacy.
### Chile

#### Market Overview

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (m)</td>
<td>17.9</td>
</tr>
<tr>
<td>GDP (US$b)</td>
<td>247</td>
</tr>
<tr>
<td>Ruling Government Party</td>
<td>Chile vamos: independent democratic union, national renewal, independent regionalist party, political evolution</td>
</tr>
<tr>
<td>Party Stance on Cannabis</td>
<td>Supports private use</td>
</tr>
<tr>
<td>Total Healthcare Expenditure (US$b)</td>
<td>31.3</td>
</tr>
<tr>
<td>Alcohol Consumption (Litres Per Capita Per Year)</td>
<td>9.3</td>
</tr>
<tr>
<td>Prevalence of Tobacco Users (%)</td>
<td>37.8</td>
</tr>
<tr>
<td>Prevalence of Cannabis Users (%)</td>
<td>11.3 (2014)</td>
</tr>
<tr>
<td>Average Cost Per Gram of Cannabis (US$)</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Source: UNDESA, World Bank, IHME/ UNODC/ Prohibition Partners

In 2014, Chile started a pilot medical cannabis project, and in July 2015, medical cannabis oil was legalised under the restructuring of Law 20.000. Chile’s President Michelle Bachelet signed an executive order to legalise cannabis for medical use, and removed the plant from the national list of hard drugs, while also authorising the sale of medical cannabis at pharmacies. Chilean citizens have the right to grow cannabis at home, as well as the option to buy imported medical cannabis oil at pharmacies.
Public opinion, on the whole, supports the loosening of drug laws.

According to a 2013 study by Asuntos del Sur’s Latin American Drug Policy Observatory, the idea of decriminalising drug use, and treating it as a public health issue, as proposed by the Organisation of American States (OAS), has the support of 70% of survey respondents in Chile.

In 2014, Chile began clinical trials on medical cannabis and in 2015 the government legalised medical cannabis by amending Law 20.000 which was first introduced in 2005. The new law authorises the production and sale of medicines derived from cannabis. The legislation was supported by 48.2% of the population.

The Public Health Institute was designated as the controlling authority for the development of medicinal cannabis and products. This resulted in a plantation located in Southern Chile. The plantation is managed by non-profit companies, including the Daya Foundation, who operate under strict government control. In addition, the plantation is being used for three scientific studies exploring:

1. Medicinal properties for cancer patients.
2. Drug-resistant epilepsy patients.
3. Non-cancer chronic pain patients.

A 2012 report by the National Service for Drug and Alcohol Prevention and Rehabilitation (SENDA), showed that 68.4% of people are in favour of cannabis being used for therapeutic purposes. Other studies reveal that 40% of Chileans want recreational cannabis use to be legalised.

Despite only being in existence since 2014, the Daya Foundation had, by 2015, already treated 1,200 patients using medical cannabis, including 100 children. The organisation’s president, Ana María Gazmuri, is also a prominent Chilean actress, and is spearheading the drive for medicinal cannabis as a way to “alleviate human suffering”.

According to the pro-medical cannabis bill, pharmacies are permitted to sell pharmaceutical products containing cannabis, cannabis resin, cannabis extracts, and colorants, and the first pharmacies in the capital Santiago started selling medical cannabis in May 2017.

Chilean laws also allow for adult-supervised medical cannabis use for under-16s.

Recreational cannabis use and cultivation have been decriminalised in Chile. Adults are allowed possession of up to 500 grams and to grow six cannabis plants for their own use (irrespective of whether it is for recreational or medicinal use), and adults can carry 10 grams in public without criminal penalties.

Law 20.000 allows for the personal consumption of any recreational drug, while penalising consumption that occurs in groups. It does not, however, establish a threshold for the permitted quantities, so the distinction between trafficking and consumption is left to the discretion of the judge.
Industrial

Cannabis use and cultivation have been decriminalised in Chile. Adults are allowed possession of up to 500 grams and to grow six cannabis plants for their own use (irrespective of whether it is for recreational or medicinal use), and adults can carry 10 grams in public without criminal penalties.

Law 20.000 allows for the personal consumption of any recreational drug, while penalising consumption that Chilean law has always distinguished between cannabis and hemp cultivation, where the latter has always been legal. Hemp has historically formed part of Chilean farming traditions since it was introduced by the Spanish in around 1545. The nation boasts the largest production of hemp in South America and has for several years hosted the largest hemp trade fair (Expoweed) in the region.

Chilean law has always distinguished between cannabis and hemp cultivation, where the latter has always been legal. Hemp has historically formed part of Chilean farming traditions since it was introduced by the Spanish in around 1545. The nation boasts the largest production of hemp in South America and has for several years hosted the largest hemp trade fair (Expoweed) in the region.

Currently, there are very few hemp farms in Chile, but there is a concentrated effort preparing for a resurgence in hemp cultivation and new hemp industries are being developed. Many of the recent developments have been in response to the international demand for hemp products. Chile grows hemp mostly for seed oil production.

Healthcare Analysis

<table>
<thead>
<tr>
<th>Total Healthcare Expenditure (US$b)</th>
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<th>Approved Cannabis-based Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.3</td>
<td>837 (2008)</td>
<td>15,000</td>
<td>186</td>
<td>T100 TC100 Sativex</td>
</tr>
</tbody>
</table>

Source: WHO/Prohibition Partners

In 2005, a health reform was introduced within the Chilean public health system guaranteeing citizens access to treatments defined under the 'Acceso Universal con Garantías Explicitas' (AUGE), also known as GES (Garantías Explicitas en Salud).

Health care coverage is provided primarily either by the state-funded FONASA (National Health Fund - Fondo Nacional de Salud), or by the private coverage schemes ISAPRE (Las Instituciones de Salud Previsional). Whilst FONASA covers around 78% of the population, ISAPRE covers fewer than one in five (around 17-18%), and a further 3-4% are covered under an Armed Forces insurance scheme.

Qualifying for medical cannabis is akin to getting a medical prescription for any other ailment. A GP will determine whether a patient’s conditions and symptoms have been proven to respond favourably to cannabis medicine. In Chile, conditions connected with chronic pain, seizures and nausea are the most intensely researched. However, GPs may prescribe medical cannabis for other conditions as well, depending on their knowledge and practice about both.

Targo Consulting has estimated the number of potential Chilean patients using medical cannabis at 88,000 with an estimated annual demand for 34,000 kilograms of cannabis and a potential market value of US$186 million. Sativex, produced by United Kingdom-based GW Pharmaceuticals, was approved in October 2016 to treat multiple sclerosis spasms. At the end of 2016, Daya Foundation – a non-governmental MMJ organisation – became the first group to obtain permits from the Agricultural and Livestock Service of Chile to cultivate cannabis. Daya is working in partnership with Australian-based AusCann.
The Agricultural and Livestock Service of Chile has the authority to grant cultivation permits for large-scale growers. The requirements are based on Decree 867 of 2007. Decree 867 penalises the possession of prohibited drugs which have been trafficked with intent to transfer to a third party. Tilray T100 and TC100 chronic pain-relief medicines, as well as Sativex oral spray, were granted a licence in 2016, and the government-controlled plantation run by the Daya Foundation was also granted a licence in 2017.

A special authorisation allows the country’s health department to grant provisional authorisations for the distribution and sale of non-registered pharmaceutical products in cases of scarcity or non-availability. In early 2017, Chilean firm Alef Biotechnology, in partnership with a Canadian licensed producer, received approval to import 600 bottles of 25-ml cannabis drops. The drops initially were sold under special prescription in select pharmacies in Santiago and then eventually became available across the country. They are considered non-registered pharmaceutical products.

Chile will become a hotbed of cannabis activity over the next 10 years. The South American country has a rich history of hemp production creating a strong infrastructure to develop a prosperous cultivation industry. In addition, a large cannabis community and positive public opinions will push for further drug reform. Licences are beginning to be administered and as international cannabis companies look for alternative markets, Chile will become a key space for the nascent Latin American cannabis industry.
### Colombia

#### Market Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (m)</td>
<td>49.5</td>
</tr>
<tr>
<td>GDP (US$b)</td>
<td>309.2</td>
</tr>
<tr>
<td>Ruling Government Party</td>
<td>Democratic centre party</td>
</tr>
<tr>
<td>Party Stance on Cannabis</td>
<td>Government legalised medical cannabis in 2015</td>
</tr>
<tr>
<td>Total Healthcar Expenditure (US$b)</td>
<td>22.26</td>
</tr>
<tr>
<td>Alcohol Consumption (Litres Per Capita Per Year)</td>
<td>5.8*</td>
</tr>
<tr>
<td>Prevalence of Tobacco Users (%)</td>
<td>13*</td>
</tr>
<tr>
<td>Prevalence of Cannabis Users (%)</td>
<td>3.27 (2013)</td>
</tr>
<tr>
<td>Average Cost Per Gram of Cannabis (US$)</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Medical cannabis was formally legalised in Colombia in 2015.

However nearly 20 years prior, in 1986, Colombia legalised the manufacture, export, sale, medical, and scientific use of cannabis. Cannabis for personal use (up to 20 grams) was also permitted. But due to a lack of regulation on production and use of medical cannabis, production could not be initiated for several years to come. In 1994 cannabis was regulated and consumption was decriminalised.
In 2017, two years after the decree 2.467 was signed, the government established the legal framework for commercial medical cannabis cultivation. The final five decrees to the medical cannabis regulations were introduced setting out rules and regulations for:

1. Safety,
2. Quality rules.
3. Four licence types.
4. Benefits for small and medium-sized producers, and
5. Technical requirements and fees for growing and turning the plant into medicinal, physiotherapeutic, and homeopathic products.

In 2016, the medicinal use of cannabis was regulated and legalised by the Congress of the Republic resulting in an expanded legal framework and protection of the presidential decree approved in 2015.

"The manufacture, export, sale, and medical and scientific use of this and other substances have been permitted for several decades in Colombia. However, they were never regulated. That is what we are doing today."

In 2016, cannabis extracts have been legally available to patients in Colombia with a doctor’s prescription and the country is expected to make the full cannabis flower available to patients sometime in 2018.

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Currently, almost every Colombian has healthcare access, with coverage nearly quadrupling from 23.5% of the population in 1993 to 96.6% in 2014. All citizens have financial protection from excessive health care spending if they get sick. Out-of-pocket expenditure paid by patients is only 14% of total health spending, thus one of the lowest proportions in Latin America and lower than the OECD average of 19%.

Colombia’s medical cannabis program focuses on licensing and regulating producers and distributors and streamlining access programs for patients, making the process of becoming a medical cannabis patient more straightforward than in other countries. Unlike the Chilean system, there is no need to register with the Ministry of Health or any other governmental department in Colombia. Instead, potential patients are just required to see a GP who is familiar with medical cannabis. If prescribed, the patient will be able to purchase medical cannabis at any nearby pharmacy licensed to sell it. However, only select pharmacies with a licence from the National Council on Narcotics (CNE) and the Ministry of Health and Social Protection can distribute medical cannabis. The nation’s medical cannabis laws do not permit the sale of fresh or dried medical cannabis, only oils and creams. Those qualifying for medical cannabis are provided with several protections by the government and can carry as much medical cannabis as needed to cope with symptoms.

The Colombian government has authorised production of cannabis seeds and cannabis solely for scientific research, but not for commercial production and trade. However, local producers will be able to apply for four types of licences for the cultivation of psychoactive and non-psychoactive plants, with production starting in 2019.

The Ministry of Health and Social Welfare (Ministerio de Salud y Protección Social) and the Ministry of Justice and Law (Ministerio de Justicia y del Derecho) are the two governmental agencies that can issue licences. In general, all licences last five years but this can be less if you are a foreigner and your visa is valid for less than five years by the time you apply for a licence.

Growing hemp has been legal in Colombia since 1986. The country boasts a vast gene bank of seeds and its equatorial location, water resources and stable legislative framework make Colombia an ideal location for the growth of cannabis.

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Colombian cannabis production is estimated to be large enough to treat pain and symptoms of 4.5 million patients nationally and 60 million in Latin America suffering from conditions such as cancer, multiple sclerosis and epilepsy. In Colombia alone, it is estimated that more than 2.2 million people suffer with chronic pain, some 475,000 suffer post-traumatic stress disorder (PTSD) and another 520,000 have insomnia.

### Commercial Opportunities

<table>
<thead>
<tr>
<th></th>
<th>Forecast Medical Cannabis Market Value 2028 (US$m)</th>
<th>Forecast Recreational Cannabis Market Value 2028 (US$m)</th>
<th>Forecast Industrial Cannabis Market Value 2028 (US$m)</th>
<th>Total 2028 (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Market</td>
<td>280.0</td>
<td>137.9</td>
<td>0.41</td>
<td>418.3</td>
</tr>
<tr>
<td>Secondary Market</td>
<td>164.4</td>
<td>81.0</td>
<td>0.24</td>
<td>245.7</td>
</tr>
<tr>
<td>Total</td>
<td>444.4</td>
<td>218.9</td>
<td>0.66</td>
<td>664.0</td>
</tr>
</tbody>
</table>

In Colombia, there are four cannabis licences available:

1. **Licence for the manufacture of cannabis derivatives** (Licencia de Fabricación de derivados de cannabis): this licence allows you to produce products derived from cannabis for domestic use, for exportation and for scientific research domestically.

2. **Licence for the use of cannabis seeds** (Licencia de uso de semilla): this licence allows you to sell and distribute cannabis seeds and use them for scientific purposes.

3. **Licence for the cultivation of psychoactive cannabis** (Licencia de cultivo de plantas de cannabis psicoactivo): this licence allows you to produce cannabis as a crop, to produce cannabis for the manufacture of cannabis derivatives (for this you also need the Licence for the Manufacture of Cannabis Derivatives or to prove that the application for this licence is in process), to produce cannabis for scientific purposes, to store cannabis and for its final disposal. It also allows you to produce cannabis seeds for sowing.

4. **Licence for non-psychoactive cannabis cultivation** (Licencia de cultivos de planta de cannabis no psicoactivo): this licence allows you to produce cannabis grain and seeds for planting, for manufacturing derivatives, for industrial purposes, for scientific purposes, for storage and for final disposal.

A total of 142 licenses for the medical and scientific use of cannabis and its derivatives have been issued. To date, 68 licences have been issued for the manufacture of cannabis-derived products. As of August 2018, 52 licences had been issued for the use of seeds for sowing, 16 licences for the cultivation of psychoactive cannabis, and 74 licences for non-psychoactive cannabis cultivation.
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Abusaid Gomez & Associates is a law firm with 10 years in the market, with an extensive experience in foreign investment, international trade, corporate and commercial law, and foreign exchange regulations. The legal team advises companies in all areas of the economy including Oil services, software, food, pharmaceuticals, engineering, architecture, construction, technology and also companies and investors in the medical cannabis and hemp areas. Even though the cannabis industry is quite young in Colombia, the firm has already obtained licenses for fully functional cannabis projects. Abusaid Gomez & Associates is committed to deliver an excellent legal advice to all its clients, by understanding their plans and expectations and also providing timely and relevant knowledge with newsletters and articles that have been also published in widely known platforms, such as New Cannabis Ventures and Colombia Fintech. The group of professionals working with the firm has been carefully selected for their experience, education and their unique characters that form together a strong legal team, their best asset.

LinkedIn: http://www.linkedin.com/company/abusaid-gomez-asociados
Web page: http://abusaidgomez.com
Twitter: @abusaidgomez
In 2015, medical cannabis was legalised in Jamaica as part of an amendment to the country’s drug laws. According to Jamaica’s Cannabis Licensing Authority (CLA), the 2015 amendments to the Dangerous Drugs Act allows the handling of cannabis for medical, scientific and therapeutic purposes under a licensing regime. The CLA have now issued at least 22 licences and 140 conditional approvals out of the 451 applications that was received. Currently there are two Herb Houses (dispensaries) legally operating in the region as well as a number of cultivation, processing and research facilities.
The legal amendments made in 2015 include:

- Tourists may obtain permits to purchase small amounts of cannabis if they have a prescription of claim to be medical cannabis patients.

- Possession of up to 56.6 grams (two ounces) is classed as a petty offence which will not ‘result in a criminal record’.

- Up to five cannabis plants per household, can be cultivated.

- Legal cannabis events can be held.

- Rastafaris maintain the right to use cannabis as a sacrament.

Timeline of legal amendments

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2015</td>
<td>Amendments passed in parliament</td>
</tr>
<tr>
<td>November 2015</td>
<td>First legal cannabis event was staged</td>
</tr>
<tr>
<td>April 2016</td>
<td>Regulations implemented</td>
</tr>
<tr>
<td>December 2016</td>
<td>First license approved</td>
</tr>
</tbody>
</table>

Regulatory Environment

- **Medical**: Legalised in 2015.
- **Recreational**: Decriminalised in 2015.
- **Industrial**: Legalised in 2015.

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In April 2015, medical cannabis was legalised in Jamaica under the Dangerous Drugs (Amendment) Act 2015. Regulations from the CLA allow for the sale and use of medical cannabis in limited quantities and for specific reasons, namely, in accordance with the written recommendation or prescription of a registered GP, for consumption on the premises or for the provision of therapeutic services utilising cannabis.

The CLA will regulate the cultivation and distribution of the product. However, the government is still in the process of implementing a regulated program. The amendments created the licensing authority to deal with the cultivation and distribution of medical cannabis.

The ostensible focus of reform is to enhance medical access, but a GP prescription is not required. There exists no list of required ailments or illnesses for purchasing or possessing cannabis. Consumers merely have to state that the purchase of cannabis is for medical purposes.

In March 2018, Balram Vaswani, a long time advocate for the legalisation of cannabis, opened the first legal medical cannabis dispensary, Kaya Herbhouse, in Drax Hall, St. Ann. He declared:

“It has been an arduous journey for all involved in making this dream a reality. We cannot forget the Indians who brought the plant, the Rastafarians that fought to advocate it, University of Technology, Government officials on both sides and corporate Jamaica that have all helped to steer this through the political landscape. It is an exciting step for me and the country as we move forward to build an industry which I am sure that we be side by side the Canadians, British and the United States. I’m sure as Jamaican farmers we can compete internationally as cannabis becomes a commodity.”

Balram Vaswani, Ganja Labs

In mid-2015, the Jamaican government passed a drug law amendment that decriminalised small amounts of cannabis for personal use. Under the new law, possession of up to 56 grams (two ounces) of cannabis is a petty offence punishable by a maximum fine of about US$5. The law also allows the cultivation of up to five cannabis plants per household. Jamaica is the first country to specify that cannabis use related to religion is legal and Rastafari adults are now permitted to use cannabis for sacramental purposes.

Hemp was legalised in 2015.

<table>
<thead>
<tr>
<th>Total Healthcare Expenditure (US$b)</th>
<th>Total Pharmaceutical Spending (US$b)</th>
<th>Total Estimated Medical Cannabis Allowance 2018 (grams)</th>
<th>Total Estimated Medical Cannabis Market Value 2018 (US$m)</th>
<th>Approved Cannabis-based Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>845 (2015)</td>
<td>Unknown</td>
<td>2,000</td>
<td>0.003</td>
<td>Cannabis Flowers</td>
</tr>
</tbody>
</table>
The abolition of user fees in public facilities in 2008 and the growing popularity of the free National Health Fund (established in 2005), have improved access to healthcare in Jamaica. However, the chronically low capacity of the medical system continues to hamper improvements in health outcomes leading Jamaicans to seek out private healthcare wherever possible.

The government doubled the medical budget from US$3.8 billion in 2014 to US$8 billion in 2015 in order to ensure that Jamaicans have access to essential pharmaceuticals: According to a Jamaican government statement -“We have therefore considerably improved access to pharmaceuticals in the public health sector, and should see an even greater improvement, in the next two years, covered by the contracts.’

The CLA has received 439 applications, granted 142 conditional approvals and issued 16 licences as of April 2018. However, foreign ownership is limited to 49%.

However, the licensing application has a series of costs and requirements attached to the process.

An industrial cannabis licence costs US$300 for an individual and US$500 for a company.

In addition, there are other capital cost and compliance requirements (such as fencing and surveillance cameras) as dictated by international drug laws and depending on the size of the facility. For instance, if a company wants to cultivate five acres of cannabis for medicinal, scientific, or therapeutic purposes, there would be a licensing fee of US$2,500 per acre. If that grower intended to process the cannabis in a 200-square-metre facility, there would be another licensing fee of US$3,500. Additionally, there is a US$10,000 licence fee for transporting the cannabis, plus US$1,000 for each additional vehicle used in this operation. These fees are separate from other costs for establishing and operating the business.

These regulations allow the cultivation, processing, transportation, and sale of cannabis and cannabis products under a regulated licensing regime. This includes licences across several categories and types. However, these do not cover licences pertaining to import and export.

The Jamaica healthcare system:
1. Government spends US$125/person
2. Doctor ratio – 8.5:10,000 people
3. Medical transport is limited
4. Healthcare centres provide free vaccine
5. Hospitals are government-run

Targo consulting estimate that around 0.17% of the Jamaican population, or around 5,000 people, are potential medical cannabis patients in Jamaica.
### Cultivator’s Licence

| Tier 1 | Cultivate up to 1 acre (4,047 square metres) of land with cannabis for medical, scientific and therapeutic purposes. |
| Tier 2 | Cultivate up to 5 acres (4,047 – 20,235 square metres) of land with cannabis for medical, scientific and therapeutic purposes. |
| Tier 3 | Cultivate over 5 acres (20,235 square metres) of land with cannabis for medical, scientific and therapeutic purposes. |

### Processing Licence

| Tier 1 | Process cannabis for medical, scientific and therapeutic purposes, including the manufacturing of cannabis based products, in a space of up to 200 square metres. |
| Tier 2 | Process cannabis for medical, scientific and therapeutic purposes, including the manufacturing of cannabis based products, in a space of over 200 square metres. |

### Transport Licence

Transport cannabis between two licensed premises in an approved motor vehicle.

### Retail Licence

- **Herb House (Retail)**: Sell cannabis products for medical, scientific and therapeutic purposes.
- **Herb House (Smoking)**: Sell cannabis products for medical, scientific and therapeutic purposes, with a space for immediate consumption by consumers.
- **Therapeutic**: Provide therapeutic or spa services utilising cannabis products.

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In February 2018, Timeless Herbal Care Ltd, a large Jamaican medical cannabis brand announced the successful harvest of the first legal commercial cannabis in Jamaica in over a century. The harvest was certified by the Jamaican CLA.
**Mexico**

### Market Overview

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (m)</td>
<td>130.8 (est 2018)</td>
</tr>
<tr>
<td>GDP (US$)</td>
<td>1.5 (2016)</td>
</tr>
<tr>
<td>Ruling Government Party</td>
<td>Morena: national regeneration movement</td>
</tr>
<tr>
<td>Party Stance on Cannabis</td>
<td>Illegal but decriminalised in 2009</td>
</tr>
<tr>
<td>Total Healthcare Expenditure (US$b)</td>
<td>74.7</td>
</tr>
<tr>
<td>Alcohol Consumption (Litres Per Capita Per Year)</td>
<td>6.5</td>
</tr>
<tr>
<td>Prevalence of Tobacco Users (%)</td>
<td>14</td>
</tr>
<tr>
<td>Prevalence of Cannabis Users (%)</td>
<td>2.10 (2016)</td>
</tr>
<tr>
<td>Average Cost Per Gram of Cannabis (US$)</td>
<td>2.9</td>
</tr>
</tbody>
</table>

In June 2017, former President Enrique Peña Nieto signed a bill to legalise medical cannabis while home-grown cannabis for personal use had been legalised two years prior, in 2015.

Since 2015, the Mexican Supreme Court has ruled in favour of three defendants, in three separate cases, granting them the right to grow and self cultivate cannabis for personal use. If another two rulings were made in favour of cannabis growers (for personal use) the Supreme Court will turn to Congress to have them modify the existing law. This will mean that the congress will need to modify and amend the current legislation in order to federally legalise the use of cannabis for recreational use. The details as to what and how they legalise cannabis will depend on the efforts of the social and commercial lobby groups but we can view this as two possible scenarios.
The first legal medical cannabis ruling occurred in 2015, as the Mexican Supreme Court ruled that an eight-year-old epileptic sufferer be allowed to use cannabis oil to treat her seizures. Just days after this case was made public in 2015, the Center of Social Studies and Public Opinion (CESPO) created a survey documenting public opinion on cannabis policy. According to their findings; 82% were against cannabis sales, 73% were against legalising cannabis for recreational use, but 76% were in favour of legalising it for medical purposes.

The case led to the medical cannabis bill being passed through both the Mexican Senate and the Lower House of Congress with an overwhelming majority in 2017.

The Mexican government is currently refining regulations to start selling medical cannabis. Julio Sánchez y Tépoz, Secretary of the Federal Commission for Protection Against Health Risks (or COFEPRIS) has been quoted as stating: “I believe as soon as the new regulations are put into place, we are going to see cannabis stores (opening) very fast.” Incoming president, Andrés Manuel Lopez Obrador, is set to be inaugurated in December 2018 and is expected to bring about more discussion around the legalisation of cannabis in Mexico.

Many cannabis advocates were heartened by president-elect Obrador’s announcement that his interior minister will be Olga Sánchez Cordero. The interior ministry, called Gobernación, is responsible for all domestic affairs, including security matters. Sánchez Cordero, a former associate justice in Mexico’s Supreme Court, is well-known locally for her vocal stance in favour of legalised cannabis. In wake of the announcement, Sánchez Cordero told Milenio newspaper: “I’m going to propose to Andrés Manuel, at the right time, the depenalisation of marijuana, in planting, harvesting, transport, medicinal and recreational use.”

The LATAM Cannabis Report™ | Mexico

1. They legalise the commercialisation of seeds for personal cultivation, they legalise self-cultivation, and they legalise personal consumption.

2. They legalise commercial cultivation, commercial fabrication and retail of recreational cannabis.

The first legal medical cannabis ruling occurred in 2015, as the Mexican Supreme Court ruled that an eight-year-old epileptic sufferer be allowed to use cannabis oil to treat her seizures.

Just days after this case was made public in 2015, the Center of Social Studies and Public Opinion (CESPO) created a survey documenting public opinion on cannabis policy.

According to their findings; 82% were against cannabis sales, 73% were against legalising cannabis for recreational use, but 76% were in favour of legalising it for medical purposes.

Medical cannabis was legalised in June 2017. The concept first came to the public’s attention in 2015, through eight-year-old Graciela Elizalde, who suffers from a severe form of epilepsy known as Lennox-Gastaut syndrome. CBD oil drastically helped to reduce her seizures and improve her quality of life, and she became the first Mexican medical cannabis patient after the Supreme Court ruled in her favour.

Following this, in 2017, medical cannabis bill passed through both the Mexican Senate and the Lower House of Congress with an overwhelming majority. However, legislators have yet to create a legal structure around the cultivation and sale of the product.

Regulations are still being refined for medical cannabis stores, which are expected to be barred from selling smokable cannabis. Julio Sánchez y Tépoz, Secretary of the Federal Commission for Protection Against Health

Medical cannabis was legalised in June 2017.
In 2009, recreational cannabis was decriminalised in Mexico, for personal possession of up to five grams. Selling or smuggling cannabis remains illegal but, in 2015, the Mexican Supreme Court ruled to allow people to grow cannabis for personal use.

Hemp was legalised in 2017, however, the Mexican government are yet to formalise any legal details.

Social security institutions in Mexico pay and provide care; they own and manage their own hospitals and networks of care providers. Social security schemes cover 27% of the total public expenditure, whilst the publicly subsidised system accounts for about 25.3%. All social security institutions in Mexico are funded by three main sources:

- **The federal government.**
- **Employers (including federal, government and local).**
- **Household contributions from employees.**

Mexico is experiencing an increase in complex chronic conditions and must find ways to manage long-term illnesses and elderly care successfully and affordably. Mexican healthcare is also challenged by exceptionally high and rising numbers of obesity; especially amongst children.

In Mexico’s medical cannabis program, patients are not required to use medical cannabis cards as in some other LATAM nations. Instead of patients paying an application fee and import cost for medical cannabis, the country accepts submissions from companies interested in importing the medicine, which pharmacies can then sell. This eliminates the need for a cannabis card, instead requiring only a GP prescription. The Federal Commission for the Protection Against Health Risks’ (COFEPRIS) has focused on building the country’s policies for importing and selling medical cannabis, thus ensuring patients can access their medications. Because of this approach, a certification process for prescribing medical cannabis is non-existent.

In Mexico, pharmacy-grade medical cannabis is usually available in the form of extracts, and is regulated and studied by the Ministry of Health. These substances, such as oils, foods and pills must contain no more than 1% THC (Tetrahydrocannabinol), with higher potencies requiring special government approval for individual patients. To date, Mexico has granted 308 permits for hemp-based CBD products to be imported for patients from Europe, Canada, and Israel.
RSHO-X, a cannabis-based oil made by HempMeds Mexico (owned by Medical Marijuana Inc.) was the first product of this kind legalised for import to Mexico. This company is currently the only one that has imported cannabis-based products for medical use in Mexico.

### Commercial Opportunities

<table>
<thead>
<tr>
<th></th>
<th>Forecast Medical Cannabis Market Value 2028 (US$m)</th>
<th>Forecast Recreational Cannabis Market Value 2028 (US$m)</th>
<th>Forecast Industrial Cannabis Market Value 2028 (US$m)</th>
<th>Total 2028 (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Market</strong></td>
<td>837.4</td>
<td>412.5</td>
<td>1.24</td>
<td>1,251.2</td>
</tr>
<tr>
<td><strong>Secondary Market</strong></td>
<td>491.8</td>
<td>242.3</td>
<td>0.73</td>
<td>734.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,329.3</td>
<td>654.8</td>
<td>1.96</td>
<td>1,986.0</td>
</tr>
</tbody>
</table>

Mexico has granted 308 permits for hemp-based CBD products to be imported for patients from Europe, Canada, and Israel. As the medical cannabis industry develops in Mexico, we expect to see a dramatic increase in the applications for import licences. As previously mentioned, Mexico’s government is reviewing import applications prior to the development of a domestic cannabis industry. However, at the moment, cannabis-based products are restricted to low THC (under 1%) content as medical treatments focus on the application of CBD, at least, in the short-term.

Secondly, the Mexican government have expressed a sincere interest in developing ‘medical cannabis stores’ which will create an opportunity for local retailers and distributors to capitalise on the huge potential market in Mexico. The president elect’s new interior ministry has been vocal in its support for legalised cannabis. This could signal an open door for a domestic cannabis industry that will look to trade with North American neighbours, should the US legalise cannabis at a federal level. The low cost of land and labour and the warm climate will create an attractive proposition for international cultivators.
### Panama

#### Market Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (m)</td>
<td>4.16</td>
</tr>
<tr>
<td>Gdp (US$)</td>
<td>61.84</td>
</tr>
<tr>
<td>Ruling Government Party</td>
<td>Panameñista Party</td>
</tr>
<tr>
<td>Party Stance on Cannabis</td>
<td>In support of medical cannabis</td>
</tr>
<tr>
<td>Total Healthcare Expenditure (US$b)</td>
<td>3.83 (2015)</td>
</tr>
<tr>
<td>Alcohol Consumption (Litres Per Capita Per Year)</td>
<td>7.9</td>
</tr>
<tr>
<td>Prevalence of Tobacco Users (%)</td>
<td>6.1</td>
</tr>
<tr>
<td>Prevalence of Cannabis Users (%)</td>
<td>0.8</td>
</tr>
<tr>
<td>Average Cost Per Gram of Cannabis (US$)</td>
<td>10.6</td>
</tr>
</tbody>
</table>

In 2016, Panama’s president Juan Carlos Varela signed a new law with the aim to enable the legalisation of medical cannabis. This law regulates “the activities and use of controlled substances for medical and/or scientific purposes.”

In March 2018, members of the Labour, Health and Social Development Committee voted to move the bill forward but to also strip the measure of domestic cultivation.

The bill would task regulating the industry to three ministries:

1. **Health**;
2. **Agricultural Development**;
3. **Commerce and Industries**.

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The next hurdle for Draft Bill No. 595 is a second debate in the National Assembly.

For the project to become a bill, two more discussions must be held within the parliament. The National Assembly has the power to amend the bill before it is passed into law. At the time of writing, there is no date set for when these discussions will commence. Under the proposed law, patients will be limited to cannabis oils, tinctures or extracts that can be administered orally, however, the general legalisation of recreational cannabis is not tabled for discussion.

<table>
<thead>
<tr>
<th>Regulatory Environment</th>
</tr>
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<tbody>
<tr>
<td><strong>Medical</strong></td>
</tr>
<tr>
<td>A draft proposal to legalise the import and sale of medical cannabis was made in 2016.</td>
</tr>
<tr>
<td><strong>Recreational</strong></td>
</tr>
<tr>
<td>Illegal.</td>
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<tr>
<td><strong>Industrial</strong></td>
</tr>
<tr>
<td>Illegal.</td>
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</table>

A draft bill (Law 595) to legalise medical cannabis was advanced by a key parliamentary committee in 2016 but is yet to be finalised into law. This draft proposal is the result of months of public discussion on a law that will authorise and regulate medical cannabis in Panama.

In March 2018, members of the Labour, Health and Social Development Committee voted to move the bill forward but to also eliminate the element of domestic cultivation. This stipulation means Panama’s medical market would be entirely dependent on imported medical cannabis, which would open up export opportunities for international cannabis companies. The bill is said to originate from parental concern for children suffering from epilepsy and seeks to legalise cannabis oil consumption for medicinal purposes, and also to stop these products being smuggled into the country.

The definition of cannabis under Article 8 of the bill does not differentiate between non-psychoactive and psychoactive cannabis. This definition could affect manufacturers and sellers of non-psychoactive hemp oils and could have major adverse implications for the free market of food products containing CBD oil, which are currently legal but could become strictly regulated as per this new definition.

Cannabis is illegal, as are all activities relating to it. To cultivate, sell, or possess cannabis for recreational purposes and using cannabis in public may lead to advice to undergo rehabilitation or counselling. Penalties are heavier for selling, growing, importing and exporting cannabis. Despite the proposed bill for the legalisation of medical cannabis, the country’s Health Commission has said that there will be no discussion of a general widespread legalisation of cannabis.

Hemp cultivation is illegal in Panama.

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Panama pays less per GDP for healthcare than any other South American country. The nation’s healthcare system is characterised by a large public sector, composed of the Ministry of Health (Ministerio de Salud, MINSA), the Social Security Fund (Caja de Seguro Social, CSS), and a small but expanding private sector. Each operates separate coverage schemes and facilities.

Panama’s healthcare sector has seen significant advancement in recent years. Former president Ricardo Martinelli oversaw a period of significant infrastructure expansion, and the country is closer than ever to achieving universal coverage. Incumbent president Juan Carlos Varela has stated his commitment to improving access and increasing healthcare efficiency while at the same time maintaining the previous government’s emphasis on expanding public infrastructure.

As per Panama’s 2016 fledgling medical cannabis proposals, medical cannabis must be prescribed by medical professionals and dispensed by pharmacists with the appropriate authorisation. Under the proposed law, the Department of Pharmacies and Drugs will be in charge of implementing the changes, which will include establishing licences and permits for the importation, exportation and distribution of medical cannabis.
Panama’s pharmaceuticals industry continues to register healthy growth, with International Marketing Services, a vendor of healthcare data, recording annual sales of over US$307 million in 2014, up US$293 million in 2013. Hemp oils are currently on sale as a food supplement product, but with further legislation and regulation of the industry expected, CBD and hemp oils are likely to be considered a pharmaceutical or nutraceutical in the near future. This may hamper the current producers, distributors and retailers of hemp oils but create opportunity for GMP certified producers.

In addition, Panama has, so far, declined any legislation that would allow for the creation of a domestic cultivation industry and, as such, may seek international partners to import medical cannabis products to supply local patients.
Paraguay

<table>
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<tr>
<th><strong>Market Overview</strong></th>
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<tbody>
<tr>
<td>Population (m)</td>
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<tr>
<td>GDP (US$b)</td>
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<tr>
<td>Ruling Government Party</td>
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<tr>
<td>Party Stance on Cannabis</td>
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<tr>
<td>Total Healthcare Expenditure (US$b)</td>
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<tr>
<td>Alcohol Consumption (Litres Per Capita Per Year)</td>
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<tr>
<td>Prevalence of Tobacco Users (%)</td>
</tr>
<tr>
<td>Prevalence of Cannabis Users (%)</td>
</tr>
<tr>
<td>Average Cost Per Gram of Cannabis (US$)</td>
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</table>

In May 2017, the Paraguayan government first authorised the import of cannabis oil, under the control of the health ministry. Then, towards the end of 2017, the country’s congress, with overwhelming majority support, approved a bill that creates a state-sponsored system to import cannabis seeds and grow cannabis plants for medical use. The bill was formally signed by President Horacio Cartes in January 2018, which then established rules and regulations for the production and consumption of medical cannabis. The law actually went into effect at the start of December 2017, but the legal sale of medical cannabis had started in July 2017.
Personal cultivation remains illegal, as Paraguay's medical cannabis bill only allows the controlled production of cannabis by ‘competent’ authorities.

In June 2018, Paraguay elected a new president, Mario Abdo Benitez. Although poverty and inequality remain serious challenges in the country, Mr Abdo, 46, is expected to continue an economic model championed by outgoing president Horacio Cartes to promote low taxation and foreign investment. The country is, according to the UN, the fourth largest cannabis producing nation in the world and if Mr. Abdo can capitalise on the black market cannabis industry he could help promote further economic growth. His stance on cannabis is currently unknown, however, his policies are not expected to diverge massively from former President Cartes.

According to the new medical cannabis law, SENAD (Secretaría Nacional Antidroga) will oversee any cannabis cultivation or production process, as well as the import of plants and seeds. The regulation also establishes that a National Mandatory Registry of Users of Products Derived, through the Ministry of Public Health, will oversee the patients who use these products. Patient advocates are pushing for an updated law which would enable domestic production and thus lower the prices of medical cannabis products. Cannabis activist Cynthia Farina, head of Mamá Cultiva Paraguay has been quoted as stating:

“We have verified that imported synthetic cannabis oil does not work. It is not the same as when the whole plant is used, complete with all of its 400 components that act together in synergy to produce an entourage effect that an isolated synthetic molecule cannot.” Farina continued: “We have blessed land, rich in minerals and nutrients for good growth. The climate is ideal, we are able to harvest twice a year.”

One of Mamá Cultiva Paraguay's main aims is for local governments to allow personal cultivation so they can grow cannabis for their sick children. The government has recently introduced a new scheme whereby certain registered cannabis patients are able to import cannabis seeds and grow their own cannabis, provided the cultivation occurs under state-supervision.
**Recreational**

Law 1.340 (Article 30) of 1988 decriminalised possession of up to ten grams of cannabis for personal consumption in Paraguay. However, cultivation, sale and possession of cannabis for recreational purposes remain illegal.

While medical cannabis has been made legal, individuals are not allowed to grow their own plants recreationally.

**Industrial**

Paraguay’s entire healthcare budget is overseen by the Paraguayan Public Health and Social Welfare Ministry (PHSWM) which recently stated that its primary goal is to improve the accessibility of healthcare for all. Though the local government the PHSWM have significantly improved sanitation, medical services and access to safe drinking water in most major cities, rural areas have not benefited significantly from the new schemes.

Citizens have access to a universal healthcare system, which is primarily funded through taxation. These services, however, are limited to outpatient and emergency services.

Since 2016, CBD hemp oil products have been used in Paraguay to treat conditions ranging from cancer, chronic pain, multiple sclerosis and epilepsy to various other neurological diseases. The legalisation of medical cannabis enables citizens easier access to this medicine, and for those opting to partake in governmental research, free medical cannabis.

Doctors and government officials decide who can legally access medical cannabis. Rather than registering or applying for a government-sanctioned card or program, patients contact a doctor or voluntarily join a research program to access cannabis. By participating in a research program, patients will be given free medical cannabis in exchange for regular meetings with researchers and officials who will monitor their use, overall health and the medical efficacy of cannabis. As an alternative to visiting a doctor for weekly or monthly prescriptions, some qualified citizens can now import cannabis seeds to grow plants for medical uses under the supervision of a state-sponsored system. Patients must cultivate cannabis within the health ministry’s legal framework. Recreational growing remains illegal.

The Paraguayan government does not strictly confine medical cannabis access to a select few conditions. Instead, doctors will consult with patients and decide if their health would benefit from guided cannabis use. This new regulation authorises “the promotion of medical and scientific research into the medicinal, therapeutic and/or palliative use of the cannabis plant and its derivatives for the treatment of human diseases and conditions.”

In May 2016, the national health surveillance body, part of the health departments of Paraguay, granted two official import import licences for CBD hemp oils.

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### Healthcare Analysis

<table>
<thead>
<tr>
<th></th>
<th>Total Healthcare Expenditure (US$b)</th>
<th>Total Pharmaceutical Spending (US$b)</th>
<th>Total Estimated Medical Cannabis Allowance 2018 (grams)</th>
<th>Total Estimated Medical Cannabis Market Value 2018 (US$m)</th>
<th>Approved Cannabis-based Products</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.2 (estimated)</td>
<td>Unknown</td>
<td>5</td>
<td>Too early to ascertain.</td>
<td>Hemp Oils</td>
</tr>
</tbody>
</table>

Paraguay's medical cannabis law states that only 'controlled production' of cannabis by competent authorities, or by individuals under the supervision of a state-sponsored system is legal.
At present, licensed CBD oils are only available in one pharmacy in the capital, Asunción. In addition, the medical cannabis scheme is still in its infancy, but early indicators show that the government are willing to cut the red tape around medical access and streamline the process. Depending on the results of the state-sponsored seed import scheme, home-growing for cannabis patients could become a viable possibility and create a self-cultivation industry for seeds, accessories and growshops.

Paraguay is currently the number one producer in the Latam region of illegal cannabis, with 2,077 tonnes of the chopped drug confiscated since 2013 and the eradication of 6,890 hectares (17,000 acres) of cannabis crops, according to data presented in September 2017 by SENAD. Production and cultivation has been legalised but formal regulations and processes are not yet in place. However, if Paraguay can responsibly commercialise the cannabis cultivation infrastructure in the country, they could become one of the big exporters in the region.
Peru

Market Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (m)</td>
<td>32.55</td>
</tr>
<tr>
<td>GDP (US$b)</td>
<td>179.68</td>
</tr>
<tr>
<td>Ruling Government Party</td>
<td>Peruvians for change, popular force and a politically-independent president</td>
</tr>
<tr>
<td>Party Stance on Cannabis</td>
<td>Cannabis oil was legalised in 2017</td>
</tr>
<tr>
<td>Total Healthcare Expenditure (US$b)</td>
<td>8.4</td>
</tr>
<tr>
<td>Alcohol Consumption (Litres Per Capita Per Year)</td>
<td>6.3</td>
</tr>
<tr>
<td>Prevalence of Tobacco Users (%)</td>
<td>4.8</td>
</tr>
<tr>
<td>Prevalence of Cannabis Users (%)</td>
<td>1.0</td>
</tr>
<tr>
<td>Price Per Gram of Cannabis (USS)</td>
<td>1.8</td>
</tr>
</tbody>
</table>

In 2017, former President of Peru, Pedro Pablo Kuczynski, proposed a measure to legalise medical cannabis following a police crackdown on an operation which produced cannabis medicines for children suffering epilepsy and other ailments. Later that year, in October, Peru’s conservative congress passed a bill to legalise medical cannabis, allowing cannabis oil to be produced, imported and commercialised. The bill proposed to amend Article 299 of the Penal Code to specify that possession of cannabis derivatives for medicinal purposes, provided it is the amount necessary for the prescribed treatment, shall not be a criminal offence. The regulations are yet to be drafted. In early 2017 a survey by Ipsos found that 65% of respondents approved of the legalisation of medical cannabis.
Peru’s Article 299 states that possession of cannabis is not punishable if it is for personal and immediate consumption. Amounts of less than ‘eight grams of cannabis or two grams of derivatives’ can be considered personal amounts. However, those caught in possession (even of less than the non-punishable maximum) could find themselves imprisoned for the offence if deemed for sale or transportation. This is often down to the individual decision of the police. Cultivation, production or sale is punishable by 8 to 15 years in prison.

Peru’s Congressional Defence Commission legalised medical cannabis in October 2017, enabling sufferers of chronic conditions to use cannabis as part of their treatment plan. In November 2017, law 30.681 was published regulating the medical and therapeutic use of cannabis and its derivatives pending regulation of guidelines that will determine how and where patients can access medical cannabis. The law passed after the congress voted 68 to 5 in favour of the decision.

Many organisations are currently pushing for laws allowing personal cultivation, which would make medical cannabis more accessible and affordable. Ana Alvarez, whose Lima home was raided by police in February 2017, has fought for medical cannabis law in Peru. Her child suffers from tuberous sclerosis and Lennox-Gastaut syndrome. Along with another mother, Alvarez formed Buscando Esperanza (Searching for Hope), which campaigns for medical cannabis. According to Alvarez:

“Medical cannabis is legal in our country, it is recognised as medicine. We have achieved that in a short time, exactly seven months, the medical cannabis law has been drawn up, now we’re just waiting for the regulation,”

The aforementioned raid helped raise awareness about Buscando Esperanza’s cause and fostered sympathy for them. In response to the public reaction, now-former President Pedro Pablo Kuczynski started the process of introducing the legalisation of medical cannabis bill.

The government will also develop an official list of importers and growers who will legally authorise the nation’s supply of medical cannabis. The Peruvian government is currently constructing a framework for distribution, with officials hoping to establish a program that grants patients access to medical cannabis in

**Regulatory Environment**

**Medical**
- Legalised in October 2017.

**Recreational**
- Decriminalised.

**Industrial**
- Illegal.

**Medical**

Peru’s Congressional Defence Commission legalised medical cannabis in October 2017.

**Recreational**

Recreational cannabis is illegal in Peru. The Peruvian Penal Code does, however, allow some leeway in terms of the cannabis possession for personal use. Article 299 states that possession of cannabis is not punishable if it is for personal and immediate consumption - for amounts of less than ‘eight grams of cannabis or two grams of derivatives.’ Growing, producing or selling cannabis is punishable with 8 to 15 years in prison.

**Industrial**

Industrial cultivation of hemp remains illegal in Peru. However, it has been proposed to regulate the proposed Law 30.681, if approved by Congress, would enable registered laboratories to import oils, resins, dyes and
In 2009, Peru passed the Universal Health Insurance Law, which enshrined the universal right to public healthcare, and made coverage under a health insurance scheme mandatory. It also established a basic coverage scheme, known as Paquete Esencial de Aseguramiento en Salud (PEAS), which includes a list of conditions with priority coverage, such as prenatal and paediatric care. This was complemented by the creation of a special fund, the Fondo Intangible Solidario de Salud (FISSAL), to cover high-cost conditions.

The inefficient and fragmented public health system makes growing the sector a challenge. The private healthcare sector is small but increasing.

A comprehensive reform package was introduced in 2013, aimed at strengthening healthcare regulations, expanding access to healthcare services and addressing the infrastructure gap.

The country legalised medical cannabis in 2017, and official guidelines pertaining to which conditions would benefit from medical cannabis are likely to include:

- Cancer
- Epilepsy
- Any disorder characterised by seizures
- Parkinson’s disease

As Peruvian officials are currently developing regulations that will define lawful medical cannabis use, patients are advised to get their prescription from authorised health personnel. Patients are advised to consult with a GP to determine whether their condition would benefit from medical cannabis. Qualifying patients will be able to access medical cannabis from permitted pharmacies, following an evaluation from a registered GP.

The Peruvian government is expected to compile a confidential registry under the guidance of the Ministry of Health, where doctors will have the power to provide information on their patients’ diagnoses and prescriptions. The ability to cultivate and authorise medical cannabis will remain a power reserved for the Peruvian government.
Peru is still in the midst of formalising plans for a medical cannabis industry, thus it is difficult to foresee the commercial opportunities available in the market. However, due to the strict regulations around cultivation, Peru will soon be in need of a steady supply of cannabis for to meet patient demand. In addition, the government has focused on creating specialised health centres for medical cannabis prescriptions which may open opportunities for healthcare entrepreneurs and companies with experience in the distribution and monitoring of medical cannabis consumption.

<table>
<thead>
<tr>
<th></th>
<th>Forecast Medical Cannabis Market Value 2028 (US$m)</th>
<th>Forecast Recreational Cannabis Market Value 2028 (US$m)</th>
<th>Forecast Industrial Cannabis Market Value 2028 (US$m)</th>
<th>Total 2028 (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Market</td>
<td>62.1</td>
<td>30.6</td>
<td>0.09</td>
<td>92.7</td>
</tr>
<tr>
<td>Secondary Market</td>
<td>36.4</td>
<td>18.0</td>
<td>0.05</td>
<td>54.5</td>
</tr>
<tr>
<td>Total</td>
<td>98.5</td>
<td>48.5</td>
<td>0.15</td>
<td>147.2</td>
</tr>
</tbody>
</table>

Source: Prohibition Partners
In 2017, Uruguay became the first country in the world to legalise and regulate cannabis including the commercialisation, cultivation and distribution of cannabis. Although recreational cannabis or medical cannabis was never illegal in Uruguay, the country has formally introduced a set of laws for their sale, possession and cultivation.

Following the new law, Uruguay has become the first country to legally sell cannabis over the counter. “We moved the frontier of what is possible,” Martin Rodriguez, director of Uruguay’s cannabis regulatory authority, has been quoted as saying about the nation’s experiences thus far with the industry. He continued: “This is better than the prohibition of cannabis for local populations.”
The commercial and regulatory aspects of medical cannabis were formally legalised in Uruguay in 2017. Medical cannabis has never been illegal in Uruguay, but the country introduced a set of laws for their sale, possession and cultivation in 2017. These laws are identical, whether for medical or recreational cannabis. The government does not require GPs to become certified specifically to prescribe medical cannabis. Instead, all GPs may discuss cannabis as a treatment option with their patients. In addition, patients requiring medical cannabis are able to join a program, managed by the Institution of Regulation and Control of Cannabis (IRCCA) which enables them to:

- Buy medical cannabis at a pharmacy.
- Grow six cannabis plants and produce up to 480 grams annually.
- Join a local growers’ club for growing and using medical cannabis.
In December 2013, former President Mujica signed legislation that legalised recreational cannabis. The following August, Uruguay formally legalised the cultivation of up to six plants at home, as well as introducing growing clubs, a state-controlled cannabis dispensary regime, and launching the Institute of Regulation and Control of Cannabis (IRCCA). In October 2014, the government began registering growers clubs, which were allowed to grow a maximum of 99 cannabis plants annually. Members planning to grow cannabis plants for personal use need to register with the Register of Seed and Cultivars, which is a part of the National Institute of Seeds (INASE).

According to IRCCA, as of May 2018, over 35,000 Uruguayans are registered cannabis purchasers through:

- Pharmacies (23,100)
- Home cultivation (8,400)
- Cannabis clubs (2,500).

Uruguay's National Institute for Farming Technology embarked on a hemp cultivation pilot scheme in 2010. Following this pilot, industrial hemp production has grown rapidly. About 400 hectares were planted in 2016, and in 2017, nine companies received authorisation to plant around 1,200 hectares, according to the country's Ministry of Agriculture.

Investors plan to extract cannabidiol (CBD) from hemp flowers, for export and further processing into nutritional and pharmaceutical products, once the Uruguayan government issues the necessary approvals. Commercial scale CBD exports could start in 2018, but at the time of writing, no further information was available.

Uruguay's healthcare is made up of public and private systems. The public sector is administered by the Ministry of Public Health (MoPH) through the State Health Services Administration (ASSE) and several other related agencies, including the Police Department and Military Forces. The ASSE provides around 34% of the citizens with coverage while related agencies serve around 7% of the population.
All citizens can access public medical facilities and health coverage is freely given for specific medical care. For instance, emergency ambulance services, initial treatment and medication is free. If any other types of medical treatment or ongoing treatment require citizens to pay a fee, this is determined by the level of treatment needed.

The private sector consists of private and non-profit medical facilities known as ‘Mutualistas’ and ‘Cooperativas’. Private facilities will expect payment through medical insurance or out-of-pocket payments.

The medication available through hospital plans require a consumer co-payment (the hospital funds the remainder of the cost), which is set by the government. In 2005, Uruguay’s government lowered that co-payment, and since raised it in line with inflation. This has exerted a downward pressure on prices, meaning that retail prices of some medicines are currently lower than a decade ago. However, the increase in demand has offset this price decrease and Uruguay’s average expense in pharmaceuticals per capita is among the highest in Latin America, second only to Argentina.

Medical cannabis was formally legalised in 2017, and 16 pharmacies are currently authorised to sell medical cannabis to registered users. Most of Uruguay’s 19 provinces still lack dispensaries, despite the number of people registered to buy at the pharmacies increasing from 4,959 when sales began in July 2017 to 24,117 in June 2018.

Cannabis is sold at select pharmacies without a prescription, as the country does not offer a separate system for medical cannabis users. Citizens can purchase up to 40 grams per month at the pharmacies. Medical cannabis must be sold in five gram containers at $1.30 per gram, with ten gram containers expected to be introduced at a later stage. The cannabis is standardised into two offerings; ‘Alpha 1’ and ‘Beta 1’, with up to 9% THC content and 3% CBD. Registered consumers must be Uruguayan, aged 18 or over, and these are limited to 40 grams per month, with their identity and registration confirmed at the point of sale with a fingerprint scanner.

Currently, only two private firms have been granted production licences in Uruguay; growing commercial cannabis for IRCCA. Together, the two cultivators are licensed to produce four metric tons of cannabis annually for sale at pharmacies. However, it wasn’t until 2018 that they started to grow at that capacity (due to inexperience), leading to a cannabis shortage in the country’s pharmacies.

Diego Olivera, head of the Uruguay National Drugs Council released a statement on the shortage: “The demand is greater than our productive capacity. There was no experience with farming on a large scale and it took a while to finally nail the technology, the workforce, and the drying process.”

Uruguay’s open cannabis laws mean that patients and consumers have direct and quick access to cannabis - leading to a high demand. Opportunities will arise to supply this market via imports, as a result of the high demand, or via joint ventures, as the country seeks experience and skills in mass cultivation.

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• Khiron Life Sciences
• Aphria Inc
• Avicanna Inc
• Abusaid Gomez & Associates
• Astellae
• Organigram