Progressive, inclusive medical cannabis policies can have a significant social impact.

CBD popularity is surging across the continent as regulatory regimes jump to legalize it.

The medical cannabis industry is birthing a range of secondary services across the region.

A robust events industry has grown around the medical cannabis sector.
The Business Year’s Special Report on Medical Cannabis in Latin America and the Caribbean is the second entry in our medical cannabis series, building upon our inaugural report on the Colombian market. While legislative progress did not move as rapidly as hoped in some markets, such as in Mexico, 2019 also witnessed other markets such as Brazil reaching long-awaited liberalization milestones. This report is a comprehensive examination of that progress and of the current investment climate throughout Latin America and the Caribbean. To understand how these developments are shaping local markets and global investor attitudes on the region, The Business Year sat down with the industry leaders, local entrepreneurs, regulatory administrators, government legislators, legal advisors, medical researchers and global investors that are driving medical cannabis forward.

Perhaps what makes the medical cannabis industry most interesting in the region is the differences of development model that each country is pursuing, as well as the variety of advantages available. Mexico, for example, has enormous potential as a producer, a domestic market, and as the ideal exporter to its neighbor and largest cannabis (medical or otherwise) market, the US, but has yet to clear the final obstacles in the country’s legal process and in its generally socially conservative society. Jamaica has perhaps the best built-in country branding, ideal growing conditions, as well as a long history of local expertise in growing the plant. How will it leverage these advantages to become a major player and investment destination? Colombia may have a head start in comparison to its neighbors, but it is experiencing its own regulatory and licensing bottleneck. How can the country maintain its position as other markets begin to liberalize? Brazil made huge international waves by opening up its domestic market, while still prohibiting cultivation. It is true that the entire industry is in an exciting stage of flux, but nowhere is this more apparent and abundant than in Latin America and the Caribbean. While no one can know for certain what will happen next, the interviews with the people who will be responsible for this region’s future can be found on the following pages.
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Vicente Fox, Former President of Mexico, Member of Board of Directors, Khiron Life Sciences Corp. • Interview
Steve DeAngelo, Founder, Last Prisoner Project • Interview
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With impressive growth in Asocolcanna’s membership and widely attended forums, it is clear the medical cannabis industry in Colombia is here to stay and will benefit greatly from further dialogue with public authorities on the industry’s regulation.

What were the expectations of Asocolcanna’s first forum hosted in Bogotá in 2019? This was perhaps the most representative forum held so far in Colombia for several reasons. The forum included discussion and dialogue with the government and its institutions. We did it with the legal industry and all the industries that have to conform to the country’s new regulations and statutes. It was an opportunity to have constructive dialogue with the health minister, foreign trade minister, justice minister, the Colombia National Food and Drug Surveillance Institute (INVIMA), Colombia Agriculture Institute (ICA), and the National Narcotics Fund, among others.

What can you say about private investment in Colombia in medical cannabis initiatives? I visited several industries in Colombia and was surprised by the speed at which they are working. I have told the government that it is necessary to go to the countryside to see what is happening. Otherwise, we will think that these are conventional crops, when in fact they are high-tech crops. When cannabis goes through manufacturing processes, it comes out as pure medicine. I look forward to this development. This direct dialogue with the government is a great way to convey what we need and why we need to comply with legislation. Although Colombia has new leadership, we need legislation that looks comprehensively at the development of cannabis cultivation and processing. We can generate much more profit, especially if we can harness THC and CBD derivatives.

What is your perspective on the growth of the industry, taking into account the latest report from the Ministry of Justice that says there are 247 licenses for more than 80 companies in the country? The licenses saw peak growth after the change in government. People believed the Duque government would be more cautious with the development of this industry. However, there has been full support from both the president and the ministries. It presents many signs of high growth. Consequently, we will have a National Council of Economic and Social Policy (CONPES) document that will set the guidelines for the development of a sector like ours. This is a clear sign that this industry is moving forward.

Are investment resources, according to CONPES, also secured by the national budget? What proposals or initiatives does CONPES offer? The possibilities will be analyzed. There may be many possibilities in R&D through universities, research centers, and laboratories that can be channeled toward the important goal of cannabis development and research. This sector was born out of the purpose of generating internal added value. Unlike other sectors of production, such as coffee, this sector could provide an important R&D component. Coffee can be refined, but cannabis offers more possibilities.

The international medical cannabis market could become a USD55.8-billion market by 2025. How can this goal be achieved? Colombia can have a significant slice of that market, thanks to the market’s worldwide growth. We are confident after seeing how other companies do it. Otherwise, we will think that these are conventional crops, when in fact they are high-tech crops. When cannabis goes through manufacturing processes, it comes out as pure medicine. I look forward to this development. This direct dialogue with the government is a great way to convey what we need and why we need to comply with legislation. Although Colombia has new leadership, we need legislation that looks comprehensively at the development of cannabis cultivation and processing. We can generate much more profit, especially if we can harness THC and CBD derivatives.

Cannabis industry’s R&D potential must be harnessed through research centers, universities, and labs

BIO Rodrigo Arcila Gómez is an industrial economist with postgraduate degrees in marketing, financial management, and development economics, and is a doctoral candidate at the faculty of economics of the University of Belgrade. He has acted as a consultant for both the private and public sector for over 13 years and is currently chairman of the board of the pharmaceutical chamber, ANDI. He has served as executive president of Asocolcanna since January 2018.
To get to where the industry is today, medical cannabis has had to overcome mountains of legal obstacles and societal stigmas. While there is still much work to do in this regard, the following interviewees are at the forefront of this battle at the regional and global level. Whether it is in Oakland, California, or communities affected by illicit trade in Mexico or Colombia, these community and political leaders see medical cannabis as an opportunity to positively impact their local communities and national economies.

**AN OPPORTUNITY**

High-profile advocates are playing a key role in helping the medical cannabis sector overcome stigma.

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**Vicente Fox**
FORMER PRESIDENT OF MEXICO, MEMBER OF BOARD OF DIRECTORS, KHIRON LIFE SCIENCES CORP.

**Steve DeAngelo**
FOUNDER, LAST PRISONER PROJECT

**Juan Manuel Galán**
FORMER SENATOR, CONGRESS OF COLOMBIA
experience MATTERS

As an experienced political leader, Vicente Fox knows the high price paid by previous generations for the war on drugs. His advice for political leaders? To see the industry as a job generator that can bring prosperity.

You have said the medical cannabis market in Latin America can reach USD12.7 billion, and Khiron will play an important role in that goal. What are the main keys to achieve those goals? Whatever the size of the market, Khiron will be the first company in the market in Latin America because it has high ethical standards. That is why Khiron has decided it only should participate in the medical market with high compliance standards. Khiron has established higher compliance goals than those required by the regulators. Second, Khiron’s operative strategy is based on a package; the firm sells a complete service that includes a medicine recommended by the doctor, and it is prescribed by a personal physician for each individual patient. Khiron is acquiring clinics to provide its services with doctors and patients. Then, the accountability standards in Khiron are extremely high. This is a public company listed on the Toronto Stock Exchange, and, as a result, it is obliged to meet certain standards. And finally, the professionals at Khiron, including myself, are great professionals in their fields, so the company will acquire a large market share whatever the size of the market.

The Colombian government wants to boost the medical cannabis industry, but the issuance of licenses is slow. What decisions should the government take to speed up the development of this industry? There needs to be mutual trust between the government and private sector. Companies and the industry will grow tremendously when there are regulations that are not excessively restrictive, but rather a legal framework that understands the market’s needs. That relation is well understood in Colombia and in Mexico. The company is in talks with congress and legislators. In Mexico, congress is about to pass a law that will regulate these products. We are on track to have that mutual trust. Companies have to comply with transparency and regulation standards, while the government has to develop the best framework to develop the sector.

What can be done to make legislators understand the potential that medical cannabis could have for a country’s development? We are working and waiting for legislators to make their decision. There is a ruling that they cannot escape from. The executive and legislative branches have been forced by the judiciary to regulate the industry. In Mexico, congress has requested additional time to pass the bill to establish a regulation, and that timeframe expires in April.

What is your forecast in terms of economic and political terms for the industry? Currently, access to banking is extremely restricted. We will gradually see more openness. The problem is that in Latin America we have seen the violence triggered by narcos and cartels due to the prohibition of drugs. We need to have strong regulatory bodies so that banks will open their financial mechanisms to this industry as they do with other industries. No one will impede the development of this industry.

What would you say to the regional leaders to have a different perspective on drugs? I would recommend they learn the history of this industry; none of the places that have legalized cannabis have experienced any problems. There have not been risks for governments and political leaders when things are properly done. We have to walk this road to develop it. We have to tell governments that it is better to legalize, instead of all the costs associated with diseases and criminality related to drugs. Regulating the industry can generate new tax collections and private investment in R&D. The cannabis industry is a potential job generator and is an important industry to develop. I would like to invite political leaders to make decisions in that regard.

Regulating medical cannabis industry can generate new private investments

Strong regulatory bodies will help banks open financial mechanisms to medical cannabis industry

BIO
A graduate of Iberoamericana University, Vicente Fox gained a bachelor’s degree in business administration at its campus in Mexico City, and a diploma in senior management taught by professors of Harvard Business School. In 1984, he joined Coca-Cola Mexico as a route supervisor. He eventually became regional CEO of the company for Mexico and Latin America, the youngest person to hold such a position in the firm. In 2000, Fox became the 55th president of Mexico, serving until 2006. Since 2018, he is a part of the board of directors of Khiron Life Sciences Corp.
the HIGH PRIEST

“You can grow decent cannabis almost anywhere in the world. But when a community has multi-generational experience with cannabis use, it affects the value system.”

Harnessing cannabis’ medicinal properties and potential is essential for sustainable growth of the industry.

Steve DeAngelo
FOUNDER, LAST PRISONER PROJECT

How would you characterize the current perception of medical cannabis from both a political and social viewpoint in the region?

There has been a tremendous amount of progress over the last few years, especially in Chile, Colombia, and Brazil. However, I want to see more physicians in Latin America being educated about cannabis as a potent therapeutic tool. For example, in Colombia there is a great deal of excitement about the financial and economic potential of cannabis. However, there is not much emphasis on providing it as medicine to Colombians or on educating Colombian doctors about medicinal cannabis. Once that happens, it will be a catalyst for further reform.

Jamaica wants to leverage its medical cannabis potential, but there are around 100 players regionally investing in the industry today. What should the local industry focus on to remain competitive?

Jamaica’s competitive edge is that it has one of the oldest, most mature, and wise cannabis cultures on the planet. You can grow decent cannabis almost anywhere in the world. But when a community has multi-generational experience with cannabis use, it affects the value system. Jamaica’s competitive strength is to share that culture, which is about a reverence for life, nature, and each other, and preserving the planet for future generations. Not to mention the art, music, food, and Rastafarian ceremonies that Jamaica has created out of its cannabis experience and culture. The question is how to take that cultural legacy and transform it into a commercial opportunity. One way to do this is to create local brands that reflect the country’s unique cannabis history and culture.

What do you see as the best way to balance the strong growth potential of medical cannabis cultivation with environmentally sustainable practices?

Growing medicinal cannabis is not going to have as much of an environmental impact as growing it for industrial purposes is. Jamaica does not have enough flat land to grow industrial hemp. As it is a small island, there would be no way to prevent the pollen from that hemp spreading around the island. The last thing we want is Jamaica’s precious and ancient strains of cannabis to get contaminated. But Colombia has some great places to grow hemp. What is more, when you harvest a hectare of hemp, you are sequestering four metric tons of atmospheric carbon. Then, if you make hemp into hemp concrete, it sequesters additional carbon as it dries. Hence, even without thinking about all the things we can make out of hemp (plastics, paper, textiles, food, fuel, and construction materials), just growing hemp is a great way to dial down global warming.

What is your outlook for 2020 both for Harborside and the global medical cannabis sector?

Harborside has some exciting things coming up. One is that the city of Oakland has given us a consumption license. We are looking forward to seeing what cannabis is like in a public, social space. We will also open new locations in California, one of which will be one of California’s few drive-through dispensaries. In 2020, I hope countries such as Colombia that are now catering to pharmaceutical companies understand that there is a different pathway for developing cannabis medicines. The traditional pharmaceutical approach is to take a substance and break it down into its single molecule component parts. This is expensive to do, and when IP rights are granted, it makes it difficult for anyone else to do the same thing. The product ends up being expensive and having a whole range of horrifying side effects. There is an alternative with cannabis. Instead of taking the whole plant and breaking it into pieces, we can breed strains of cannabis with desired chemical profiles and do a simple whole plant extraction of that medicine. This is far less expensive, so this medicine will not only be for wealthy people but for everyone who needs it.

1ha of hemp sequesters 4MT of atmospheric carbon

To stay competitive, local companies should create brands that harness their unique cannabis culture

BIO
Steve DeAngelo is a pioneering cannabis entrepreneur, activist, author, and on-screen personality. He co-founded several iconic cannabis businesses and organizations: Harborside, one of the first six dispensaries licensed in the US; Steep Hill Laboratory, the first dedicated cannabis lab; the ArcView Group, the first cannabis investment firm; and the National Cannabis Industry Association, the industry’s first trade association. He currently serves as chairman Emeritus of Harborside Inc, a vertically integrated California-based cannabis company. In recognition of these pioneering accomplishments, DeAngelo has been called “father of the legal cannabis industry.”
BIO

Juan Manuel Galán was senator of the Republic of Colombia for three terms, from 2006-2018. He studied political science at Sciences Po, Paris. In addition, he holds a master's in international politics from École des Hautes Études Internationales (HEIP). He was the author and rapporteur of the law that regulates the use of medical cannabis in Colombia. He is currently seeking to revive the New Liberalism, a party founded by his father in the 1980s.

Juan Manuel Galán
FORMER SENATOR, CONGRESS OF COLOMBIA

“There is a major opportunity here for rural areas and the agricultural sector, which have long been in crisis.”

Why is a constructive dialogue between the government and private sector key to the development of medical cannabis?

This is a new industry that has a complex reputational challenge. We are coming after decades of prohibition. This substance has caused many deaths in Colombia because of the war on drugs. We just started a debate on changing the framework we have been following for 50 years. We are trying to open up debate on new policies dealing with public health, human rights, access, quality, security, and fair prices. The industry should bring its resources together as a team to address this reputational challenge. They should invest, for example, in track and trace, a fundamental aspect in building trust among regulators, patients, and doctors. The industry should also invest in scientific research, building alliances with universities and medical societies and making significant progress in scientific evidence so people can approach this substance with a new vision.

What is your perspective on the growth of the industry?

Colombia has a perfect opportunity because of its geographic position and proximity to the equator. We have the sunlight that other countries do not. As the son of a political leader who was assassinated because of the war on drugs, I politically favor promoting this debate and presenting legislation. This, however, is a cultural process that takes time; it is important to treat this product like a pharmaceutical product. Right now, everyone wants to be a billionaire by growing cannabis. In a couple of years, only those with quality, good manufacturing processes, access to Europe, and track and trace are going to survive. There are going to be changes in this industry, and Colombia has the right approach, beginning with medical cannabis, which is the highest standard. After that, we can move on to recreational use, keeping with a high standard of regulation and trust. Some countries have regulated adult and medical use at the same time, which is a little chaotic. Colorado took the approach of regulating medical cannabis for 10 years before going on to recreational use.

How would you compare Colombia's framework to other countries in the region trying to establish a medical cannabis industry?

Few countries have strong regulatory institutions for this industry. Apart from Colombia and Chile, I have my doubts. Argentina, Venezuela, Ecuador, and Peru need to strengthen their institutions, and I do not know if they are prepared to have the institutional framework needed for the industry. If the US addresses the industry at a federal level, it will facilitate issues the industry is dealing with, especially financial and banking, which is stopping the industry.

What impact will this industry have on boosting employment, on the overall economy, and Colombians’ mentality?

There is a major opportunity here for rural areas and the agricultural sector, which have long been in crisis. We have been concentrating on cattle ranching, but with climate change, it is now one of the worst things you can do. Since we invented the flour industry in Colombia, we have not invented anything new. We have an extractive emphasis on all we do, but with climate change, it is now one of the worst things you can do. Since we invented the flour industry in Colombia, we have not invented anything new. We have an extractive emphasis on all we do, with no added value or technology transfer. The medical cannabis industry can provide this opportunity to the country, giving advantages to rural areas.

What is your perspective for the industry in 2020, and what will be your next role in the Senate in the process of legalization?

If the US federal government moves, it will expedite changes everyone is waiting for. I am in favor of regulating all drugs. I am against prohibition and the war on drugs. Drugs have predated humanity, so we have to create a less problematic relationship with substances. Regulating coca leaves is the next step for us, as it is at the core of Colombia’s cocaine business. If we deal with coca cultivation and business, we can make a huge step forward in changing the absurd drug policy.
## 2027 PREDICTED LEGAL CANNABIS SPENDING ACCORDING TO TYPE (USD MLN)

**Source:** Cannabis Intelligence Briefing

<table>
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<th>Country</th>
<th>Medical</th>
<th>Recreational</th>
<th>Industrial</th>
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## NUMBER OF LICENSES ACQUIRED IN URUGUAY BY TYPE

**Source:** Institute of Regulation and Control of Cannabis (IRCCA)

<table>
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<td>Cannabis club members</td>
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<td>Cannabis clubs</td>
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## PREDICTED 2028 MARKET VALUE IN SOUTH AMERICA BY TYPE (USD)

**Source:** Prohibition Partners LATAM Cannabis Report

<table>
<thead>
<tr>
<th>Type</th>
<th>Value (USD)</th>
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<tbody>
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<tr>
<td>Recreational</td>
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<tr>
<td>Industrial</td>
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Latin American countries stand at the precipice of two enormous social, commercial, and dietary revolutions: the liberalization of recreational cannabis consumption in the US and the legalization of medical cannabis consumption and production across vast swathes of Latin America. In a race to the top, 10 US states and the District of Columbia have now legalized full recreational use, while another 23 now permit cannabis consumption for medical purposes. However, while many of the US’ most creative and entrepreneurial minds are hard at work inventing the next edible or CBD oil pen—the niche future of the country’s USD10-billion market—firms across Latin America are cultivating the right lines of business to ensure the region gives the Americans a run for their money in the global medical cannabis market.

Though North America might claim first mantle in the legalization bracket (with Mexico’s legalization of the plant just around the corner), as a critical mass, Latin America stands second to none. Not only did Uruguay lead the planet in legalizing the plant in December 2013, but it has since been followed by legalized medical regimes in Chile, Argentina, Peru, Colombia, Paraguay, Brazil, and Mexico. Though the rest of the world is far behind—outside of Europe, only Australia, Israel, South Africa, and a few other countries have decriminalized the plant or legalized its medical use—industry experts such as Jordan Lewis, executor director of Uruguay’s Fotmer Life Sciences, predict the global medical market could increase to around 80 countries (up from around 30 today), creating a more than USD100-billion market in the next decade alone.

How have Uruguay and others been capitalizing on this opportunity? Though Uruguay began with a relatively stringent cultivation regime—individuals could grow up to six plants at home that yielded no more than 17 annual ounces, and only two companies were given permission to grow commercially through 2018—in February 2019, the country began issuing applications for another five producers to commercially grow up to 2,000kg of dried flower per year. Fotmer, one of these lucky firms, already has 80 employees cultivating 35,000 plants at its 18 industrial-sized greenhouses in Neuva Helvecia, 120km west of Montevideo. An operation that got off the ground with seed capital of USD7 million, not only did it export its first 10kg of dried flower with high levels of active ingredient THC to eagerly waiting patients in Australia in September 2019—the first-such shipment in Latin American history—it is also expected to begin exporting more than 100kg per month going forward.

With a market of merely 3.3 million potential domestic users, countries with niche advantages such as Uruguay—namely being culturally liberal and having a half-decade head start on the world—must seek every export opportunity they can. This needn’t, however, extend as far as Australia: Uruguay’s critical place with the Mercosur trading block, especially in light of the recent EU-Mercosur trade deal passed in July 2019, which eliminates 93% of tariffs to the EU and grants preferential treatment to the remaining
While many of the US’ most creative and entrepreneurial minds are hard at work inventing the next edible or CBD oil pen, firms across Latin America are cultivating the right lines of business to ensure the region gives the Americans a run for their money in the global medical cannabis export market.

7%, will prove hugely importantly if and when medical cannabis comes within the trading bloc’s purview.

Not only will this open up the Brazilian market to Uruguayan producers, it will also allow access to the two trade blocs’ 780 million consumers. Foreign investors are keenly aware of this. In December 2018, for example, Uruguayan President Tabaré Vázquez inaugurated a USD12-million laboratory owned by Canada’s International Cannabis Corp., while Toronto-based Khiron Life Sciences continued its long march toward market dominance by acquiring Uruguay’s NettàGrowth, which held one of Uruguay’s coveted few production licenses, thus boosting the Canadian firm’s production capacity by an additional 120 tons.

Uruguay, however, is hardly without competition. Since former president Juan Manuel Santos legalized medical cannabis in 2016, Colombia has been in sharp pursuit of drumming up the most medical cannabis investment in Latin America. Bodies such as the Colombian Medical Cannabis Industry Association (Asocolcanna) are doing everything in their power to expedite this process: the group’s 29 members have invested over USD600 million in growing facilities in three years alone, with ambitious firms such as Colombia-based Clever Leaves aiming to become the world’s largest medical cannabis company by 2021.

However, these ambitions are hardly limited to Colombia. In December, Brazil’s Agência Nacional de Vigilância Sanitária approved regulations for the sale of medical cannabis-based products in the country, but not its cultivation. Meanwhile, lawmakers in Mexico are debating whether to legalize the production and consumption of medical cannabis. What’s interesting is that whether or not they jump on the legal bandwagon, the race for the great green hope is already on.
Khiron recently became the first Colombian company to export a cannabis-based cosmetic product, Kuida, to the US. What does this milestone mean for your company? It means we are able to deliver on what we have promised to our investors, which is important at this point in our industry’s development. Now, it is about building credibility with investors. Our focus is now on distribution, sales, channels, and investment, so we can grow our business in the US. Hopefully, our investors will look at the sales volumes of Kuida products and see if we can achieve the promise of a global brand. In other exciting news, the government is changing its hesitant stance on THC-based products. It is good to know that the government is finally moving ahead and realizing it needs to meet the milestones investors are waiting for. Getting the THC quota in order is positive and means we can start growing in 4Q2019. Though the government’s approval for THC-based products was important, we now have to work on getting the quotas for 2020.

In its creation of a holistic care center and expanding its Kuida cosmetic product line in the UK and the US, Khiron is fulfilling its promise of bringing high-quality health products to its clients.

In 2020, we want to focus on countries where favorable regulations are in place. That means Colombia is our number-one priority since it is closest to legalizing cannabis and ensuring we can start prescribing. In Mexico, there are still many steps needed to be able to sell. Our focus is on delivering what we promised patients in Colombia and focus on our Kuida sales in the UK and the US. Finally, we want to continue our process of understanding which countries in Latin America are ready for the sale of medical cannabis. We will focus on execution until that time. It is good that we have created an image of faith in Colombia was well-placed. Worldwide, one expectation is Canada and its “Cannabis 2.0.” We are waiting to see what happens with edibles, vaporizers, and so on. At present, “Cannabis 1.0” has not been what everyone expected. If Cannabis 2.0 goes ahead in January 2020, and consumers start buying beverages, vaporizers, and topical products, and companies start generating good revenues, it will boost the industry. Overall, market dynamics play a role in valuations. Investors are waiting to see those dynamics going well before they choose which companies to invest in. Regardless, Khiron has to execute its business plan in Colombia. That’s the only thing we can control.

Álvaro Torres  
CEO & DIRECTOR,  
KHIRON LIFE SCIENCES CORP.
A GLOBAL CANNABIS COMPANY BASED IN LATIN AMERICA

- Operations and partnerships spanning 9 countries and 3 continents.
- More than 119,000 patients treated in our clinics.
- Strong network of 3,000 doctor relationships with educational approach to drive prescriptions.
- First CBD cosmeceutical brand in Colombia with more than 300 points of sales.
- International research and development agreements.

www.khiron.ca
THE BEST of both worlds

David Attard
CEO, PHARMACIELO

With 12.1ha producing the finest cannabis products for markets everywhere, PharmaCielo is going sky high.

What is the scale of your Colombian operations?
Along with our own growing farm, we contract several local partners to grow product. We currently have 12.1ha under cultivation, yielding a half-million flowers, and have the capacity and connections to scale up to 139ha and 5.5 million flowers. We have more than 180 cultivars in our seed bank from which we have developed 30 proprietary strains licensed for commercial cultivation, one of the mandatory requirements of the Colombian regulatory structure. Having used a temporary extraction facility for the past three years, we are about to open the doors of a 2,300-sqm, GMP-certified processing and extraction center, where we will process oils at full scale. Once we become fully operational, we plan to produce 2,500kg of oil per month, or 30,000kg annually.

How do you control the quality and mix of ingredients in your products?
We have an excellent team of botanists breeding the strains, using natural irrigation and pest-control techniques. Our breeders have been able to develop cultivars with specific qualities and proportions of THC and CBD. Our local growers have deep expertise. These are people who grew up cultivating and they have it in their blood. They treat the soil like a living organism and use no chemical pesticides or contaminants, resulting in healthy and safe plants and oils. Most cannabis oils are yellow, but our superior growth conditions yield antioxidant-rich oils with a reddish tint.

PharmaCielo has recently begun selling in the B2B market. Can you give us some details?
4Q2019 is when we flipped the switch to sales mode and announced a medicinal CBD sales agreement with a US distributor that started with an initial shipment of 1,000kg, and plans for continued volume shipments. In early 2020, we announced distribution within the EU and ongoing discussions with a variety of additional global markets that would complement both, including Mexico where we have an existing joint venture and will be able to act as soon as the government introduces new legislation. We have completed shipments to Switzerland and begun shipping introductory batches of product to various parts of the world, such as Argentina, Italy, and the Czech Republic, among others.

Why did you choose Canada as your headquarters?
Canada has high standards of financial accountability and oversight. Canada’s well-regulated banking system makes it easy to conduct business, and capital markets in Canada made it possible for PharmaCielo to go public. By blending Canada’s strengths with our core competencies in Colombia, we’ve taken the best of both worlds. In all, we view PharmaCielo’s “dual citizenship” as one of our strongest assets and differentiators.

Where do you see the company going in 2020?
2020 is our breakout year. We have devoted the past three years to fine-tuning cultivation and extraction and are ready to turn our attention to producing and selling our products. We will offer a range of oil products including a pure CBD oil, a broad-spectrum oil with THC removed, and a water-soluble CBD oil. Given our low costs, we anticipate a profit in our first year of commercialization.
Governments and private sectors have a unique opportunity to make an unprecedented social impact with progressive and inclusive medical cannabis cultivation policies.

**THE DEEPER**

**THE ROOTS**

**ACROSS THE GLOBE**, the cultivation of illicit crops has been a blight manipulated by organized crime that often exploits economically vulnerable local populations. This has exacerbated the stigma attached to such products and has unfortunately helped lead resistance to legalization initiatives. However, many legitimate businesses are keen to pursue cannabis cultivation for its medicinal properties, not merely for economic gain, but also not only for the plant’s tremendous potential to have a concomitant social impact on the communities that cultivate it.

With Latin America’s estimated regional cannabis market worth USD12.7 billion by 2028, of which USD8.5 billion could derive from medical products, the companies and governments that move the quickest have the opportunity to reap the biggest rewards in terms of financial inclusion, agricultural diversification, and gender empowerment. Indeed, it was the very social, economic, and infrastructural exclusion in so many far-flung parts of Mexico and Colombia in the past three decades that allowed cartels to build states within states as a means of connecting underserved communities to broader markets for the first time. Now, however, if done responsibly, states have a historical opportunity to have nearly as big a social impact with medical cannabis as previous illicit products once did.

Thus far, the private sector has done the most to take up the torch. Take, for example, Colombia’s FolliMed, which produces six of its own strains of 15% CBD-grade cannabis whose THC content is below 0.2% (as mandated by Colombian law), and 90% of whose employees are single mothers. There is also Clever Leaves, one of Colombia’s largest cultivators. It already has 1.5 million sqft of greenhouses that adhere strictly to Colombia’s Good Agricultural and Collection Practices (GACP) and is expected to have 2.3 million by the end of 2019 and 10 million by 2021.

But it takes its employees, key stakeholders in the firm’s success, even more seriously. With 63% of its employees female, many of whom are heads of households, Clever Leaves is not only the largest employer in Pesca-Boyacá, but one of the only ones offering formal employment, and thus benefits and a living wage, to its employees, 44% of whom are from the municipality of Pesca. In addition to offering professional training and English courses to its staff, it is also serious about the environment. Around 75% of the water it uses comes from rainwater and the sophisticated methods it uses to collect and store it, enabling the company to water its operations for up to 90 days without rain.

Canopy Growth, an international firm based in Canada with a large presence in Colombia, has also spent much of the past year increasing its number of female hires, particularly in its operational sector, Colombia Country Manager Bibiana Rojas told TBY. Her impact in this field was one of the reasons she was nominated for MJBizDaily’s Community Impact award, given the company now boasts a more than 50% female workforce (compared to having no female operators merely three years ago). It also takes local investment seriously, having pumped more than USD2.4 million into Colombia since entering the country, a significant portion of which was spent locally. And over half of its cannabis purchases have been from local growers.

Finally, there are companies like PharmaCielo, another Canadian-owned firm with deep roots in Colombia, that specifically target communities affected by the country’s half-century conflict to help re-integrate them into the social and economic fabric of the country. Colombia’s first fully licensed and operational cultivator and processor of cannabis oil extracts, PharmaCielo is not only racing to become the world’s largest supplier of medically grown and processed cannabis oil extracts, but is working hand in hand with with Cooperativa Cauca cannabis and its 63 local regional farmer members in the Cauca Department to help the Arhuaco people and other local groups recover from decades of violence in the region through a medium they know best: the cultivation of some of the world’s finest strains of cannabis.
center of EXCELLENCE

By focusing on innovation, FCM Global is at the forefront of helping to create an industry with high added value.

Carlos Velásquez
CHAIRMAN, FCM GLOBAL

What have been the factors for FCM Global to become one of the leading companies in Colombia? We are a multinational company. In the beginning, we started to set up companies in North America and Europe for the transfer of know-how and to understand how the industry is evolving worldwide. Most of our clients are in Europe, which is a more mature market and has regulations that are clearer; however, as the framework in Colombia evolves, no other jurisdiction in the world has the same comparative advantages, especially now that the regulators are bringing in a sophisticated framework. Colombia, with the completion and implementation of the regulatory framework, is becoming the catalyst for all the synergies of the global market, being the center of cultivation and production, both raw material and final products.

Being one of the pioneers in Colombia, how has this helped to implement FCM Global’s vision of its “co-sourced” model with almost 500ha at its disposal? The learning curve has been fairly significant, with changes and constant developments in regulation and advances in science and technology around the world. We focus on innovating and achieving efficiencies at all levels in the company, from the objectives of our customers, which is what our “co-sourced” model is all about, thus, developing these areas in stages. In the two natural subregions, Antioquia and Natagaima, where we have our licenses and registered cultivars, we cover approximately 60% of the climatic conditions in the country. Our best genetics micropropagate in-house for future growth, and a sample from this source is developed for final products using nanotechnology.

What have been the most important technological advances in FCM? Innovation has been one of our pillars. We are extremely proud of the team we have. As a consequence, we are finalizing our processes of in-vitro propagation and production of nano-emulsions both in micelles with areas related to water and oil, which will allow us to standardize processes and quality while becoming more efficient and pioneering in terms of R&D, which will mean great advantages to our clients. With new technologies, we can create customized material for specific metabolites to create new products.

Where do you see the relationship between production in Colombia with distributors and end customers around the world? Two things are extremely important here: consistent quality and transparency. If we can demonstrate to our customers a clear discipline in genetics and consistency from seed and propagation to the oil and the final product, then we will truly have an instrument to work in the market. Without these, it will be difficult to get there. On the other hand, our partnership with local universities drives innovation and quality are key, as we are working on transferring know-how from universities like Israel, Canada, and Europe. With an R&D base in the hands of local universities and acting as an association and not as independent companies, we can create an industry with high added value, starting with innovation—processes, products, and regulation—and creating clinical evidence, continuing with a supply of both extracts and finished products that are tied to the genetics we have in Colombia and distributing them around the world with credible players and long-term vision. Obviously, this must be accompanied by rigorous processes and traceability and transparency systems.

What is your perspective on how the industry will continue to evolve in Colombia? We are positive about the direction the industry is moving in; Colombia is on the right path. It has been a long journey, but now Colombia will be positioned as a production hub for the world. Even as other Latin American countries open legal frameworks, it will mostly be for imports of final products. Colombia will set the standard and be a platform for Latin America to create a new market.
How do you develop a company in a non-traditional sector in which banking institutions are still in the process of developing financing products?

Basically, there are four paths, all of them based on the resources that the founding partners must provide “skin in the game” in a meaningful way, though that take different aspects. The first is by developing a funding strategy in the capital markets. The second aims to create an asset and then sell it. Investors of such strategies quickly sold out when they saw it was extremely complex to create something of value. The third focuses on professional investors such as venture capital funds or private equity funds that have opened their investment criteria to this new industry, and the fourth is due to seek leverage with private investors. FCM has developed a strategy to link close investors from “family and friends” to “family offices,” with which we also seek people who have accompanied us in other investments, benefitting from the development of FCM in the short, medium, and long term, depending on the criteria of each one. It is essential to gain access to credit products in the financial system, both local and international for Colombia, and that with the current efforts of institutions, they will be able to achieve success in the medium term.

What has it meant to FCM to remain as one of the private companies where large private capital participates?

Essentially, we have developed efficient DNA. Our efficiency has been able to positively impact the company, from its operations to financial indicators, achieving production costs of plant material and final extracts well below market averages. This undoubtedly has an impact on the generation of attractive profitability margins for our investors, which protects us with sufficient anticipation of the price movements of cannabis extracts. The pillars to reach these achievements and to project a healthy company in the long term have been research and technology, which have allowed us not only to innovate but to educate and train all members of the organization at each level of the same.

How do you involve the investors to improve the operations of the company?

As a private company, we make the decision to focus on the business and investment ecosystem of the founding partners, who collaborate strategically to consolidate the goals and share in some way the benefits of the medical cannabis industry, but also have a relationship of trust with the company and its partners. We know each investor personally, and they also go through demanding compliance processes before joining as shareholders. Beyond that, we try to create value of the company and achieve other items. When we compare the benchmarks with other companies, we calculate the value of the company. In the last 1.5 years, investors obtained a high valuation for stocks between March 2017 and September 2018, which was 96% of the valuation of each stock.

What are the growth perspectives for FCM Global?

The main milestone of 2019 was starting sales of our products, namely high-quality extracts. However, 2020 will be the year in which we began our expansion. Then, the company will deliver enough production to the market at around 250kg per month. Moreover, we want to go beyond that and enter capital markets to obtain the funding for its ambitious expansion plans. FCM has developed a strategy to link close investors from “family and friends” to “family offices,” with which we also seek people who have accompanied us in other investments, benefitting from the development of FCM in the short, medium, and long term, depending on the criteria of each one. It is essential to gain access to credit products in the financial system, both local and international for Colombia, and that with the current efforts of institutions, they will be able to achieve success in the medium term.

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One thing that sets PIDEKA apart is the way it is designing its growth operation, which will be the largest indoor operation in the country.

What advantage does this give you?

PIDEKA is the first and only indoor-licensed producer with a tissue culture laboratory and solvent and solvent-less extraction labs to be EU-GMP-certified in Colombia. Indoor facilities allow absolute control over all variables such as moisture, temperature, lighting conditions, nutrition, and every other possible consideration in terms of variable control. It is the most efficient way to produce high-quality and consistent medical-grade product, and is the only way to have consistency in cannabinoid and terpene concentrations due to standardization of production.

What role has PIDEKA played in the development of the cannabis sector in Colombia?

PIDEKA is focused on the development of research processes with a model of 20 plants, which was what the law allowed at the time. It served to generate a pilot study with patients of different symptoms supported by health professionals with whom we were able to collect a database that served to prove that cannabis had medicinal uses. Thanks to this, we were able to contribute knowledge and share it within the sector, thus generating an industry that was additionally leveraged by emerging regulations. PIDEKA was the sixth company in the country to obtain a license in 2015, and we were re-certified again in 2019.

What is your development strategy for a market that is growing more competitive?

The main strategy is to achieve the standardization of production processes and final product to become competitive in the international market, all while positioning our products strategically and differentiating ourselves from the competition.

What has the impact been of your social responsibility programs, such as your community medical cannabis education and English language programs in Colombia?

Medical cannabis is a new industry with a strong presence in Colombia, giving it a great opportunity to invest in the communities it operates in. When Econnabis went into Nemocón, a small town north of Bogotá, it was a conservative community that traditionally focused on flower growing, salt, and coal mining. We first met with community leaders to find out their needs. The first issue that arose was their fear of cannabis being grown in the community. Therefore, we started with a basic education program on medical cannabis to give them the tools to understand this industry. We wanted them to understand that they were helping to create medicine. The second program we did was teach English, a program that began as an internal four-month English program for our staff. We offered this English-as-a-second-language program to the wider community in Nemocón, starting with community leaders.

As one of the first companies certified in the medical cannabis industry, how have your B2B services for the industry developed?

We are acting as suppliers to other companies and hold active conversations with companies worldwide. We are learning where we can create partnerships. In terms of products, we are a raw material producer. For the first time, we are going to be producing isolates, distillates, and full spectrum extracts for the medical market in Colombia and abroad. The clearest pathway to the market is to have EU-GMP certification, the highest quality standard to date, but it takes time and money. We are in the process of cultivating Good Agricultural and Collection Practices of Medicinal and Aromatic Plants (GACP) standards, which is the first step for the EU-GMP certification.

What is coming up for product development in Colombia?

In 2019, our farm operations advanced in support of genetics registration and an initial commercial crop. Furthermore, we signed an agreement with Procaps, supporting our objective of producing high-quality goods to serve the regional market. Globally, we have been heavily focused on R&D and education. One of our key pillars is quality, which starts with raw materials and standardized genetics. The second pillar is science; we are engaged in 15 clinical studies with people around the globe, as well as four clinical studies with animals. Our third pillar is experience; Canopy has been in the cannabis industry for five years, and it has over 100,000 patients.

The company has invested USD100 million to meet the medical demand of countries in Latin America. What are your ambitions for 2020?

A major part is completing construction at our facility, including for the greenhouses and construction plants. The extraction capacity will be significantly larger to ensure we can cover the supply for Latin America for the next five years. It starts with doctors, patients, and the community. We are going to conferences and congresses and helping develop specialized courses for doctors. In every Latin American country, we are working with universities such as the National University of Colombia, Universidad Peruana Cayetano Heredia in Peru, the University of Concepción in Chile, the University of Buenos Aires, the University of Panama, and the University of São Paulo. In every country, we have sought to form partnerships with the largest possible university because this is the standard that we will bring. I look forward to a time when people can look back and consider Mexico and Colombia’s success cases: countries that lived a sad and violent past and ended up becoming leaders in creating wellness and jobs.
Clever Leaves has made extracts that supply the European and Latin American markets. What is the company’s vision for the future development of the Colombian and Latin American markets?

One can try to imagine what the market will be, but it’s important to follow the pulse of the regulatory structure in those countries. We have been operating in Colombia since 2016. Chile has already legalized some cannabinoid-based products. Brazil was almost forgotten given how restrictive its original rules were, but we are excited by the recent regulatory announcements, which present a big opportunity for Clever Leaves. Brazil has indicated a ban on domestic production; distribution will likely occur at pharmacies, and all products will require GMP-certified producers. We are tracking the implementation of Brazil’s announced regulatory structure and are cautiously optimistic about 2020. Because of Clever Leaves’ roots in Colombia and its desire to help patients globally, we will try to participate, if not accelerate, the growth of the local market depending on how the regulations unfold.

Clever Leaves has a production plant that complies with GMP according to Colombia’s National Institute of Drug and Food Surveillance (INVIMA). What does this mean for Clever Leaves?

GMP certification from INVIMA goes a long way in terms of providing an outside measure of the quality of a product. There are limited reliable benchmarks in the cannabis industry to date. Prospective customers or partners understand that GMP certification conveys both quality and consistency in our production. A second advantage of having GMP certification is that it allows us to enter certain downstream pharmaceutical markets. We are researching exactly how many countries may reciprocate GMP certification, but to sell a prescribed pharmaceutical product in Colombia, such as a heart medication or sleep aid, the product must contain ingredients produced under GMP procedures. When the Colombian market opens up, Clever Leaves will be uniquely positioned to capture it.

How have FoliuMed’s partnerships and alliances strengthened your position in the market and helped you reach markets abroad?

This is very much related to each business unit we seek to develop within the framework of our business plan. Basically, to supply the pharmaceutical-grade products in Germany, we have established a joint venture to create FoliuMed Pharma, with a pharmaceutical company based in Frankfurt—Fidelio Healthcare. That company has been in the market for almost 30 years and has a 15,000-sqm facility in Germany to handle controlled substances (including EU GMP certification, manufacturing, packaging, storage, and distribution), where we do medical product development with solids, semisolids, and liquid dosage forms. Thanks to this venture, we can distribute those pharma-grade products within Germany’s pharmacies and drugstores network. So, our business plan focuses on this business line of prescribed medicines for the German market, the most highly regulated market in the world for pharma-grade products.

Can you tell us about FoliuMed’s product portfolio for the German market?

Currently, the market is mainly served with cannabis flower. But in the future, extracts will have a higher market share, and we want to start supplying patients with cannabis extracts for treating patients according to their medical prescriptions through our pharmacy network.

How does FoliuMed’s work in genetics help its position in the market?

It depends on the product. We already have 10 CBD strains approved for commercial purposes by the Colombian Agricultural Institute (ICA) that have high CBD values and are THC-compliant with US and EU regulations. With these strains we can manufacture both bulk ingredients and end products in formulations that have high market demand, particularly broad and full-spectrum products for consumers. To supply the US market, you must use strains that have below 0.3% THC content. So, genetics are a crucial component.
INTERVIEW

Johanna Urrego
CEO, KURE MEDICAL SOLUTIONS

How would you characterize your investments in R&D and quality control, and as a market, what is Colombia’s potential as an R&D center for the medical cannabis sector?

Though Colombia is new to the medical cannabis market, companies have focused on R&D to obtain safe, effective products, and worldwide recognition. In our case, we work on R&D hand-in-hand with medical associations and universities, because they have already worked with medical cannabis, making this synergy more effective and efficient. Colombia’s potential as an R&D center for the medical cannabis sector is huge because it has prestigious clinical research institutions, hospitals, and universities and an excellent infrastructure for laboratories manufacturing high quality products.

What is your outlook for the medical cannabis industry, both in Colombia and the region, in 2020?

2020 for Colombia’s cannabis companies will be a year of consolidation. Companies will be completing their agronomic evaluation tests and registering their seeds in the National Registry of Cultivars of the Colombian Agricultural Institute (ICA) and starting their commercial crops. The industry will concentrate all its R&D efforts and strengthen its network with foreign companies, not only Canadians but also Europeans. In the region, there are many countries working on legalization. It is a call to our country to keep going, make things well, and focus on quality products.

How have your B2B distribution channels evolved as medical cannabis legalization progresses in other international markets?

We have realized that the trend of this market is geared more toward customized finished products. In that sense, the key is to work with strategic allies that have their own channels of distribution and focus on a specific objective. On expansion and internationalization, we have different marketing models, which depend on the legal and technical requirements of each country.

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BIO

Johanna Urrego is the CEO of Kure Medical Solutions. She is a political scientist from Javeriana University and has a master’s in business administration from the University of Barcelona. Urrego has worked in the commercial construction industry and has an extensive experience in management.

www.kuremedical.com.co

CARTAGO / VALLE DEL CAUCA COLOMBIA
Can you give us a short introduction about GAIA HEALTH?
GAIA HEALTH is a Colombian company licensed to produce cannabis derivatives for medical purposes. It is dedicated to cultivating, extracting, and developing high-quality products at affordable prices. The company was created with 100% Colombian capital and with a strategy that includes the highest quality standards with the objective of being one of the most competitive companies in the world in its class.

The medical cannabis industry is currently becoming quite competitive in the country and region. How does GAIA HEALTH differ its offerings to attract investment?
Located in Colombia’s tropical area, GAIA benefits from optimal temperature and natural light that substantially reduces operating and labor costs and has proximity to ports, both maritime and air. A special mention must be made of the approval of the Vallejo Plan, a free zone that translates into significant tax and tariff benefits in comparison to other territories. Additionally, it provides social benefits such as employment, decent remuneration, and environmental rights for the region and its inhabitants. From a technical and technological point of view, GAIA leads in the implementation of the fully automated continuous extraction and processing process from harvest to distillation and crystallization, in line with EU GMP standards. Cryogenesis guarantees the preservation of biomass quality attributes, which are affected by conventional drying and storage techniques. We also have a team composed of technicians, professionals, and scientists focused on research, innovation, and development at every stage.

Could you explain cryogenesis a little more?
Through a process with liquid nitrogen, the trichomes of the total biomass are cryo-preserved at a temperature between minus 130 to minus 180 degrees Celsius, which guarantees the stability of the composition and percentages of cannabinoids present in the plant from harvest until extraction. The cryogenic separation of the trichomes reduces the need to manipulate large volumes of total biomass, taking only the trichome concentrate to the extraction process and thereby decreasing proportionally expenses and costs. With this technology, there is no need to dry the biomass, thereby making investments in equipment, infrastructure, and personnel for the drying process unnecessary. This technology is cost-effective, and the plant material obtained after the separation of trichomes is clean and ready for use in cannabis fiber-based by-products.

How are you contributing to the development of the communities where you have operations? How do you foresee the industry’s impact on these regions and the country?
The Palmito municipality, where we have operations, was one of the areas most affected by armed conflict; poverty, fear, unemployment, and the lack of basic necessities were part of the daily life of its inhabitants. Today, we are contributing to change this reality; more than 80% of our employees are natives of this community. On the other hand, GAIA will contribute significantly to the increase of the annual municipal budget through taxes, which should be used in public works and policies. Within its structure, GAIA prioritizes social and environmental responsibility; we forecast the execution of short- and medium-term projects that contribute to the solution of needs such as potable water, education, and food. The development of this new industry in our country will positively impact the creation of new jobs and national and foreign investment. A significant increase is expected with respect to the short- and medium-term exports of these products and imports in equipment and supplies that will undoubtedly boost the economy. New technical and professional jobs will be created for the industry, along with a recovery of confidence in the agricultural sector. The medical cannabis industry offers an alternative, by replacing illicit crops with legal crops and well-paid jobs that can guarantee the livelihoods of peasant families. One of the objectives of the company is to provide technical assistance, supplies, and technology to small producers so that they can develop their crops optimally and guarantee the purchase of the crop.

By 2020, GAIA will export cannabis-based active ingredients and products

Development of medical cannabis will create positive growth in job market

BIO
José J. Bitar is an entrepreneurial leader with more than 12 years of experience in the creation and management of companies in the field of exportation of agricultural products, sports medicine, gastronomy, and finance. He is highly committed to social and environmental responsibilities during the execution of any venture. He arrived in the cannabis industry with a clear objective of creating high-quality medicinal products at a fair price, making them accessible to everyone while also improving the quality of life for both patients and everyone who is directly or indirectly related to the creation of medicinal products.
QUALITY ALWAYS WINS

Having obtained all the necessary licenses for the commercial cultivation of medical cannabis in Colombia, CannaVerde Pharma’s goal is to get its greenhouses and extraction and processing facility up and running in 2020.

Can you tell us about the company and its operations and milestones?

MICHAEL NISTORESCU CannaVerde Pharma is a Canada-based holding company with operations in Colombia through its wholly owned subsidiary, Green Health Colombia SAS. We are licensed in Colombia to cultivate, extract, manufacture, domestically distribute, and export both CBD- and THC-based derivatives. Since acquiring Green Health Colombia at the end of 2018, we have been able to license 7ha for cultivation. We were granted a THC scientific quota for both cultivation and manufacturing of derivatives. We have built two 10,580-sqft greenhouses and are nearing completion of the first of five 60,000-sqft greenhouses. Cultivation is well underway, and we are set to complete our first agronomic evaluation in December 2019.

What is Canada’s expertise in the medical cannabis industry?

MN Canada became only the second country in the world to legalize recreational cannabis, and before that had a robust medical cannabis market. We are fortunate to have core members that have experience working for Canadian-licensed cannabis producers since the inception of the legal medical cannabis framework in Canada in 2014. Our master grower, Shane Whelan-Stubbs, was a co-founder of one of the first licensed producers in Canada and one of the best growers in the country. Our chief science officer, Dr. Peter Chen, has worked for two licensed producers and is an expert in extraction.

Why did the company decide to expand into Colombia?

MN There are several clear advantages to growing medicinal cannabis in Colombia. First and most notably is the climate. Our operation is located 1,650m above sea level with abundant sun, 12 hours light/darkness cycle, and consistent weather all-year round. Second, the climate allows us to build hybrid greenhouses at a significant cost advantage compared to almost every other jurisdiction on the planet. Third, Colombia has a long history of agricultural prowess, being a world leader in the export of fresh cut flowers, coffee, and bananas. And lastly, the labor force is not only plentiful, but extremely capable of allowing us to cultivate medicinal cannabis at a large scale. We believe that these cost benefits will give us a significant competitive advantage.

What’s the competitive advantage of being located in Bucaramanga?

EDUARDO MAYORGA Bucaramanga is considered one of the safest cities in Colombia. There is also a strong academic presence here which allows us to find and attract talent and establish collaborative research projects with one of the most prestigious public universities in the country, Universidad Industrial de Santander. Although the climate in Colombia is generally well-suited for growing cannabis, some areas are better than others. Bucaramanga’s climate makes it an ideal location for our operation.

How was the JV between CannaVerde and Green Health Col consolidated?

EM We believe that people are the most important asset of an organization. Green Health has an integrated talent-ed workforce and achieved a fantastic level of success in terms of navigating the regulatory framework in Colombia. Given Canada’s leadership in the medicinal cannabis space, the team in Colombia valued that CannaVerde had a lot of expertise to offer, not only in terms of cultivation and extraction, but also in its ability to raise capital. What really made this venture possible was the seamless combination of both teams and the ease with which we have complemented each other’s skill sets.
In Colombia, medical cannabis has been evolving considerably in terms of regulation. How is CannaVerde taking advantage of this situation to become a leading company in the industry?

**EM** Colombia currently allows licensed producers to manufacture and sell CBD-based topicals as long as the THC content is below 1%. Furthermore, Colombia is an attractive market in cosmetics, consumer health, and wellness. These markets represent up to CAD8.5 billion per year in retail sales. There is a lot of anecdotal evidence pertaining to the medical properties of CBD. However, we are mindful that not all products should contain CBD and as such we are being selective in the type of products we associate ourselves with. We will be partnering with companies that already have established retail channels and we will be bringing CBD-based products to markets in Colombia and Latin America in 2020.

“**Cultivation is well underway and we are set to complete our first agronomic evaluation in December 2019.”**

After a successful 2019, how are you planning to achieve your goals for 2020?

**MN** In 2019, we focused on obtaining the necessary licenses to begin commercial cultivation of both CBD and THC medical cannabis. We are currently taking all our strains through the agronomic evaluation. In 2020, our focus will shift toward completing our facilities, including our initial five 60,000-sqft greenhouses and our extraction and processing facility. At the same time, we anticipate beginning commercial cultivation and extraction, and ultimately revenue generation in 1Q2020. We will also be bringing products to market in the early part of the year. We are proud of our accomplishments in 2019. We are only getting started and are looking forward to an exciting 2020.

What sets CannaVerde apart from the competition?

**EM** We are happy to be a part of this emerging industry that has massive social and economic potential, not only in Colombia, but worldwide. Our focus from the start of this venture has been revenue generation and cash flow positivity to sustain our business for years to come. Furthermore, we will strive to cultivate the highest-quality medical cannabis. This will ensure that we stand behind our products with pride and will help our consumers become well informed about the benefits of this wonderful plant as well as about the active dose needed.
CONTINENTAL synergies

“Canada, with its reputation for good governance and regulatory excellence, should lead the way in setting robust protocols for the global cannabis market.”

JMCC combines the talent of Jamaican farmers with an executive team that has a global business perspective to deal with different legal regimes governing medical cannabis.

Diane Scott
GROUP CEO,
JAMAICA MEDICAL CANNABIS CORPORATION GROUP OF COMPANIES (JMCC)

Offices in Toronto, Montego Bay, and Hanover

Entered Jamaica in 2016

Just under 93,000sqm of greenhouse cultivation by early 2020

BIO
Diane Scott brings over 20 years of global experience in the C-suite of enterprises in global emerging industries to her role of chair and group CEO of JMCC. She was named as one of North America’s 2019 top female CEOs in the cannabis industry by MJ Business. She is a regular speaker on the international stage, having recently participated in the prestigious World Strategic Forum, Australia’s Food and Drug Regulatory Symposium, International Economic Forum of the Americas, Bloomberg’s Elite Players Summit, and Cambridge University’s Old Divinity School CannTalks series. Scott was also recently appointed as an advisor to the Center of Medicinal Cannabis, a group working to help shape the UK’s medicinal cannabis regime.

JMCC has its corporate offices in Canada and operations in Jamaica. What synergies do the two countries provide? We are based in Canada, but all of our operations are in Jamaica. Our teams in Jamaica handle agronomy, science, testing and quality management, and, of course, cultivation. The latter is particularly notable because we believe that Jamaica has both the best growers and the best natural growing environment in the world. We also harvest rainwater for irrigation as heavy metals can be an issue in some parts of the island. In essence, we scientifically control the best natural growing environment for our products. Our team is truly international. That allows us to overlay the immense talent for cultivation in Jamaica with an executive team with a global business perspective and experience in highly regulated industries. So, while a big challenge is that each country we do business in has its own legal regime governing medical cannabis, we have the sophistication and resources to understand and manage that.

How would you assess the impact that your operations have had on the local economy? The way to make a lasting impact is by working with small farmers. We are members of the Ganja Growers and Producers Association in Jamaica. I would like to see this group more empowered, especially in terms of engagement with small farmers. The government has a pilot program now called the Alternative Development Program designed to include more small farmers, including transitioning some who formerly grew for the illegal market before the advent of the legal industry.

How do you see the growing recreational legality of cannabis around the world impacting medical cannabis? JMCC is 100% focused on medical cannabis. Talking about Canada as an example, maybe the government should have waited another year before legalizing recreational cannabis because with the majority of cannabis going to the recreational market, patients do not have access to affordable medicinal cannabis. Some are not able to get their preferred product. In addition, we now have an excise tax that did not previously exist. Our government has yet to acknowledge that there is a difference between medicinal and recreational cannabis. Then, there is the import/export issue. Canadian companies have been exporting significant amounts of cannabis to countries like Germany while there are shortages in Canada. Australia has thought this through and decided to authorize exportation only if the exporter proved that domestic supply was assured.

Canada needs to recognize that medical products from companies like JMCC are a good solution to help meet the needs of Canadian patients. Health Canada is allowing R&D imports to come in and be tested, but in small amounts. Our customers have several import applications filed at the moment. It is my hope to see Health Canada make more progress in this area in the short term. A country like Canada, with its reputation for good governance and regulatory excellence, should lead the way in setting robust protocols for the global cannabis market.

What are your targets for 2020? We will have just under 93,000sqm of greenhouse cultivation in 2020. Of that, 80% has already been sold. Our focus is on increasing cultivation capacity by integrating more small farmers. We also want to participate more in scientific research, particularly supporting clinical trials. JMCC has a charitable foundation in which it reinvests 10% net profit. In 2018, we had two initiatives: one for providing medical cannabis for the FDA Orphan Drug trials for a treatment for acute myeloid leukemia and another to support a scientific study of indigenous Jamaican landrace strains conducted by a consortium of Jamaica’s scientific institutions. We will be announcing more initiatives in early 2020. We also plan to begin construction of our Jamaican headquarters in 2020, which will include extraction and packaging operations and office space.
As the first company in Peru to hold the authorization to operate as a pharmaceutical company dedicated to cannabis, Botaniktech aims to become the reference point for the Peruvian cannabis industry.

“We have considered the possibility of distributing cannabis across the social health system, resulting in a bigger and controlled market.”

Sebastián Salazar Fuentes
CEO & FOUNDER, BOTANIKTECH

In a dynamic industry that moves at a rapid pace, what first-mover advantage does Botaniktech expect to see in the industry?
Our biggest advantage is our deep understanding of the cannabis plant and the regulations related to the cannabis industry in Peru. The authorizations we have obtained as Botaniknow come as a result of this. Being ahead of our competitors and building relations with public institutions involved in the industry is another of our advantages. As the industry develops and regulations are implemented, we are positioning ourselves as the reference point for the cannabis industry in Peru.

What role does scientific research play in Botaniktech’s model?
Research can provide us with a better understanding of the potential benefits and uses of cannabinoids as well as help set higher standards of quality. Developing healthy synergies with all players is of great importance for a budding industry. In this sense, we have formed a partnership with an organization that is specially focused on R&D. It brings to the table important knowledge and data on consumers/patients, doctors, and uses of cannabis in Peru. This is key for us to develop effective strategies to open the cannabis market nationwide.

How is Botaniktech positioning itself to become the leading firm in Peru?
We started our cannabis efforts in March 2018, building a company specialized in import/export, commercialization, and distribution of cannabis and its derivatives called Botaniknow SAC. We have done things well, and as a result, we are the first in Peru to hold the authorization to operate as a pharmaceutical company dedicated to cannabis. We also obtained the first certificate for good storage practices (BPA) in compliance with the regulation regarding cannabis and its derivatives. Today, we aim to be the first company to introduce cannabis products to the Peruvian market. Later, through our pharmaceutical laboratory Botaniktech, we will cultivate and produce the much-needed medicine for Peruvian patients.

What can you tell us about the licensing and approval process in Peru?
It is a complex process, with several key regulation milestones to overcome. This involves many steps and significant investments in compliance with all the requirements set by the Peruvian General Directorate of Medicines, Supplies and Drugs (DIGEMID). Regulation in Peru involves three main licenses: research, import/export and commercialization, and production. Only the first two are fully implemented, while the third is still under consideration. We expect this to be ready at the end of 2019. Peru is the fourth country in the region to legalize cannabis. We have learned from Uruguay, Chile, and Colombia. There are two main differences in our regulations. Peru defines psychoactive cannabis as cannabis with more than 1% THC and deems it “cannabis for medical and therapeutic use.” Psychoactive cannabis does not include cannabis with less than 1% THC called hemp. This gives us a different understanding of the reach cannabis can have in the industry in Peru. The other key difference is that we have considered the possibility of distributing cannabis across the social health system, resulting in a bigger and controlled market.

What will be the next step for Botaniktech, domestically and internationally?
In H22019, we built strategic partnerships in Colombia, Canada, Germany, and Ecuador. Our next step is to pass the registration process for cannabis-derived products. We expect this to happen in early 2020. The alliances we have made internationally give us a solid base to aggressively penetrate markets across the region. These synergies represent huge production and distribution capacities. We aim big and intend to be the first supplier for the South American market. At the same time, we will start our own farming operation and produce cannabis-derived products to be sold regionally in 2021.

BIO
Sebastián Salazar Fuentes is the CEO and founder of Botaniktech. He develops strategies for Botanitech and Botaniknow, the pioneers in Peru’s cannabis industry. Fuentes is a specialist in the cannabis industry and has extensive experience in management. He also founded Retina Digital, a digital marketing agency. He studied biotechnology at La Molina National Agrarian University, economy at Pacific University, and medicine at Peruvian University Cayetano Heredia. He has a diploma in ontological coaching from the Cultural Center of the PUCP and a diploma in analysis and study of financial statements from the Peruvian Institute of Capital Markets.
GAIA HEALTH understands that a successful company is compatible with the wellbeing and happiness of the communities that it impacts and with the integrity of the environment and its surroundings.

A COMPANY WITH A HUMANISTIC FOCUS

Almost without exception, towns and societies of today manifest what they justly believe are nonconformities and express concerns about issues like employment, the environment, inequality, education, and health, to name a few. In Latin America, the situation acquires special importance, as it is one of the regions with the highest index of inequality in socioeconomic terms and where lack of opportunities manifests dramatically in less-favored populations. Therefore, today, more than ever, it is necessary for businesspeople to understand that being an executive or entrepreneur goes far beyond promising business opportunities. It is also a genuine privilege that comes with immense social responsibility.

At GAIA HEALTH, we understand a successful company is not incompatible with the wellbeing and happiness of the communities that it impacts or with the integrity of the environment and its surroundings. Bringing companies where they are needed may be the answer to a world increasingly requiring the integration of the most remote communities into a country’s labor market. Knowing how to find the balance between coming to these areas and looking for favorable business opportunities is a challenge that may mean giving up the comforts of a big city and its periphery and sacrificing dividends in order to pay a better salary.

The GAIA HEALTH project was founded in Colombia as an answer to many of the aforementioned problems. GAIA HEALTH was established in the municipality of San Antonio de Palmitos, in the department of Sucre on Colombia’s northern coast, an area categorized by the state as ZOMAC (area most affected by the armed conflict). The area, though today at peace, suffered from violence just over a decade ago, plunging it into extreme poverty, unemployment, and hopelessness. Unfortunately, the government’s efforts to mitigate these issues have proven insufficient. Our decision to locate here involved additional economic, logistic, and labor costs, as supplies, provisions, and construction materials had to be transported a great distance; nevertheless, the decision was weighed, not in terms of money, but in terms of happiness and opportunities for people, who since have confirmed that it was the right decision. Today, GAIA HEALTH represents a source of employment for the community, as 95% of our employees are local. Hundreds of local families benefit from a decent salary exceeding minimum wage. While our employees receive free job-training, additional courses are also given to foster entrepreneurship, and our youth awareness programs are intended to help create a drug-free future for these families and their children.

Additionally, GAIA HEALTH is an important source of taxation revenue for the municipal government, contributing to an increase in its annual budget and translating into public works and programs for its inhabitants.

From an environmental standpoint, GAIA HEALTH has acquired the infrastructure to recycle water from a natural reservoir, thus leaving the community’s drinking water supply undisturbed. The company also carries out regular reforestation campaigns in the area, ensuring that the crops and derived products are produced in an organic way.

Within the regulatory framework of most countries, new and established companies have an obligation to comply with social and environmental responsibility programs. The vast majority of them do in fact meet these requirements, but companies should go beyond mere compliance with legal requirements. Companies should prioritize the needs of the regions and its people as much as possible, and help guarantee a safe future, which is not only the responsibility of the state. Companies must be more than just a key to development; they must act as a tool of union and of reconciliation conveying the message to the global village that we are all responsible for each other. GAIA HEALTH is not only a successful company that works every day to reach the highest-quality indices, but as palpable proof that, it is present in the most impoverished regions—and perhaps even forgotten towns.
AUTORIZATIONS GRANTED FOR INDIVIDUAL PATIENTS TO IMPORT CANNABIS (BRAZIL)

**Source:** ANVISA

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NUMBER OF REGISTERED CULTIVARS (COLOMBIA)

**Source:** ICA DATABASE

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</table>

CANNABIS BUSINESS LICENSES ISSUED IN JAMAICA (2019)

**Source:** Cannabis Licensing Authority

- 46% Cultivators
- 30% Retail
- 13% Processors
- 0% Research & development
- 2% Transport
ince Uruguay became the first country in the world to legalize the industrial, medical, and recreational use of cannabis in 2013, a flurry of neighboring countries followed suit and legalized the sale and use of medical cannabis: Chile in 2015, Colombia in 2016, and Argentina, Paraguay, and Peru in 2017. Though Uruguay alone has fully legalized the recreational use and industrial cultivation of the plant, so far its stringent regulatory regime has only granted two companies licenses to grow high-THC cannabis for non-medical purposes. Elsewhere across the continent, similarly grand ambitions have been thwarted. The Colombian market, for example, long investors’ favorite regional son given its year-round climate, has yet to produce a single medical cannabis product, in part because its legal framework requires companies to first pass through a rigorous research and development stage before proceeding to commercial sales. And most confounding, and tantalizing of all, are the region’s two largest markets, Brazil and Mexico, both of which are thought to be on the verge of major legal breakthroughs.

Still the only country on earth with the fully legalized recreational production and consumption of marijuana, it’s worth taking a closer look at Uruguay’s regulatory framework. As of August 2019, only four companies had been licensed to grow high-THC cannabis—two for medical and two for non-medical purposes. Of the former, ICC Labs, which was acquired by Canada’s Aurora Cannabis in 2018, and Simbiosys were awarded the country’s two licenses to grow in greenhouses built on state-owned land. These in turn supply the 17 pharmacies disproportionately scattered across the country who supply Uruguay’s 37,000 registered “customers,” each of whom has the right to purchase up to 10 grams per week of no more than 9% THC-grade flower. At USD1.30/gram to the customer, the pharmacy pays about USD1/gram to the suppliers. In addition to these, another 7,224 home growers and 3,900 members of 125 cannabis clubs have licenses to grow collectively. Despite these seemingly myriad opportunities, the country still faces a huge shortage.
“Still the only country on earth with the fully legalized recreational production and consumption of marijuana, it’s worth taking a closer look at Uruguay’s regulatory framework. As of August 2019, only four companies had been licensed to grow high-THC cannabis.”

The roughly 2kg of flower that reaches the country’s various pharmacies each week immediately sells out, which is why the country accepted tenders from six new commercial manufacturers in February 2019, three of which are estimated to be accepted by the year’s end.

Colombia, the region’s most promising country, is even further behind in regulatory terms. As of August 2019, for example, there were still no medical cannabis products available on the market. Nor, for that matter, had commercial quotas for high-THC products been announced, meaning no company has supplied the domestic or export markets with high-THC products. That said, the first exports of CBD isolate and CBD-high extracts, which don’t require a production quota, had gotten off the ground by the end of summer 2019, for which there is great demand in Europe, North America, and Australia. Moreover, as of July 30, 258 licenses had been granted by the Ministry of Justice—139 for nonpsychoactive cannabis cultivation, 89 for psychoactive cannabis cultivation, and 30 for seeds.

As the first country in the region to authorize large-scale, high-THC cannabis cultivation, Chile is another continental pioneer. Yet this too can only be done under strict regulatory conditions, and only three commercial licenses had been handed down by the end of 2019 to Dayacann, a joint venture between Fundación Daya, a Chilean non-profit whose name means “compassionate love” in Sanskrit, and Australian-based Auscann; Alef Biotechnology, a subsidiary of Tilray, a major Canadian pharmaceutical and cannabis company; and Agrofuturo, a local producer that specializes in low-THC cannabis. Instead, the vast majority of medical consumers acquire through a widespread network of decriminalized home-growing and non-profit collectives. Meanwhile, in Peru, though medical cannabis was legalized in 2017, the authorities have been incredibly slow in spelling out under what terms people can produce or consume the flower. As things stand then, there is neither access to cannabis on the domestic market, nor business opportunities to be had. What the region lacks, then, is not merely a lack of scale, as in Uruguay, but a far more critical lack of regulatory clarity. With BMexico on the verge of approving its own respective laws, the incentives—and opportunity cost—for (not) working out these kinks have never been higher.
PHARMACIELO: COLOMBIA’S GLOBAL CANNABIS LEADER

Colombia’s largest natural cultivation, industry leading science and processing, producing the world’s purest medicinal extracts

That’s what makes us the natural choice

PharmaCielo Inside™
CLA aims to leverage traditional and indigenous knowledge of cannabis and form international partnerships to help Jamaica become a key player in the global cannabis industry.

What lessons have you learned while establishing and regulating the medical cannabis industry in Jamaica?
The main lesson is understanding the actual needs and resources required to build a new industry from scratch. These resources include human resources with specialized skills, appropriate technology, a comprehensive regulatory framework, and adequate finances. These four areas or pillars—technology, human resources, regulatory framework, and funding—are what any government should have at its disposal in order to build a cannabis industry.

How are you incorporating innovation into the process?
One of the hurdles we have to overcome is the fact that most of our processes are primarily paper-based or manual processes. We are seeking to automate processes to increase efficiency, transparency, and responsiveness. We are working on an online business portal to automate the application process for licenses. The portal should be operational by July 2020. We are also going through a tender process to acquire a technology that will track and trace the entire process, from seed to sale, and increase operational efficiencies, accountability, and transparency.

How can the changes in medical cannabis make the industry more competitive on a global stage?
Based on the current rate at which the authority is issuing licenses, Jamaica cannot consume all the local produce. Therefore, the natural progression is for us to export. We not only want to export raw material, but also be innovative and export finished products. Jamaica is known for its high-quality cannabis and is home to a variety of unique strains of cannabis. That gives us a clear advantage. The reported cannabinoid and terpenoid profiles and various effects that result from using Jamaican cannabis are also advantageous. The other factor is that Jamaica has established itself as a major transit and trans-shipment hub. After the relevant legal provisions are established, we will be able to facilitate global cannabis trade. With the promulgation of regulations to facilitate trade allied with our several transit/ transhipment port facilities arises an excellent opportunity to earn revenue through the global movement of cannabis.

What has been the result of your initiatives, and what are the main challenges?
The industry is new, and there is a great deal of learning to be done. The authority places great importance on having a fully compliant industry. The intention is to educate, train, and build a positive culture and promote compliance. To that end, we have been holding compliance workshops that are geared at promoting adherence to the rules and educating the licensees about some of the industry’s best practices.

How do you see international partnerships impacting the research and economic potential of locally grown medical cannabis in Jamaica?
Jamaica is in dialogue with Harvard University to forge a partnership in this regard. This should benefit the country significantly in terms of recognition and reputation. Harvard has for many years been a leader in this type of research, and there is a great benefit to be derived from using its existing capabilities and experience to help identify the profiles and medicinal benefits of different strains in the Caribbean. Issues of intellectual property rights may arise, but overall it can be of tremendous benefit to the country and an excellent opportunity for training, networking, research, and knowledge transfer.

What are CLA’s goals for the next year?
One of our goals is the promulgation of import-export regulations. Another is to develop a regime to help integrate small farmers into the regulated space. Consideration is being given to the creation of a mechanism to facilitate their inclusion in the industry. We are also aiming to acquire the ISO 9001 certification. This will involve the implementation of a quality management system that will help improve the authority’s efficiency and service delivery, which is critical, especially in a global market where there is a great deal of competition.
a push IN THE RIGHT DIRECTION

“In medical cannabis, we have a product that has been stigmatized for years and today represents a good possibility not only in terms of jobs, but also development and well-being for the entire society.”

What steps has the ministry taken to speed up the process to award new licenses for medical cannabis companies?
The Ministry of Justice and Law has been working on several actions to reduce the waiting time required to obtain a license in their different modalities. These actions range from the correct preparation of the physical archive for each request to the hiring of new personnel to evaluate each request. We have hired nearly 15 people, including documentation experts and lawyers. We have gone through special working days to support each of the procedures related to the licensing process for some requests from 2018. As a result, we have been able to issue some licenses. The biggest challenge we face is the large number of requests. Notably, we give training to people who wish to obtain a license in an attempt to reduce the error margin with the requests. This helps us to speed up the revision and awarding process. We have also developed and implemented a mechanism for cannabis control (MICC). It includes certain control mechanisms, as well as follow-up tools.

What strategies have you implemented to guarantee legal security for international companies interested in Colombia?
The government wants to modify the so-called Decree 613, by which we seek to increase legal security for international companies interested in the cannabis industry. Additionally, the training provided to our public officials provides them with tools to ensure they make the right decision and thus minimize the number of possible mistakes during the entire process to obtain a license. At present, Colombia has one of the most robust and complete legal frameworks and has been acknowledged as such by the global industry. The new decree, which will be published soon, will increase that international prestige. It will demonstrate the experience we have gathered in the last three years through Act 1787 from 2016, which allowed us to improve the rules of the game and boost the development of the cannabis industry.

What are your views on medicinal cannabis not just for the national economy, but also to position Colombia as a global leader?
The interest of the industry to develop medicinal cannabis fills us with pride and pushes us to work every day to guarantee equal conditions for companies, supporting entrepreneurs who meet the security and quality conditions laid out by the government. The government’s 100% backing has boosted the industry and made Colombia a leader in the medical cannabis space. In medical cannabis, we have a product that has been stigmatized for years and today represents a good possibility not only in terms of jobs, but also development and well-being for the entire society. We want to support entrepreneurs and generate a healthy level of competition. We expect this will attract more foreign investment.

Ministry is working on decree to amend current regulation

Ministry offers training for those seeking license to streamline entire process

Medicinal cannabis is a growing industry in Colombia, and many sectors, including the government, are going through a learning process. What can other countries learn from Colombia?
We have learnt that it is necessary to continue improving in legal areas as well as in technical parts and technological developments in order to keep up with the industry. The medical cannabis industry is a fast-changing market; therefore, decisions have to be made quickly. Equally important, we need to maintain a constant dialogue between government entities and the industry to identify the needs and adopt the required regulatory changes. It is crucial that the government considers new offers and proposals from the industry as long as they improve the regulatory framework and the overall sector. That’s why we are currently working on a decree to amend the current regulation that would serve as a roadmap for the cannabis industry.

BIO
Margarita Cabello Blanco has been the Minister of Justice and Law since 2019. She graduated as a lawyer from the University Corporation of the Caribbean. She studied family law at the Autonomous University of Bucaramanga and civil procedural law at Externado University. She began her professional career as a judge in the judicial branch, where she held various high-level positions. She later reached the Supreme Court of Justice and led the Civil Cassation Chamber.
Colombia has positioned itself to become a leader in the global medical cannabis industry by legalizing the sector and facilitating the provision of licenses.

HIGH EXPECTATIONS

BLESSED WITH WARM YEAR-ROUND CLIMATE, low production costs, and a clear regulatory framework, Colombia has the potential to become a major exporter of medical cannabis products and a hub for global cannabis research.

Farmers across Colombia have been growing the plant illegally for decades, developing famous strains like Red Point and Santa Marta Gold. In 2015, the Colombian authorities started to bring the industry out of the shadows by legalizing medical marijuana and providing companies with licenses to grow, sell, and export medical cannabis.

LICENSING BLOOMS

Since 2017, the Ministry of Justice has granted more than 98 licenses for psychoactive and 183 licenses for non-psychoactive cannabis varieties. Moreover, 138 licenses for the manufacturing of derivates have also been granted. There are more licenses under review by the relevant authorities, but the majority of them are for small or medium farmers.

This frenetic interest in medical cannabis has been propelled by low production costs and the large profit margins that could be made by companies that manage to successfully export cannabis and its extracts.

Producing a gram of cannabis in Colombia costs approximately USD0.05 compared to USD1.5 in North America, according to GreenWave Advisors, a New York-based investment firm. Labor, which accounts for about half of the cost incurred by a cannabis plantation, is relatively cheap in Colombia, where the minimum wage currently stands at less than USD260 a month. Agronomists, chemical engineers, and chemists are also available to work with companies for a fraction of what they would charge in Europe and North America. Add to this the fact that a cannabis plant can yield three or four harvests per year in Colombia’s tropical weather as compared to one harvest per year in North America.

But entering Colombia’s medical cannabis industry requires rigorous planning and high-quality standards. A company that wants to export cannabis extract for example, using its own plants, currently needs to obtain licenses from at least three different government entities. Furthermore, companies planning to work with psychoactive forms of cannabis must also apply for a quota that states the quantity that can be grown or used each year as raw material for extracts. The International Narcotics Control Board, acting on a special request from the Colombian government, increased the amount of cannabis Colombia will be able to legally grow and export in 2019 from 1.2 tons to 14, in a sign of confidence in the country’s capacity to handle and regulate higher production.

Licenses to grow psychoactive varieties of cannabis took on average 248 days to obtain in 2018, according to Fedesarrollo research group, while the average time to obtain a license for producing cannabis extracts was 197 days. As this represents one of the main bottlenecks faced by the industry, all the relevant government entities must work together to solve this and keep encouraging investors to invest in Colombia.

GROWING INVESTMENT

Despite bureaucratic hurdles, investors from around the world are currently pushing ahead with plans to enter Colombia’s medical cannabis industry. A handful of these are Canadian companies that have merged with or acquired Colombian companies already working in the industry. Investors from the US, Europe, and the UK are next in the list. Interestingly, an increasing number of Colombian companies are also setting up operations in Mexico, Peru, Europe, and the US. Based on these trends, analysts believe medical cannabis could become one of Colombia’s main agricultural exports within 10 years.

Despite the large number of licenses granted, currently only eight companies have registered their varieties of cannabis in Colombia. Still, medical cannabis exports in 2018 were valued at USD144 million, surpassing Colombia’s cacao exports, according to Fedesarrollo.

Fedesarrollo estimates that by 2030, Colombia’s earnings from cannabis prod-
The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.
How does Invima seek to use digitalization?

Digital transformation is a tool to fight corruption and to be more transparent and efficient. It affects our six regional offices. As a result of digital transformation and a restructuring of all these regional offices, we aim to make sure entrepreneurs can access the sanitary registry remotely. We plan to form alliances with the academy and other state institutions such as chambers of commerce. We organize workshops in every region where we train and educate people about the effects of complying with sanitary standards on public health.

How does Invima plan to continue increasing scientific rigor and vigilance, particularly in the field of medical and cosmetic cannabis?

Invima does not promote entrepreneurship, economic development, or anything similar. Invima is a health authority. Many times, they can be reconciled when the interests are legitimate, and we agree on the purpose of promoting public health. We have a clear and defined policy regarding the use of medical cannabis. We respect the autonomy of nations that have accepted the use of recreational cannabis, though in Colombia, the use of cannabis is restricted to medicinal use. That does not prevent us from moving forward, for example, in something that the industry demands. In fact, we have already done it in the cosmetics sector, where there are more than 300 health records. Compared to other countries, such as Canada, Colombia has made great efforts. There are certain business developments that we cannot ignore as long as we have a single roadmap that is based on scientific rigor. With science, we can define specific uses and a timely development of cannabis around the needs in the world of medicine, for example, pain and inflammation, insomnia, anxiety, muscle spasticity in some specific diseases, issues of refractory epilepsy in specific syndromes, and so on. Colombia must hold on to scientific rigor to further boost the medical cannabis industry.

How is Invima facilitating the success of the medical cannabis sector, and what are your short- and medium-term expectations about its role in the face of a rapidly developing market?

I only see Invima in its role as health authority. Moreover, we have a standard that has advanced and cannot be stagnant. Colombia has to move ahead in issuing excellent manufacturing practices to establish a market for master products. In addition, we have to keep moving forward so that there is more transformation, more physiotherapeutic products, as well as more products based on chemical synthesis. There are many instances of the government seeing how to promote this without neglecting public health interests.

How does Colombia stand in comparison to the region?

Invima focuses on health issues, quality, safety, efficiency, and good manufacturing practices, so that products can access international markets. Notably, a large part of the establishments I visited in Canada are from investors present in Colombia, so there is transparency of knowledge and technology that gives us peace of mind as a health authority. The rigor in Canada around production is extremely high.

As one of the most important authorities in Colombia, what is your outlook for 2020?

Essentially, we seek to build prestige. To have prestige, society must recognize it. We are promoting and protect public health through the regulation of products that people use and consume on a daily basis. This recognition is the most important and is achieved through transparency, efficiency, and hygienic conditions. We have advanced significantly in the area of food, cosmetics, and medical devices. We have facilitated procedures and eliminated some. The pharmaceutical issue has cost us greatly. It has been more difficult to move forward. It will take us more time but we will do it.

Julio César Aldana Bula
GENERAL DIRECTOR, THE NATIONAL INSTITUTE OF FOOD AND DRUG SURVEILLANCE (INVIMA)

“Colombia has to move ahead in issuing excellent manufacturing practices to establish a market for master products.”

Julio César Aldana Bula is the General Director of Invima. He has more than 28 years of experience in the public and private sectors. He was previously director of Invima between 2002 and 2007, Consul General of Colombia in Washington, and general manager of the Changing Lives Foundation in Barranquilla. He has a degree in medicine with a specialization in diagnostic imaging from the University of Buenos Aires and a master’s degree in management and management of social security systems from Universidad Alcalá de Henares in Spain.
The only company with authorization to cultivate and manufacture medical cannabis extract for the Colombian market

What were the legal requirements for Khiron to become the first company to receive government authorization to commercialize psychoactive cannabis?
Such authorization is internationally known as quota authorization. The licenses resemble a general authorization that provides the regulatory space for a company to define and apply for a specific kind of production each year. What we obtained with the quota was the first unique authorization given by the Colombian government to a company to cultivate and manufacture cannabis extract for medical purposes to attend the domestic market. This was a huge achievement for us, and we are the first and only company with such authorization. Such authorization has many technical requirements that need to be met. For example, to apply for the quotas, you need to show the government that you have the data for the patients to be serviced. This is important because cannabis is a controlled substance, and you cannot cultivate or manufacture an extract for which there is no final destination. You need to identify the number of patients, the pathologies, the type of diagnosis, and the doctors who prescribe that product, and then you can produce that product. Before we could even apply for these quotas, we needed stability tests for our extracts and the formulation of products. This is the final regulatory requirement. We needed some 20 permits before we could undertake the operation. It is a huge achievement because we were able to prove to the government that there is a medical need for the products we will develop. The authorization for 2019 is for 500kg of dried cannabis. According to our calculations, this will allow us to reach around 15,000 patients and produce around 65,000 products. We have already applied for our quota for 2020 and will be the only company capable of selling products in 1Q 2020.

What is the nature of the medical cannabis industry?
The cannabis industry has grown significantly over the past three years, and there has been considerable investment worldwide. It is a capital-intensive industry, which means that only key players will be able to operate in it. Khiron’s business proposal has been extremely attractive for investors in the sense that we are the only Latin American company focused on the final product and the development of a medical product, rather than a low-cost cultivator or raw materials. We have a business proposal with aggregated value and investors have been intelligent in identifying its potential. We closed the year with strong capital in the bank. We are the only company in the sector to generate revenue with its strategy.

How can Colombia’s new policies further promote the sector’s development?
We received a proposal from the government that is part of its plan to consolidate the industry. We take this news positively. One of the government’s key concerns is controlling the number of licensed companies. We have around 2,000 license holders but the market is not big enough to sustain them all. The national policy in Colombia is to promote specific industries the government considers key to economic development. The issue, then, is to define or structure a mechanism under which the industry can participate in national development. In the first months of 2020, we should start that technical conversation with the government.

What progress has been made in regard to the government regulating access to CBD products?
There were some regulatory developments in 2018, but there is a need to do more. We have been consolidating basic issues and have regulated the market for cosmetic CBD products. This has been perceived by foreign markets and investors as a positive development. It allowed us to acquire permits to sell our products in the US. We also have authorization to sell one of our lines in the UK. We are still waiting on regulations for other types of products such as nutritional supplements and food and edibles.
by the BOOK

By demonstrating traceability and transparency in every step of the process, FCM is able to guarantee its clients and the world that the industry is clearly regulated and safe.

How would you summarize your experience working with the government?

During the Santos government, we were part of the transformation of the medical cannabis industry in Colombia, which became one of the best in the world. The idea is to improve the quality of life of everyone by increasing employment rates, education, and the medical advancements, which is the message that the government has conveyed. As such, FCM Global has been a key participant in the last Analdex forum, where Dr. Javier Díaz, the president of Analdex, invited President Duque, who gave his support to the industry as a potential market to boost the economy.

How easy has it been to become one of the three companies in the cannabis industry to have a bank account in Colombia?

Banks have a more robust compliance than the public sector and, for us, it has been extremely rigorous. Their protocols have many demands such as conducting background checks personally and inspections of our facilities in Antioquia, Bogotá, and Tolima in order to validate the transparency of the company’s operations.

What have been the benefits of implementing good corporate practices such as the global certificate of agriculture, or ISO 9000, 14000, 17015, 22000, GMP, GAP, GLP, HACCP, and EU-GMP?

FCM has shown traceability and transparency in everything in every step and working along with government entities has helped us ensure that the industry is clearly regulated and safe in the eyes of the world. The Colombian government aims to have transparent industries in the development of medical cannabis that abide by laws, both psychoactive and non-psychoactive, and it is focused on this. These protocols help us to add value to the existing governmental regulations, making FCM continue to pioneer in the medical cannabis industry, particularly in Colombia.

What is the importance of traceability for your business operation?

Traceability is extremely important because a customer must be able to access to our page and get the proper information about the final product that was harvested at the Antioquia facility, including the temperature, humidity, location, and date when the cultivation, harvesting, dispatching, and so on happened. In addition, by qualifying our suppliers, we guarantee that we comply with quality standards and have the traceability from the organic inputs to our final product until it is delivered to our final client. That is what the world is asking for, and that is where we are heading.

What would you advise an entrepreneur in Latin America who wants to start venturing into the medical cannabis industry?

A learning curve is essential to growth. It is all about reading the law, understanding it, and interpreting it clearly in order to have valid arguments with a regulator, customer, supplier, or any stakeholder. Thus, they need a clear path to accomplish the vision and direction the company wants to head: agribusiness, final product development, or medical. FCM seeks to control the entire production chain—sowing, production, transformation, research, and export—to ensure full traceability.

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QUALITY above all else

Complies with international standards

Making sure to improve value chain

Guarantees safety in whole process

New companies are entering the medical cannabis business all the time. How does FCM differ from other companies?

We are highly focused on providing high-quality extracts for pharmaceutical, cosmetic, and nutritional companies while maintaining an excellent relationship with our customers and off-takers by having a solid understanding of their needs in terms of what product to deliver and launch in the desired market. We have the central ingredients—CBD, THC, CBN, or CBG—for any final products for consumers.

How does FCM Global seek to differentiate itself to improve its position in the market?

In the supply of cannabis extracts, we define quality as the consistency of the supply of a product with the specifications expected by the client, free of heavy metals, pesticides, or any component other than expected, satisfying the client’s expectations. All these parameters should be based as much as possible on complying with the methodologies given in European or Canadian pharmacopoeias, among others. Hence, one of the promises of this industry is that cannabis extracts are as natural as possible. It is important to know that quality management is the set of planned and systematic actions to provide confidence considering all those aspects have an impact on the product’s quality and service. Hence, we focus on implementing a quality culture with all members of the company and close friends, achieving a generalized commitment to quality practices, and process improvement at all hierarchical levels.

What have been your efforts to achieve that quality and consistency in your products?

This quality is achieved through a rigorous and standardized quality process at every step from seed, propagation and cultivation, cutting, drying, extraction, refinement, and packaging. These standardized processes are internationally recognized under ISO standards, Good Agricultural Practices (GAP), Good Laboratory Practices (GLP), and Good Manufacturing Practices (GMP).

What efforts have you made to achieve this quality and consistency, and what are your processes to strengthen the agricultural part?

When it comes to plant growth, there is an entire standardized process to ensure they are healthy. Within the cultivation process, it is important to highlight the GLOBAL GAP, which allows us to trace and control the production chain at all times. We establish control parameters such as good collection practices, the correct use of personal protection elements, and information records of the plants 24/7 in order to guarantee safety and avoid cross contamination throughout the whole process. On top of this, we make sure to implement processes of evaluation and verification of the behavior of our varieties; this is how it all starts from the rigorous selection of those varieties with characteristics of commercial and agricultural importance, adaptability to the tropics and yield. Prior to the establishment of the crop, it is necessary to verify all those elements that are in contact with the plant and that can intervene with its development, such as high levels of heavy metals and pesticides, harmful microorganisms, or foreign elements. Subsequently, during the establishment and growth of the crop, the environmental, microbiological, and nutritional conditions to which the plants are exposed are monitored with the aim of detecting changes that may affect the cannabinoid content of the plants or their health.

How does FCM Global achieve quality of the final product?

One of the main items within the quality management system is to establish a program for cleaning and disinfecting areas, equipment, and utensils, since the quality of the product depends on the hygiene present in any implement, personnel, or related area in the flow process. Cleaning is the absence of dirt, and its purpose is to reduce or kill microorganisms that can contaminate products and cause deterioration. Disinfecting, meanwhile, can be defined as partly eliminating the number of bacteria found in an environment or surface, so that it is not harmful to people and products. The main objective is to establish guidelines that avoid cross-contamination and ensure the safety of the product, environment, facilities, and personnel.
Helping identify, protect, and develop all the intellectual property rights of companies in the cannabis sector is a key focus of Buriticá Abogados.

“We help companies to exploit their full potential thanks to the pillars of our advice and the technical and legal team that we put at people’s disposal.”

Why should there be a constructive dialogue between government, institutions, and the private sector for the development of medical cannabis industries?

New medications, procedures, and business models will impact the social welfare of Colombia, making it possible to access new methods and formulas with a more professional and standardized process. This dialogue is essential because the government has to listen to the needs of the sector to understand how to make it easier for entrepreneurs, farmers, and investors to develop their business. If both parties, private and public, do not work together, Colombia will lose this golden opportunity to position itself worldwide as an important business hub. Moreover, both the private sector and the government should build that path hand in hand to develop the industry with clear principles.

How would you describe the consultant role of companies in the medical cannabis market?

The medical cannabis market is complex. It is a multidisciplinary process, with the intervention of different public entities and usually with a long time for procedures and answers. In general, one of the roles of a consultant should be to have all the processes clear, file the right documentation, to be updated on all legislation related to cannabis, and have an excellent communication channel with the client and the entities. Furthermore, consultant companies are looking to protect the process of innovation of new products in the medical cannabis field. At Buriticá, we help identify, protect, and develop all the intellectual property rights that a company might have. One of our roles in Buriticá Abogados is to help companies identify, protect, and make real breakthroughs to develop ideas into tangible, sustainable, and profitable projects or products.

How can you fill the gaps left by other companies in the industry, and how can you become the reference for the industry?

The cannabis industry has an impact on many fields, and, still, there are many benefits to be discovered from the cannabis plant, for example, in cosmetics, nutritional products, supplements, textiles, medicines, and so on. To integrate our pillars—intellectual property management, consumer rights, and life science affairs—we work with the inventor, developer, or company, and together, we set up the protection and add a value generation. In the beginning, we help companies to get their licenses and permits needed to operate in Colombia. Then, we advise the companies to register their products like cosmetics and medicines in parallel; we register their patents, copyrights, or trademarks and to close joint venture agreements, due diligence process, or commercial agreements. We help companies to exploit their full potential thanks to the pillars of our advice and the technical and legal team that we put at people’s disposal.

How could the region be integrated by a more harmonized sector in legal and commercial terms?

Ecuador has just legalized the cultivation of cannabis, Mexico is close to doing so, and Peru already has. To take advantage of this moment, I recommend two things. The first would be to make a great association between the Latin American countries of cannabis industries. That will help us create an organization with common strategies to protect investors, patients, and to have the same vision in the region. It also serves as a mechanism for negotiation and the protection of the industry. It is a priority, as it is with the pharmaceutical industry, to have a large Latin American organization. As the people of Asocolcanna in Colombia have done, we must create a regional Asocolcanna. The second recommendation is to try to harmonize the legislation in the points where it can be done. For example, for cosmetics, we have the Andean Decision to regulate the production, storage, import, and commercialization of cosmetics. For trademarks, patents, and so on, there is the 486 Andean Decision on establishing a common intellectual property regime.

Raúl Buriticá
Partner,
Buriticá Abogados
What’s your opinion on the recent reform on medical cannabis passed by the Ecuadorian legislative assembly? The reform has significant meaning as it is part of the general reform of the criminal code and drug prevention law that classified cannabis as a controlled substance. Now, it makes a difference for hemp, taking it out of the catalogued substances list, which is used in the production of industrial hemp, and general cannabis. Nonetheless, with this differentiation, industrial hemp would still be regulated by the Ministry of Agriculture. Cannabis with THC, or the psychoactive element, would be regulated by the Ministry of the Interior. In the future, all health-oriented developments and research would fall under the umbrella of the Ministry of Health, thus allowing experts on each area to regulate accordingly.

What would be Praetorium’s strategic role in the advancement of the industry and linking up all stakeholders for the development of medical cannabis? We are already consulting the major private stakeholders of the industry in Ecuador, which has led to us playing an important role in the talks with the government on the subject. Through this collaboration, we have been able to communicate with key European, Canadian and American players in the industry, which have pledged to invest over USD200 million through 2025 in our local cannabis industry. We have asked these groups to invest first in the geological and ecological research studies to identify where in Ecuador, according to our conditions, we should grow our hemp and which strains in particular are best suited for us. We want to learn from the mistakes of other countries and alongside the foreign sector leaders identify and establish our own high-quality brand of hemp as a country. We have also gathered a long list of local companies looking to partner with foreign firms and explore business opportunities in the sector.

What do you expect to be Praetorium’s contribution to the development of the private sector? We expect to support all players and potential ones through guidance in navigating the legal framework of this rising and complex industry. Our goal is to be certified nationally and internationally, through partners, as a firm able to assist local companies also on the commercial aspects of the business helping the country secure international demand and identify the market trends that create economic opportunities for the country’s future cannabis industry. Therefore, we have an obligation to inform all interested groups how to invest and what to produce based on international demand. In this way, we can create jobs and economic growth out of the industry, hopefully while building up our brand the same way we did with our bananas and cocoa, which are globally recognized as the best in the world.

How would you define the services an interested company can expect from Praetorium? We will support a company with all the due diligence regarding regulations on opening and operating a cannabis-related business in Ecuador. This includes nationalizing or registering a foreign firm in the country, acquiring properties and land for the business, every region’s regulations, and limitations on acquiring cannabis seeds, creating the company, registering the company with the treasury into the tax system, and even with the migratory process for foreign executives looking to come to the country to operate their businesses.

Looking at your expertise in the sector, how would you define your strategy to attract the ideal partners considering how different conditions are in Guayaquil and Quito? We have prepared a package of incentives nationwide to promote investing in the sector. From tax cuts to other fiscal benefits, there is a wide-ranging set of conditions and regulations that properly managed make investing in cannabis a great business opportunity regardless of where you are based in Ecuador. We also have legal security and fiscal stability to boast and solve the main concern for a foreign investment group when looking to open businesses overseas.

“We are already consulting the major private stakeholders of the industry in Ecuador, which has led to us playing an important role in the talks with the government on the subject.”

Foreign investment could rise to USD200 million by 2025
Average company will generate at least 60 jobs and impact Ecuador’s economy

BIO
Xavier Valverde Carcache is a lawyer from Ecuador pursuing a master’s degree in state law with an emphasis on natural resources at Externado University of Colombia. Currently, he is also being considered as a candidate for a PhD at the Catholic University of Argentina. He had a successful incursion in public service as an advisor to the environment minister and was also an under-secretary of marine and coastal management in the same government. In early 2019, he became part of Hoban Law Group, one of the most prestigious firms specializing in advisory regarding the cannabis industry and was appointed its representative in Ecuador.
After years of campaigning from groups and professionals interested in the burgeoning cannabis industry, Ecuador has taken a significant first step, becoming one of the countries in South America to have legalized cannabis crops, specifically hemp.

TO UNDERSTAND THE EVOLUTION OF THE ECUADORIAN LAW AROUND HEMP, it is necessary to mention the first great change of paradigm that has happened regarding the penalization of its consumption. Cannabis in general is considered a controlled substance according to the Unique Convention of 1961. Article 354 of the 2008 Constitution mandates the state to develop coordinated programs of information, prevention, and control regarding alcohol, tobacco and narcotic, and psychotropic substances. It also offers treatment and rehabilitation to occasional, frequent, and problematic consumers. To conclude, it states that “in any case it could be allowed to penalize it or violate its constitutional rights.”

As years passed by, being aware that the world was experiencing great changes concerning the medicinal and industrial use of cannabis, Ecuador followed the example in October 26, 2015, when the Organic Law of Integral Prevention of the Socioeconomic Phenomena of Drugs and the Regulation and Control of the Use of Targeted Substances was issued. This law, far from being prohibiting, establishes the way in which the state must regulate the activities related to the management of this type of substances. In this law, hemp is classified in general as a substance that needs control, which makes it subject to the corresponding authorization for its handling; however, an antinomy appeared between the before-mentioned law and the Criminal Law of Ecuador, which was issued in February 2014.

This contrast consists of the fact that Ecuador had, on the one hand, a law that grants one the possibility of obtaining authorizations for the handling of targeted substances and, on the other, another law that penalizes—with imprisonment of one to three years—the sowing, cultivation, or harvesting of plants that produce these substances for their trade.

This meant that private companies keen to launch and develop the hemp industry that had already started to flourish around the world became frustrated. The authorities’ position was that they could not authorize its sowing because it was considered illegal according to the law.

After years of constant battling from groups of people in favor of cannabis and professionals interested in this new industry, the National Assembly of Ecuador listened to the arguments of people who see hemp as an alternative for the Ecuadorian agricultural sector. On September 17, 2019, with 85 votes in favor, some reforms in the Criminal Code were approved. These reforms were directly related to targeted substances.

On one side, this reform decriminalizes the sowing, cultivation, and harvest of cannabis as long as it has the authorization of the competent authority. The handling of this product must have therapeutic or investigative aims, and it must have an industrial and not pharmaceutical use. It must be used for scientific purposes not medical investigation or training, as stated in the Organic Law of Integral Prevention of the Socioeconomic Phenomena of Drugs and the Regulation and Control of the Use of Targeted Substances.

On the other side, the reform of the Criminal Law embraces this worldwide tendency and acknowledges hemp as a different crop from the rest of cannabis. Understanding the need to differentiate it from marijuana and asserting that hemp is separated from that categorization as long as it has 1% THC from the other species of cannabis. It also orders the elimination from the list of targeted substances that must be controlled.

This implies a great first step to include Ecuador on the list of countries from South America
that have followed this global trend into the legalization of the crops of cannabis, specifically hemp.

Complying with all the necessary steps for the creation of a law in Ecuador, the national assembly remitted the project to the president, who made a partial veto of it without objecting or modifying any articles related to targeted substances. However, the process has been delayed due to the forwarding of this project to the Constitutional Court for its analysis. There are four constitutional observations that must be done by the president. It is important to emphasize that none of the observations are related to the topic of our concern.

With the reply of the Constitutional Court at the end of November of 2019, the National Assembly must decide and make a statement over the observations of the partial veto from the president and about their position.

In the case in which this reform related to targeted substances is made and approved by the national assembly without any possible changes, our attention must be placed on the Ministry of Agriculture and Livestock. This is highlighted since one of the regulations of the reform to the Criminal Law states that this institution is the competent authority to issue regulations regarding the sowing, cultivation, and harvest of hemp. This makes a lot of sense if we consider that this plant is introduced as any other crop because of the absence of the psychoactive substance found in marijuana. For this, the ministry is granted a term of a 120 days for the issuance of the corresponding law. It is necessary that work on this law starts as soon as possible. It is mandatory to have the participation of the interested parties of the Ecuadorian industry who want to invest in this new agroindustry. Even though the advisory of experienced people in the market is needed, it is also noted that Ecuador, as any other country from the globe, has its particularities that must be acknowledged in this law. We must be clear: This law needs to contemplate the different characteristics and needs of Ecuador and meet the concerns of investors and farmers, allowing them guarantees and security.

Ecuador has made great advances in creating the required conditions for the correct development of the cannabis’ industry in the country. We consider the promotion of this productive sector indispensable due to the wealth and hope it will provide to Ecuadorians.

It must be understood that the birth of this agroindustry in our country will create not only alternatives to production methods that are used nowadays about the uncountable uses of hemp, but it also will attract foreign investment that will increase currency circulation and tax profit. Additionally, it will produce hundreds of direct and likely thousands of indirect jobs. As we know, this industry has improved the economy of many countries, which is precisely what Ecuador needs at the moment. ✖
Can you explain the origin of your relationship with Hemp Solutions?

Tomas Rycek, the general manager of Hemp Solutions Europe and president of the Czech-Mexico Chamber of Commerce, was looking for business partners in Mexico to develop projects in the cannabis sector. We liked what it was doing and vice versa. Club Cannabico Xochipilli had been operating for two years when Rycek approached us. We seek to have the authorization of the Federal Commission for Protection against Sanitary Risks (COFEPRIS) to finally become a cannabis club for growers and leave the violent market associated with the plant in Mexico. We have been working with Fundación Ananda for around four years to translate scientific studies from important universities around the world. We also do the medical monitoring of patients with specific diseases who consume cannabinooids and obtain good results that improve their quality of life. With Hemp Solution Europe’s 20 years of experience in growing hemp and producing medicinal oils from cannabinooids, we could replicate its models in Mexico.

How did you end up being the CEO of five companies?

Our first association is Club Cannabico Xochipilli, where we defend the human rights of the cannabis consumer, generating protective measures for users, helping them grow and consume cannabis legally. In 2016, Fundación Ananda was born, a civil association that creates links between patients and doctors who use cannabinooid treatments to provide a better quality of life for those suffering from diseases. A few years later, we started to work with Hemp Solutions Europe, and together we decide to create Hemp Solutions Latinoamerica to bring the knowledge and experience of Rycek and the Czech Republic to Mexico. We also have CiBiDiUM, a medicinal oil made in Europe that we want to produce in Mexico. We are currently the only distributors of these oils in the country. We offer legal advice through the law firm Despacho Atención Integral Corporativo, the first law firm to specialize on matters of cannabis in Mexico. We also have a media channel called Radio Pacheco with a reach of 400,000 interactions a month. This is how we consolidate a media market just for the cannabis community.
PREDICTED SPENDING ON MEDICAL APPLICATIONS OF CANNABIS BY 2027 (USD MLN)
SOURCE: CANNABIS INTELLIGENCE BRIEFING

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<th>Country</th>
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</table>

MEDICAL CANNABIS AUTHORIZATIONS BY SPECIALTY 2019 (BRAZIL)
SOURCE: ANVISA

- 66% Neurology and pediatric neurology
- 10% Psychiatry
- 6% Radiology
- 4% Neurosurgery
- 2% Orthopedics
- 12% Other
Latin America is possibly the world’s most promising region for the development of the medical cannabis sector for more reasons than one. On the one hand, there are leaders such as Colombia, which have temperate equatorial climates that allow for year-round cultivation. On the other, the region has a number of burgeoning regulatory environments keen to capitalize on the plant’s value-adding potential to escape Latin America’s perennial export-commodity trap. As former Colombian senator Juan Manuel Galán, who helped legalize the plant in his country in 2016, told TBY, if Latin American countries can leverage their large, highly educated young populations to conduct more industry-related research, the region will have a distinct advantage over Europe and North America in conducting the ground-breaking studies and R&D needed to lead the global medical cannabis industry.

That, essentially, is the first barrier to improve medical breakthroughs being done in the region—establishing the right regulatory framework for companies to make long-term investments in better growth and extraction methods and for universities to conduct affordable studies in the process. The second barrier to making the right medical advances is securing the requisite financing. If the US, for example, can reach a legal modus operandi at the federal level, Galán told TBY, this would go very far in giving the region the banking and financing the industry needs to develop. What is more, he reiterated, a move by the US federal government would also give regional governments a much-needed impetus to expedite their own regulatory reforms, bridging both political and cultural canyons in the process.

Colombian firms such as Plena Global Holdings Inc understand this already, which is why they are working hard to develop the region’s best isolates, distillates, and full-spectrum oils for the medical market, and not merely for economic imperatives. As Andrés Fajardo, President of Colombia’s Clever Leaves, whose team of organic chemists is cooking up pharmaceutical prototypes in a lab just outside of Bogotá, said: “We not only have the right; we have the responsibility to leverage something that’s been painful for the country and turn it into something positive,” especially when it comes to making medical advances against pain, epilepsy, and anxiety.
Colombia, and local firms, are far from alone in testing the limits of where medical cannabis can go. In October 2018, Canadian producer Aphria donated cannabis oils for a study undertaken by Buenos Aires-based pediatric hospital Garrahan to assess the effect of cannabis on children with refractory epilepsy, the first such experiment of its kind in Latin America. In 2019, another hospital, El Cruce, received approval from Argentina’s Ministry of Health to conduct a clinical trial on the use of cannabis in adolescents and adults suffering from the same disease with help from US-based HempMeds, who provided the oils. And in August 2019, Canada-based Canopy Growth reached an agreement with the University of Buenos Aires to promote further research on medical cannabis.

Other countries are rapidly catching on. Though Brazil has yet to legalize cultivation, its Agência Nacional de Vigilância Sanitária has approved regulations for the sale of medical cannabis-based products in the country. Ministry of Health now allows the import of high-THC flower for research purposes. More interesting still is the February 2019 deal struck between Blueberries Medical Corp., a Colombia-based, Toronto-listed medical cannabis research firm, and Cannava, an Argentine state-owned medical cannabis company to co-develop extracts and oils in the country’s northern province of Jujuy. Though Blueberries, heavily invested in Colombia and Argentina, it also hopes to use these markets as a jumping-off point for the rest of Mercosur once that body’s regulatory regime becomes clearer. In the meantime, as Raul Buriticá, a leading Colombian legal expert on cannabis regulatory affairs, told TBY, the next big step must be the creation of a great continent-wide association for every cannabis-producing country in the region as a platform for increasing awareness, exchanging knowledge, raising capital, and streamlining regulatory regimes.
people FIRST
Focusing on R&D and studies on the potential uses and benefits of cannabis, Khiron places people at the center of its mission.

How many clinics does Khiron have?
The main objective of Khiron is to improve the quality of people’s lives worldwide. We want to provide a comprehensive treatment for the diseases that each individual has, which is why Khiron decided to create a portfolio of clinics. We have a clinic that has been operating for a decade, but we acquired it two years ago. This clinic is focused on chronic diseases and is well positioned in neurology. We have two offices in Bogotá and receive patients from all over the country. In mid-December, we received the first patient in our 1,200-sqm and four-floor clinic in the northern part of the city. This clinic provides services in pain, neurology, and surgical treatments. The experience of the person who goes to that clinic has to be unique. This is a so-called comprehensive treatment model and focused on the individual. For us, we do far more than just treat illness; we look after and take care of the person. Individuals like to be treated like people, not patients. A person suffering from pain comes to us, and we provide different services, rather than just focus on their chronic pain. We are centered on a comprehensive understanding of pain. We use integrated medicine to support people, which includes acupuncture, massages, cannabis, hydrotherapy, and other holistic services like mindfulness.

How do you prepare your doctors for these services?
We have two divisions. One is the pharma division, which includes an e-learning platform to train physicians on the use of cannabis. In our clinics, there are specialized doctors who lead each of our units. Everyone who participates in the process obtains training and learns about a coaching process to understand how a person has to be treated. First, the doctors have to go through that coaching process to understand they are individuals themselves. Then, they have to learn about the roadmap that each individual goes through as soon as he enters into the clinic.

What benefits can this bring to the elderly population?
Most chronic pain diseases afflict the elderly population. Anxiety is also a big issue for them. It is common to find older people with both chronic pain and anxiety. Globally it is common to see patients seeking cannabis on the black market; however, that is a high risk, especially for older people. We are developing an important campaign with our partner institutions to promote medical cannabis. We are doing many visits to specialists to train them, and through those agreements we conduct educational initiatives like participating in conferences. We have many lines of investigation.

“There is a great deal to do in terms of cannabis research, so we want to implement new processes and studies to learn about the potential benefits that cannabis can bring to patients.”

Studies have shown that cannabis can help treat children with autism

Khiron’s clinics apply comprehensive treatment model

5 million potential patients can benefit from medical cannabis
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In a bid to better understand the benefits of CBD on skin, Khiron was the first to conduct clinical trials on skin and provide doctors with greater insights.

What is the difference between medical cannabis and CBD, the active ingredient in Khiron’s Kuida product? There is a huge difference, not only between medical cannabis and CBD, but between cannabis overall, medical cannabis, and CBD. It is important to be in line with regulation in that medical cannabis is the one we are allowed to sell in Colombia in the framework we have established. CBD, one of the key components in the cannabis plant, is also an active ingredient that has been approved for use in cosmetics. That is a huge difference because medical cannabis requires a prescription from a doctor that guides a complete treatment, whereas CBD in cosmetics is open for use in a way that each company decides. That is something we have not truly clarified in our communication, though we are defining CBD as a new active ingredient. The reason we are hesitating is that one of the things that happens in the cosmetic world is that there are many ingredients being used because they are in fashion. We do not want that to happen with CBD. We do not want it to be in the market where misconceptions could occur. First, we want to understand the performance of this active ingredient and the benefit it can have on skin.

What are the benefits of CBD on skin? There have been many preliminary findings regarding the effects of CBD on skin. One of the most potent findings is its antioxidant action that relates to the process of fighting free radicals and the natural aging process of the skin. Still, it is interesting because there is still comparatively less research on what CBD does to skin because there are other markets in the medical side taking all the resources for research. Researching the benefits of CBD on skin is not a priority for most companies; however, skin is a vital organ, and we need to understand that CBD can be used to treat it. We are looking to climb the ladder until we become a dermo-cosmetic or fully dermatological product after doing the necessary research.

How is Khiron doing this research? One year ago, when we launched Kuida, we realized we had to do more research in order to deliver reliable information for the consumer and the general public, as well as doctors. Doctors need to know what is out there. We created a skin unit at Khiron, and I am part of it. We signed the first agreement in Latin America to do clinical trials with CBD on skin. For us, it has been an amazing milestone to carry out this trial, because we did it with a public hospital in Colombia. This is the first time a PPP is taking place in order to understand how CBD can perform in cosmetics and dermatology.

What is Khiron’s approach when it comes to communicating with people in the dermatological field? We are approaching dermatologists and working to explain to them the reality, which is the lack of research in the field, and inviting them to become a part of it. The first step is letting them know there are many products in the international market that claim CBD does wonders, though there may not be enough research to back up those claims. Through our partnership with Colombian hospitals, we have gotten access to many dermatologists and have started the conversation. We presented the three lines of research we will conduct in the coming years, and in the last congress in Cartagena, we had the first symposium talking to doctors about what we know. We also interacted with other specialists from around the world. We are telling them we treat patients with medical cannabis and are working to develop their understanding that our cosmetic cannabis in our over-the-counter products may have a potent antioxidant action.

“When we launched Kuida, we realized we had to do more research in order to deliver reliable information for the consumer and the general public, as well as doctors.”
INTERVIEW

Medical Cannabis Latin America & Caribbean Special Report

INTERVIEW

Frank LaMadrid
OWNER,
CANNABIS MEDICAL
BY FRANK LAMADRID

With over 10 years of experience, Cannabis Medical by Frank LaMadrid is a key player on the Caribbean coast specializing in the cultivation of medicinal cannabis.

On which segment of the medical cannabis market is the company focusing?
We are focusing mainly on taking the responsibility to improve the quality of life of the people interested, as the industry is growing constantly, and we know we have the knowledge to share with the ones most in need. Growing medicinal cannabis of high quality in a sustainable way is our focus and the most important in creating varieties to treat diseases such as cancer, epilepsy, and depression, among others.

With such a great market opportunity and many companies investing in the sector, how will you differentiate the brand and its products?
In terms of the varieties of cannabis, since the birth of the medical cannabis industry, our commitment has always been to work according to and meet international standards in quality and social responsibility. As such, we have committed with sacrifice and dedication to acquiring our certification. Furthermore, we are currently finishing the assembly of our first indoor production center in a warehouse of 2,400sqm. In addition, we are estimating total production in the first year to be 9,000kg of dried flowers and about 900 liters of different types of extracts. Our objective is to build five indoor production centers in total during the first year, with more than 15,000sqm dedicated to growth.

What is your focus right now knowing that the market is growing and moving extremely rapidly?
Mainly, we are focusing on our main investments of USD6 million per production center. Also, in terms of human capital, we aim to offer 25 new job opportunities per production center. All our efforts are expected to produce results by May 2020.

What stage is the business in, and what progress will it have in 2020?
In this regard, it is important to mention three important aspects. First, in cultivation, currently we have 10 years of experience, which makes us truly proud to be one of the companies on the Caribbean coast specializing in the cultivation of medicinal cannabis. We expect to continue leading the industry in this department to encourage development of the local economy. Second, in terms of patients, we have developed specific protocols on a national level, thanks to direct first-hand contact with many patients. Third, personally, all these have boosted

“In terms of the varieties of cannabis, since the birth of the medical cannabis industry, our commitment has always been to work according to and meet international standards in quality and social responsibility.”
Frank LaMadrid graduated from Simón Bolívar University in Barranquilla. He holds a master’s in esthetic surgery from John F Kennedy University in Buenos Aires and a master’s in anti-aging and aesthetic medicine from the European Academy of Esthetic Medicine. Lamadrid is a recognized and celebrated plastic surgeon and medical professional specializing in the areas of facial, body, and anti-aging treatments.

In addition to the cannabis business, can you elaborate more on your surgery practice? What has been the key to the success of this business, and what specialties do they offer?

We are recognized as one of the medical aesthetic teams with the greatest influence today, thanks to our professionalism, up-to-date techniques, and technology for innovative procedures in medical and interventional aspects, which allow our patients to enhance their beauty. Similarly, aesthetic interventions are a worldwide trend, and Barranquilla is at the forefront in Latin America as a host city that is positioned in health services. The city offers the best conditions for the medical care that a patient requires, including hospitalization and surgery services, as well as post-operative care for ample recovery, after a vital or aesthetic medical procedure. The above, of course, has had an impact on the increase of foreigners interested in our services that currently represent 90% of patients, and this has to do with 4K laser liposculpture and 4K abdominal marking. This has also had an impact on international markets interested in our portfolio.

With more than 10 years of experience in cultivation, Cannabis Medical Company by Dr. Frank Lamadrid has taken the responsibility of improving the quality of life of many people in the world by growing high-quality medicinal cannabis in a sustainable way and creating various varieties to treat diseases such as cancer, epilepsy, and depression, among others.
CBD: THE SINA QUA NON OF A GOOD NIGHT’S SLEEP?

While scientific studies on the precise effectiveness of CBD are still in their infancy, its popularity is surging across the continent as even the most reserved regulatory regimes jump to legalize it.

CBD, or cannabidiol, though the second most prevalent of the active ingredients of cannabis, directly derives from both marijuana and the hemp plant, a first cousin of cannabis (the only thing differentiating marijuana and hemp being their THC content). As such, not only is CBD’s chemical composition of a slightly different build than cannabis, but so is its legal status. In the US, for example, all 50 states have legalized its use and consumption to varying degrees, and there is talk of bipartisan support in the House for legalizing the hemp plant at the federal level, which would more or less legalize CBD for good in the world’s largest market.

It has made headways across most of Latin America, too—serving as a “gateway,” legal means of acquiring cannabis derivatives in the region’s two largest markets, Brazil and Mexico, and even being legalized in markets that have been far less forthcoming in getting on board the medical cannabis bandwagon, such as Panama. In Colombia, for example, where there were fears that the government of Ivan Duque might turn back the clock on cannabis liberalization, CBD has been fully embraced. As Rodrigo Arcila, the President of ASOCOLCANNA, Colombia’s national medical cannabis association, told TBY: “There has been full support from both the president and the ministries regarding this industry... a clear sign that the industry is moving forward.” What, then, is so extraordinary about this product?

So far the derivative, which almost always takes the form of an oil, has been most singularly effective in treating more extreme forms of childhood epilepsy, such as Dravet syndrome and Lennox-Gastaut syndrome (LGS), not only reducing the number of seizures, but at times stopping them altogether. This is one of the reasons a Brazilian judge permitted CBD oil to be imported into Brazil to treat a five-year old suffering from epilepsy in April 2014, while a Mexican judge allowed its import to treat an eight year old suffering from a similarly severe form of epilepsy in September 2015.

In the case of Brazil, at least, this landmark decision proved decisive: in January 2015, the state regulator ANVISA legalized the oil altogether, after which Medical Marijuana, Inc. became the first company authorized to import the oil as a prescription medication. That year alone the number of doctors prescribing it surged by 180% (to 320), while the number of registered patients able to import it into Brazil increased by nearly 2,500% from November 2014 to October 2018. Meanwhile in the US, the Food and Drug Administration approved the first ever cannabis-derived medicine, Epidiolex, which contains CBD and was designed specifically to treat epilepsy, in June 2018.

CBD is also widely believed to help patients suffering from anxiety, insomnia, and chronic pain. Numerous studies, such as those published by Medicines and Permanente Journal, suggest that CBD not only helps induce sleep, but also help patients stay that way. One the one hand, some of the studies involve other cannabinoids (naturally occurring compounds found in cannabis, of which there are thought to be 66 in total), making it difficult to give all the credit to CBD; on the other, since CBD is also thought to lower anxiety levels and chronic pain such as inflammatory and neuropathic pain, this could also be the source of its somniferous aftereffects.

That is not to say the oil is without its own side effects. Though entirely non-psychic, unlike its cousin THC, side effects can include nausea, fatigue, and irritability. It can also increase the level of a blood thinner called coumadin, while also raising the level of other medications to the same degree that grapefruit juice does. What’s more, since its legal status has yet to be set once and for all (at least in the US) it is still mostly sold as a supplement, rather than a medication, which limits doctors’ ability to locate the most effective therapeutic dosage.

The same problem occurs in Latin America. In Uruguay, for example, the only CBD medical product available in pharmacies and hospitals is Epifractan, a 2% CBD extract used to treat refractory epilepsy and central nervous system diseases or disorders, such as Parkinson’s and amyotrophic lateral sclerosis (ALS). With many patients complaining that 2% does not quite hit the spot, regulators and producers are now developing plans to release something with 5% potency. In Colombia, regulators have also capped CBD-based products at 1% potency. As Eduardo Montoya, CEO of Green Health, a Colombian company that merged with Canadian-based Cannaverde Pharma, told TBY: “CBD is a powerful ingredient, and we will be partnering with companies that already have established retail channels to bring CBD-based products to markets in Colombia and Latin America in 2020.” While the oil is clearly in its infancy as a prescribed and recreational medicine, its future is far from dim.
José Lugardo Espejel  
**FOUNDER & CEO, SATIVA CARE**

**Why did you establish the first medical cannabis clinic in Mexico City?**  
We wanted to inform people on the nature of medical cannabis in a country that has yet to develop a fully integrated industry. We also wanted to introduce our population to medical cannabis in a formal manner. The original plan had been to establish a dispensary model because of the influence of the US, but we saw our country as a different one and felt the need to prepare our team in order to help patients make more informed decisions about their health. That is how the project became essentially focused on educating patients on the potential uses and limitations of cannabis and how it can improve the quality of their lives, especially for chronic and degenerative patients, which was the main mission behind our first clinic.

**How many patients have you seen?**  
This clinic is not large. We have a 200-sqm area, and since the beginning of the year we have seen close to 600 patients. This is a small amount in terms of what we wanted to achieve at the beginning of the year because our personalized initial consultations are lengthy, taking up to three hours.

**What conditions see the greatest demand from the clinic?**  
Sativa Care treats patients with chronic pain, as well as Parkinson’s, Alzheimer’s, and people with mental health issues such as depression or anxiety. Epilepsy is an area of particularly high interest. To this may be added a substantial number of cancer patients, which is common. Cannabis has a fundamental problem as a medicine, and that is the fact that it is perceived as more of a commercial product than a medicine. We expect this to help boost investor appetite; however, we want to stay true to what we think is good for patients.
MEDICAL CANNABIS LEGAL SERVICES SECTOR, BY COUNTRY (POTENTIAL, USD MLN)
SOURCE: GLOBAL INSIGHTS

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POTENTIAL NUMBER OF MEDICAL CANNABIS PATIENTS (MLN)
SOURCE: BIZ LATIN HUB

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CBD SALES ACROSS LATIN AMERICA (USD MLN)
SOURCE: BRIGHTFIELD GROUP

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ANNUAL AMOUNT MEDICAL CANNABIS COULD POACH FROM PHARMACEUTICAL INDUSTRY (USD BLN)
SOURCE: NEW FRONTIER DATA

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With total market value estimates of nearly USD10 billion, it will not be long before the medical cannabis industry in Latin America gives birth to a wide slew of remunerative secondary services. For starters, this is because the regulatory environment is still so uncertain. With medical cannabis constitutionally legal but as yet unregulated in one of the region’s largest markets, Mexico, growing cannabis will be far easier than legally getting it to market for at least several years to come. And with medical cannabis markets expected to be worth USD2.4 billion in Brazil and USD1.9 billion in Mexico, according to New Frontier Data, not to mention USD1.5 billion in Chile and USD1.1 billion in Argentina, markets that have liberalized consumption but not production, the race to invest in the best tech advances, legal and compliance, security, and broader consulting and advisory services will be just as crucial to developing the market as seeds, greenhouses, and horticultural labor.

With at least 13 million habitual consumers throughout the region, the domestic market is already large enough to support a vast new series of services—including but not limited to adopting good manufacturing practice (GMP) standards, better import/export supply chain and distribution, consulting, education, branding, and regulatory compliance. Start, for example, with Brazil, the region’s largest market with roughly 4.1 million consumers. Though cultivation of medical cannabis has yet to be fully legalized or regulated, imports of CBD, which treats pain and sleeping disorders, have been legal since 2015. Though over 80,000 units of CBD have been imported for more than 6,000 legal patients since then, these come at exorbitant rates of up to USD250 per 20ml bottle, which last most patients merely one to two weeks. Most import and distribution are also carried out by private carriers contracted by exporters whose ability to deliver on time and in the desired quantity is severely lacking. Even before medical cannabis is fully regulated in Brazil, there is much to be made for the one who can minimize CBD import costs and improve upon the country’s notoriously difficult supply chains.

Colombia, on the other hand, has gone to much greater lengths to regulate its industry, not only welcoming foreign operators and investors with arms wide open, but also allowing self cultivation of up to 20 plants, a policy that hopes to give the country a robust home-grown market. Compliance with INVIMA, the country’s chief cannabis regulator, regarding oils, extracts, resins, and pure cannabinoids will be key to any firm looking to take advantage of the Colombian market. And, as in any other large regional export-focused market, competence in pricing, supply chain, and branding, in addition to regulatory compliance, will be key to determining the success of any such export venture.

For a market under intense government scrutiny, ensuring that business operations are fully compliant will be an integral part of any firm’s operating plans for the foreseeable future. But in a market with enormous initial competition, good branding and good manufacturing practices are also crucial. Since the opportunity to build brand visibility is time sensitive, this is arguably the lowest-hanging sectoral fruit from a service provider’s perspective. In the medium and long term, however, firms and consultancies helping with technology transfers and best manufacture practices will fare even better. For although Latin America has the regional edge today, this is hardly written in stone: governments in Lesotho, Zimbabwe, South Africa, and Thailand are all moving forward with pro-cannabis cultivation and export policies that will force Latin America, despite its low production costs compared to Europe and North America, to act all the faster.
one step AT A TIME

theracann INTERNATIONAL seeks to enable the global medical cannabis sector and believes Colombia must tread carefully if it wishes for the sector to have a prosperous future.

Chris Bolton
COO, theracann INTERNATIONAL

What’s your corporate mission in Colombia?
Our corporate mission is to stabilize the international cannabis sector. So far, we have only had five years to stabilize the sector; in comparison, aeronautics had 200 years and auto had 100 years. The number of countries that have flipped to legalization just over the last 24 months has further made it harder to convince the international banking authorities to allow money transfers related to the cannabis industry. Moreover, an equally significant challenge is finding bulk buyers interested in repeatedly acquiring high-quality cannabis products. In order to stabilize the industry, we had to find a way to control these projects. We built a methodology called Benchmark SOLUTION, which is a consultancy service that plans, designs, implements, and manages the facilities for a minimum five years. So unlike other consultancies, we see it through a team that is present at the facilities all around the world. This solution comprises five different lines of business and each one has a director in each country. So, all directors and teams understand the regulation and processes for any particular project. The industry is at a point now where large-scale wholesale opportunities are absolutely real.

What’s the importance of certification to stabilize the cannabis market?
That’s an absolute weakness. The variety of different standard requirements to manage the process from raw material to final product supply chain is huge. On the analysis side, just making sure that the date and labeling is reliable under the ISO:17025 standard is a challenge. The problem is to find labs that handle cannabis or are accredited to do cannabis analysis. In case one does find a lab, the question is if that lab will buy or subscribe to a firm that is using methods that other governments have adopted. We purposefully partnered with a firm to use their methods globally, which are specifically developed for cannabis. Next, we have the good management practice (GMP); the problem is that different governments have different standards. Then, there are organizations that are working to develop their own methods for all of this, called consumer-level standards. We have large institutions like SGS as auditors that do this work themselves.

How are the banking and financial issues limiting the development of the industry in Colombia?
I am surprised the sector even survived this long without the banks. In Canada, we worked with Scotiabank, with which we had a history of 14 years. Up until November 2016, all operations were running smoothly, but then our account was flagged because it belonged to the cannabis sector. We did not process or distribute cannabis, but we consulted in applications for cannabis and they gave us 18 days to close our account. So, trying to scramble to get another bank account was exceptionally difficult. That said, many of the businesses related to the cannabis industry across the world face similar problems. Some of these businesses have shifted entirely to cash, however, in our case, everything has to be done through wire transfers.

How do you see theracann INTERNATIONAL’s future working with Colombian firms in the next five years?
Well, Colombia is at the crossroads, honestly. It has to start to demonstrate it can produce high-quality traceable cannabis, or it will get black-marked. Countries that get black-marked never come back. They just cannot get the confidence of an international jurisdiction that things are going to work well. The other challenge is that the Colombian banking system has a perception of the old days. We need to build the competence to show the cannabis industry in Colombia is working well. On the contrary, I have seen projects in which cannabis that should not be coming from a specific area is finding its way. Why? Because the auditing in traceability is not strong enough. We do projects in which crop production and quality controls are lacking, so there is still a lot to be done.

BIO
Chris Bolton holds a BA and an LLB from the University of Calgary. His career has seen him take leadership positions in the fields of law, compliance, and project management for firms in Canada, Panama, and Russia.
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www.theracann.solutions
IndicaOnline is a cloud-based point-of-sale (POS) solution to manage daily operations for medical marijuana businesses and dispensaries.
What opportunities in the medical cannabis market drove you to create Helix TCS?
My professional background has been highly invested in frontier markets. As these develop, there are necessary components that must be put in place to enable a truly open and transparent marketplace, among whose components are those infrastructure elements that enable a regulated market to function properly. This is especially critical in the cannabis industry, as there are social equity, law enforcement, and social cost concerns that do not exist to the same degree in other markets and certainly not with the same charged history. We recognized early on in the development of legal cannabis that this type of integrated critical infrastructure platform would be needed in order to create a global marketplace, which is our vision. We set out in late 2015 to build that vision based on those market opportunities.

What main added value do you offer to the growing Latin American medical cannabis market?
We provide critical infrastructure services such as seed-to-sale tracking, security, transport, and wholesale marketplaces that are necessary to facilitate a global B2B cannabis marketplace and allow Latin American countries to realize the full economic and social benefit of their competitive advantages on a global scale. We are facilitating the transition from the black market to the legal market, which means billions of dollars in revenue to governments, communities, entrepreneurs, and employees. As the global market matures, product manufacturers or dispensary owners will demand a means of verifying that the product was grown legally by a licensed business and that the product carries verifiable test results, all of which must be backed by a government stamp of approval that the aforementioned details are legitimate. Our critical infrastructure platform provides all these services in a single place, supported by the data analysis that allows business, governments, and investors the ability to track financial, operational, and other market outcomes. The business is able to prove all of these points and the goal of our wholesale marketplace will be carrying that information with the product, regardless of where it ends up. This eliminates any ambiguity surrounding the legal product, its quality, or ingredients so that businesses can source product from anywhere they choose without taking enterprise risk in order to operate efficiently.

What are the biggest challenges that new companies in the cannabis market face after entering the market?
One of the biggest is certainly the ever-changing compliance requirements. Compliance is inherently complicated and carries a significant adverse effect if not done properly. Add in an evolving political landscape and you create a complex set of requirements that are completely unique from market to market. All our services are tailored to the unique operating requirements in any given jurisdiction, so regardless of where our clients operate, or where they plan to operate in the future, we facilitate their ability to generate revenue and safeguard their businesses. We currently provide seed-to-sale tracking services for dispensaries and grow facilities as well as government traceability through BioTrack, our leading technology services provider; security and transport services through Helix Security, which is the largest cannabis-focused security operator in the industry; and the oldest and only fully compliant wholesale marketplaces through Cannabase and Amercanex. All these businesses function together as a synergistic whole and create an unmatched data source for the global industry.

Mexico’s climate allows year-round cultivation of cannabis at a lower cost than the US or Canada

BIO
Zachary Venegas is CEO of Helix TCS. He oversees the company’s M&A strategy and spearheads long-term planning and growth initiatives. Prior to joining Helix TCS, he led Spruce Investment Advisors’ strategic advisory group. He was the co-founder and managing partner of Scimitar. In addition, Venegas was founder & CEO of Omega Strategic Services. He previously worked at JPMorgan Omega Strategic Services. He previously worked at JPMorgan.

INTERVIEW
MAXIMUM performance

With more than 102 years of experience, how do you evaluate the company’s main accomplishments so far?
Western States’ main accomplishment is the installation, upkeep, and product development of over 6,000 centrifuges worldwide. Though not all machines are still operating today for various reasons, Western States has long been a proponent to never scrap a machine and is committed to providing service and support to each machine in operation. Western States continues to innovate its centrifuges to provide the most technologically advanced machines with the greatest separation and throughput capabilities to produce the highest-quality product—no matter the industry.

Which are your main countries of operations, and where are you expecting to expand them?
The US is our main country of operations for the sugar, chemical, pharmaceutical, and cannabis industries. However, we have a strong position with more than 6,000 centrifuges installed across North America, South and Central America, Africa, Asia, and Australia. Our established presence in Latin America keeps us poised and ready to provide centrifuges for the cannabis industry there. Companies operating in the cannabis industry in Latin America can benefit greatly from Western States, as it provides quality centrifuges to meet the high demand of separation needs because of our presence and experience in those countries for other industries.

How are you making sure to provide the best part, rebuilds, and upgrade services for cannabis centrifuge systems?
Western States is committed to providing only original high-quality parts and the best solution for rebuilds and modernizations of all its centrifuges. We have a 24-hour emergency hotline for parts and service to support our customers. The ability to stock parts on site gives us the opportunity to provide immediate shipment, and our established international logistics department is knowledgeable in customs procedures and document preparation to get our parts anywhere in the world. Furthermore, we have dedicated service engineers trained in both mechanical and electrical problem solving who are available for factory visits and inspections in as little as 24 hours.

How have innovation and investment in R&D been strategic to stay up to date in the industries you serve?
Innovation is fundamental for Western States. Our skilled engineers continually strive to improve our products based on customers’ expectations and needs. With technology evolving every day, our centrifuges are designed to provide maximum performance and maximum reliability while incorporating new programming, monitoring capabilities, and safety features. Western States is committed to testing different solutions for new projects and has a partnership with leading engineering company in the cannabis space.

What impact will the growth of the medical cannabis business in the US generate for the commercialization of your products and services?
Though centrifuge separation and extraction has been around for over 100 years, it is a newer endeavor in the cannabis extraction industry. As companies are looking to find solutions to meet a high production demand with the most recovered oils and liquids, they will seek an expert in the field. This industry has given Western States the opportunity to examine how its centrifuges handle biomass materials and have allowed it to enhance its already effective designs even further to meet this specific plant material.

What potential do you see in complementary cannabis sub-markets such as cannabis infused beverages, hemp-based oils, cosmetic products, and others?
As the world becomes more receptive to the potential of cannabinoids and their benefits to the endocannabinoid system in humans and in animals, the sub-markets of the cannabis industry are set to explode. CBD and hemp-based products have been shown to reduce a wide range of ailments from stress-related anxiety all the way to relieving epileptic episodes. People are interested in learning about the long-term effects of ingesting CBD through various methods, be it tinctures, edibles, or oils. The more high-quality products available to the consumer, the better for the industry to receive approval and acceptance. Getting these products produced safely and legally is paramount to the success of the cannabis industry.

**BIO**
Ángel Paul Proaño is the director of sales and marketing of Western States. With a degree in business administration and management, he has a background in sales, management, global quality techniques, and political knowledge. His extensive experience and knowledge have allowed him to advance with opportunities to hold positions such as general manager, sales manager, and executive director in US and foreign companies.
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What is the global cannabis environment like today? 
There are over 50 nations that have either legalized or decriminalized cannabis in the world today; outside of Uruguay, eight US states, and Canada, they are all adopting the medical use of the plant. As noted in our recent The Global Cannabis Report—2019 Industry Outlook, New Frontier Data estimates that in 2018 the global cannabis total addressable retail sales market was USD344 billion, with today’s total number of both legal and illegal users totaling approximately 266 million consumers worldwide. The sale and the production of hemp, the cannabis non-psychotropic cousin from which CBD extraction is also possible, has experienced a 20% CAGR for the past five years, double-digit growth on par with some of the fastest-emerging markets in the world. While North America is still considered the epicenter of the industry, regions such as Europe and Latin America, the foundation of the cannabis market today, are beginning to take center stage. Europe now has 29 legal markets, all for medical use, and is potentially set to have the fastest-growing B2B and B2C demand for hemp and cannabis in the world. Not only is medical cannabis consumption experiencing fast growth there, but B2B demand is also set to potentially increase much more rapidly as large FMCG enterprises in sectors such as beauty products, apparel, beverages, and edibles are now exploring or introducing hemp- and CBD-based products.

How does Latin America and Colombia fit into the global cannabis marketplace? 
Given the surge of demand underway in Europe, Canada, one of the most mature cannabis markets in the world, has positioned itself to meet such demand. European nations are unable to cost effectively meet said demand due to decreasing agricultural land and relatively higher labor costs. Canadian exporters, while experiencing their own domestic production challenges, have now begun to look at Latin American nations to complement their export volume to Europe, starting with Colombia. Latin American nations have optimal climates in which to grow hemp and/or cannabis, for the most part are already seasoned agro-based economies, and can offer much lower labor costs. While New Frontier Data has identified Brazil as having the largest consumption market potential due in part to its population size and current support from both government and populuses for medical cannabis, countries like Colombia and Mexico present potential for faster growth in their export markets rather than domestic ones. Nations such as Colombia that have experienced both social and economic challenges stemming from widespread illicit cannabis cultivation are more rapidly and expediently, if not aggressively, positioning themselves to compete in the global cannabis and hemp trade. While Europe presents the best export opportunities today, it will be interesting to see how both Canada’s fast-increasing domestic adult use and medical demand, as well as the US potential federal legalization, open additional export targets and opportunities for Latin American nations in the near future.

Have there been any surprises in your cannabis market research to date? 
Since founding New Frontier Data in 2014, and while having put together a team of economists, industry analysts, and technologists mostly experienced in more traditional regulated sectors such as energy, government, sugar, and tobacco, there has not been a day where one of us has not been surprised by an unexpected finding. Most recently, we have begun to assess preliminary research suggesting hemp may not only have medical applications, which continue to widen as far as conditions treatable by CBD-based medicine, but also fairly advanced industrial applications. Beyond textile production and even widely adopted soil regeneration and cleaning properties, hemp seems to also have battery life extension and conductivity properties and applications.

“While North America is still considered the epicenter of the industry, regions such as Europe and Latin America, the foundation of the cannabis market today, are beginning to take center stage.”

BIO
Giadha Aguirre de Carcer is founder and CEO of New Frontier Data, a Blazing Hot Weed Tech Company to Watch, as noted by PCMagazine in 2017. An entrepreneur with over 20 years of experience in business execution, management and strategic business development, de Carcer has worked in finance, research and analysis, intelligence collection, and reporting and as a senior strategic consultant in multiple industries across both commercial and government sectors in the US and abroad. de Carcer and her work have been featured in Forbes, Fortune, CNBC, Fox News, CNN Money, and other top news outlets.

Giadha Aguirre de Carcer
FOUNDER & CEO, NEW FRONTIER DATA

Services & Technology
INTERVIEW

67
Coen Esser
MANAGING DIRECTOR
FOR COLOMBIA
AND CENTRAL AMERICA,
CONTROL UNION COLOMBIA

“...will go beyond legal requirements and embrace compliance and responsibility-related standards verified by third parties.”

Control Union is a global leading certification body and service provider to commodity markets. Could you provide a short introduction?

Control Union is a Dutch-based group of family-owned companies that offers services through several global business lines, amongst other certifications, inspections, logistics, and collateral services. In Colombia, we have been active for more than 17 years, serving many of the traditional agri industries such as sugarcane, palm oil, bananas and other fruits, and coffee, among others. Control Union certifies plantations and companies in these industries in a wide number of standards, ranging from organic certification, Bonsucro, ISCC, GLOBALG.A.P., RSPO, and many more. Recently, we added to our portfolio the sole standard globally available for medical cannabis: Control Union Medical Cannabis Standard-G.A.P. (CUMCS-G.A.P.).

From palm oil, coffee, sugarcane, and fruit, how did Control Union enter the medical cannabis sector? Cannabis is a crop that is currently being legalized in more and more countries. Control Union’s vast experience in agriculture enables us to serve this emerging market with new solutions. The first medical cannabis standard was developed in Israel as part of the regulatory framework for cannabis farmers. Control Union was closely involved in building the Israel Medical Cannabis Standard (IMC-GAP), allowing to independently audit medical cannabis farms by third parties. Since no standard existed for this purpose, IMC-GAP was created. Consequently, using IMC-GAP as a blueprint, Control Union developed CUMCS-G.A.P.

With boots on the ground in more than 70 countries, Control Union Certifications is uniquely placed to manage challenges in today’s global evolving cannabis industry.

ENSURING quality and consistency

The goal of CUMCS-G.A.P. is to ensure top-quality product and consistency in production. More importantly, it will tremendously help companies gain visibility and organize their internal structure and processes. CUMCS-G.A.P., unlike guidelines such as GACP, allows for objective auditing relying on established mechanisms and criteria when it comes to determining non-conformities, how to resolve them, or audit frequencies, just to mention some important elements. We do not simply pay a visit and issue a compliance document; there is much more involved. A farm may lose their certificate if they do not meet the same standards in subsequent visits—there are four visits a year. This is to continuously ensure pharma-grade medical cannabis quality that everyone eventually wants to get.

Control Union has a presence in more than 70 countries, and its services can range from quality assurance programs for hemp certification destined to the dietary and food supplement industries, such as USDA NOP. Many principles from the traditional soft commodity markets also apply to cannabis. In an industry that is rapidly shaping itself and needs to standardize many of its quality aspects, including laboratory testing, sampling protocols, the need for third parties to verify sampling, and many more, Control Union’s century of experience serving commodity markets with a broad range of services allows us to contribute to setting these standards. Finally, in order to offer GMP audits, we partnered with Blue Inspection Body from Germany, a Dakks (Germany) accredited leading GMP auditing company.

To what extent will certification help medical cannabis growers receive FDI or find partnerships?

The goal of CUMCS-G.A.P. is to ensure high-quality product and consistency in production. More importantly, it will tremendously help companies gain visibility and organize their internal structure and processes. CUMCS-G.A.P., unlike guidelines such as GACP, allows for objective auditing relying on established mechanisms and criteria when it comes to determining non-conformities, how to resolve them, or audit frequencies, just to mention some important elements. We do not simply pay a visit and issue a compliance document; there is much more involved. A farm may lose their certificate if they do not meet the same standards in subsequent visits—there are four visits a year. This is to continuously ensure pharma-grade medical cannabis quality that everyone eventually wants to get.
tries and a 100%-owned private equity model. How does this impact the growth of the company, specifically in Colombia? 2020 marks an important milestone for our group since we celebrate our 100th anniversary. Our global presence and recognition by the different governments and accreditation bodies, as well as by our client base, gives us a phenomenal position to expand new services in international markets. Being privately owned and organized in a decentralized manner makes us more agile, allowing faster decision making and giving us the ability to offer tailored services to our local clients. This is important, given the fast pace with which the medical cannabis industry is evolving.

How do you provide on-field agricultural services in the medical cannabis industry? Globally, we have almost 1,500 agronomists within Control Union. We work mainly with in house trained auditors instead of relying on contractors. In Colombia and Latam, an outstanding team of auditors with vast experience in auditing a large variety of standards, has been trained specifically to be auditing CUMCS-G.A.P. and gain familiarity with cannabis as a crop. We audit a plantation or cannabis farm on an operational level, check standard procedures, compliance with local legislation, farm layout, whether people have been trained well and how it is documented, and the hygiene of the facility, amongst other practical things. An audit report is then sent to the certifying office, where a certifier objectively evaluates the report and a certificate is issued in case the farm is compliant with the standard. Our international quality standards, operating procedures, and accreditations ensure consistency in the service throughout the different countries.

What is the importance of being accredited by the RVA from the Netherlands as well as SLAB from Sri Lanka, the ASI, the US Department of Agriculture (USDA), and other accreditation programs? Accreditation is the foundation of our existence as a certification body. In order to be able to audit and issue a certificate, we must abide by strict protocols, avoid conflicts of interest, adhere to the highest level of quality standards and procedures, and much more. This is verified by accreditation programs. As a certification body, Control Union developed CUMCS-G.A.P. to have both a standard and checklist that enables third-party audits and certification of cannabis farms, contrary to guidelines like GACP and GMP, which lack such structure and governance. Since our accreditations demand us to be impartial in our audits, we cannot perform implementation services to these farms. Moreover, Control Union certificates are recognized by 150 governments. Yet, CUMCS-G.A.P., like the medical cannabis industry, is relatively new. It will take some time for this standard to be well known globally, though it is already being adopted by numerous companies in different countries in Latin America, Colombia included.

This standard is based on:


The goal of the CUMCS-G.A.P. is to ensure top quality product and consistency in production.

CUMCS-G.A.P: the sole certification standard dedicated to the Medical Cannabis industry. The standard covers all cultivation and post-harvest steps of the value chain and is in full compliance with both GACP guidelines as well as Good Agricultural Practices (G.A.P).
INTERVIEW

Mauricio Name
CEO,
GARDEN SUPPLY SOUTH AMERICA

How is Garden Supply South America working to facilitate growth and make a positive impact on developing the cannabis sector in Colombia?

As the CEO of another cannabis company and a producer and exporter, I was in need of products that were nowhere to be found in the entire country. I looked up and down in Bogotá and Medellín and could not find anything to support what I needed to do. I was familiar with the registration of fertilizers and international importation of fertilizers, how to distribute, bottle, and label them, and so on. I finally realized I should bring in these products, as Colombia is an emerging market where they are needed. Hawthorne has been acquiring companies in the industry for the past four years and spending hundreds of millions of dollars on firms like Sunlight Supply, Gavida, General Hydroponic, Botanicare, Mother Earth, and others. It also carries other brands as well but does not own them exclusively. We approached Hawthorne and reached an agreement to exclusively sell all its products in South America. Our port of entry will be Barranquilla. We can also drop ship directly from the US into other countries in South America according to the order and size.

What challenges will cannabis companies face operating in Colombia, and how can Garden Supply help address them?

To grow in an outdoor environment, one requires resistant genetics, specifically only two different kinds of strains. They are limited in production of different medications. There are some 43 terpenes in cannabis, and not every genetic strain has those. All these terpenes affect the body in different ways too, so if one’s cultivation is limited to two strains, then they might not have access to the rest of the terpenes to produce their spectrum of medication. My goal is to have access to all those terpenes, and in order to do that, we need a fully acclimated greenhouse. It will be an indoor-outdoor production with supplemental lighting, de-unification, and air conditioning. It will be expensive to do in the beginning, though the rate of return on investment is 50-100. I, therefore, advise everyone to do it right the first time because if not, they will waste hundreds of thousands or even millions of dollars. Our goal is to help people get it right the first time. We will also have a department of consulting for customers that make large purchases, in addition to distributing greenhouses. There are a few manufacturers of greenhouses in the US that we will import from as well. We will also sell automation systems for greenhouses and nutrient lines. Our goal is not only the cannabis market; we are also looking at the food industry and flower market.

What is your advice to investors or growers seeking to start in terms of what they need to fulfill their earnings potential?

If an investor is investing millions of dollars into a company, I would advise them to make sure they know the climate extremely well and that they cultivate in a greenhouse because the conditions in this country are extremely difficult. There are airborne pesticides, insects, and heavy metals in the soil, so there are many things that growers need to be careful of. They can prevent all that by having a greenhouse and a fully automated system with supplemental lighting, which will increase their yields. There is also the lack of feeding. A great deal of cannabis here is light and not dense, which is from a lack of nutrients. Growers cannot find the nutrients here, and we can help by not only providing the right nutrients and equipment but also the experts to help them along the way, educating them about our products and the benefits of using them.

“"Our goal is not only the cannabis market; we are also looking at the food industry and flower market.”
The tremendous growth of the medical cannabis industry has naturally been reflected by the growth and internationalization of its accompanying events industry. Trade shows and events in medical cannabis at the start of the decade were few and far between and were lucky to attract more than a few dozen exhibitors. 2019 however was another banner year, both in terms of event attendance and expansion. Lift & Co’s Toronto 2019 surpassed its previous record of 20,000 attendees, and Marijuana Business Daily’s MjBizCon Las Vegas 2019 event reported over 35,000 attendees, up from over 28,000 in 2018.

While these events have attracted key players throughout Latin America and the Caribbean, 2019 was also a great year for locally held events in the region as well. Former Mexican president Vicente Fox hosted the first edition of CannaMexico at Centro Fox in San Cristobal, Mexico. Meanwhile, CannabisSalud hosted its 3rd international congress on medical cannabis in Mexico City. CanEx Jamaica, held in Montego Bay, concluded its 4th and largest iteration, bringing in over 200 exhibitors from over 30 different countries to the island. CanEx also launched its series of investor summits in New York, London, Tokyo, and other global financial hubs.

Colombia also experienced a number of firsts in 2019. Marijuana Business Daily’s Latin American Cannabis Symposium, hosted in Bogota, was its first event in the region. Meanwhile, ExpoCannaBiz held its inaugural event in Cartagena, and already announced plans for the second ExpoCannaBiz Cartagena in May 2020, as well as its first expansion into Brazil, ExpoCannaBiz Sao Paolo in April 2020.

The rapid growth of such events, as well as their increasingly international attendee and exhibitor audience, is a testament to the growing momentum and investor appetite for the region. While events in any sector are important for the spread of best practices and connecting investors with entrepreneurs, it is particularly important for a young industry with such a promising but uncharted future.
A TIDAL WAVE of opportunities

Since its founding in 2011, MJBizDaily has been a regional and global pioneer in reporting and analysis for the cannabis market.

How do you see the cannabis sector today in terms of political will, investor confidence, and public perception compared to when you founded the company in 2011?

When MJBizDaily started in 2011, it was a small niche market that basically encompassed 16 individual US states that had medical marijuana programs. Since then, that number has expanded to well over 30, and if we count CBD and hemp activities, almost every US state has some sort of cannabis legalization legislation on its books. Countries such as Uruguay and Canada and many of the US states have also moved toward recreational use. Internationally, the understanding of cannabis, both from a medical and wellness perspective and from an economic perspective, has simply exploded. We have gone from a market that was a tiny niche to something that is receiving mainstream attention, as it rightly should. And this comes with investment interest, political will, economic opportunities, and the advocacy and social justice elements. In the last eight years, there has been a tidal wave of understanding and opportunities for everyone involved and everyone who can benefit from this industry.

Why did MJBizDaily choose Colombia for its first event in Latin America?

We chose Colombia after looking around at the various markets because we felt it provided the best opportunity due to its location and first-mover advantage in Latin American markets. A great deal of economic development has already taken place in the country. Colombia’s market is by no means fully mature, but it is one of the leaders among the markets in Latin America. There are many great opportunities in Colombia, and a great deal of attention is on the country as a gateway to the rest of Latin America. We are a part of that. MJBizDaily wanted to take part in this trend and fuel it as well.

As MJBizDaily expands its presence in the region, what other countries do you have an eye on for future events and symposiums?

MJBizDaily is likely to continue having a benchmark event in Colombia annually. That is our intention at this point. We want to truly market that event and attract people to Colombia. We have always taken the approach that this is a genuinely full-on global phenomenon. We will not necessarily go into each individual country with its own unique symposium, event, or news product. Other countries worth keeping an eye on in the Latin American market include Brazil, which has great opportunities. It is the largest in the market in terms of patients and the amount of legally sold product. That is definitely a country to watch as it continues to implement changes to its medical cannabis program and how it continues to regulate and manage that moving forward. Chile is another interesting one to watch. It has had an ad hoc market for many years now via decriminalization. Many other countries in Latin America and the Caribbean are taking a wait-and-see approach or getting wrapped up in internal politics about how to legalize and regulate cannabis. We will have to see how quickly those countries move forward. Uruguay is another country to keep an eye on. It was the first country to legalize recreational marijuana, which is a big step. Up to this point, Uruguay has taken a patient-and consumer-safety approach, which has stymied business opportunities and is a perfectly valid approach to take. However, it is now looking at ret tooling some of its policies.

When some of the larger markets like Mexico, the US, and Brazil update their legislative framework, what impact will it have on the global cannabis industry?

The US is the one to watch. It has been a global economic driver in so many markets for so many decades. When the US market gets its act together, it will unleash opportunities around the world. The US is capitalism at its finest, and no one does capitalism quite like the US, for good and for ill. However, at the same time, as the US goes, so goes the rest of the world. Until the US resolves its banking situation, it will continue to negatively impact the global market. So many banks have deep ties to US regulations and cannot risk their business by banking the cannabis industry; this situation will continue to be a huge setback for the cannabis industry as long as it persists.

BIO

Cassandra Farrington is the co-founder and chair of the board of MJBizDaily. She was also the company’s first CEO until stepping down in October 2019. Previously, she was the vice president at Citi. She earned her MBA from the University of Texas McCombs School of Business.
INTERNATIONAL EVENTS

While legalization is key to ensuring growth in the cannabis industry, education is another important step to grow support and investment for the burgeoning industry.

How do you support the cannabis industry?

MATEI OLARU Prior to legalization, we partnered with Mothers Against Drunk Driving (MADD) Canada to develop CannSell, a cannabis retail training certification, now utilized in eight jurisdictions in Canada. We are also the mandatory retail training provider in Ontario, with exclusive approval from the province’s cannabis regulator, the Alcohol and Gaming Commission of Ontario (AGCO). We will continue to work with governments at all levels, and with private and public retailers across the country at the retail level. Cannabis education is at the core of our legacy at Lift & Co., and we will continue to push that forward through CannSell. Importantly, this platform also gives Canadian licensed producers a trade marketing channel through which they can speak directly to budtenders about their products. This is integral as brands look to establish themselves with consumers because the budtender plays a key role in a consumer’s education and purchase decisions.

LORENA BELTRÁN We decided to create an annual event for the industry in 2016 because society needed to have more information on the matter and its impact prior to the 2017 law. We created an international congress bringing experts from around the world to start breaking the negative stigma among health professionals. We focus on science and medicine. Changing the law without educating people can create many problems. Our idea is also to help health professionals understand the plant and its benefits, as well as develop Mexican companies in the industry so as to avoid simply importing the product. We have started to see more national interest and involvement. Unfortunately, regulations take time, especially in these matters, due to the lack of knowledge.

What lies in the future for the company and the cannabis industry?

MO We have recently announced plans to expand into the US through a strategic alliance with Marijuana Business Daily (MJBizDaily) to collaborate on our leading conferences in Canada and the US. Through a partnership with Enlighten, a leading technology and media provider in the US, we will expedite the launch of Lift & Co.’s US product listings site. We see a great opportunity in Latin America, but expanding into that region is not an immediate goal. With the sector being so new, there is still much for us to do in our existing markets. Ultimately, our goal is to establish our business model as an example in this industry. As you can see from the international representation, exhibition, and attendance at our current events in Toronto and Vancouver, the industry already operates at a global scale. Every year, more and more people are coming not just from the US, but from all over Europe and Latin America. For now, we are the Canadian event for the global cannabis industry, which is keenly watching Canada’s legal framework evolve. We will also do more retail interactions. Retail is ramping up across Canada; Ontario, Canada’s most populous province, will be opening its cannabis retail networks in 2020.

LB Mexico will serve as the biggest plant producer and product manufacturer in the global cannabis market, as it already does in the automotive and aerospace industries. The country is not a large consumer in comparison to countries like the US, which means that Mexico has more potential to be the number-one exporter of regulated cannabis and its derived products in the world. Cannabis can become one of the most important industries in the country. In the US, scientists have invented a huge machine in which one can put in tons of raw materials like plant stalks and leaves, and it seamlessly separates the raw matter into different materials such as, fiber, lignin, and cellulose, which can be used to make paper, plastic, textiles, fuel, and construction materials, just to mention a few. Such technology in Mexico and Colombia would thrive thanks to the thousands of tons of plant material available. Mexico can also incorporate this technology to fully take advantage of the country’s potential. We are a country of manufacturers, and there are many products that can be created from cannabis once it is legalized.
Can you tell us the main results of ExpoCannabiz and its contributions to the industry in Latin America?

Held in May 2019, ExpoCannabiz was a great event in terms of networking. The feedback we received from people was also very positive. Everybody really enjoyed the conference and made some meaningful connections. This is what it is all about. The industry is extremely new, and our main focus is to bring people together to learn and grow. We did an excellent job and noted the mistakes that were made in order to improve next time. In 2020, our event will be even bigger and better.

Why is ExpoCannabiz important in Colombia, and what is your main motivator?

The main motivator is to make sure Colombian companies become sustainable and have better opportunities to meet investors and potential buyers. Colombia is recognized for the quality of its products and its production capacity. Now, we can change the perception of market from one that is focused on illicit movement to one focused on legal trade. We can use the reputation we have developed and leverage it for our benefit. We can go from a well-known illicit to a well-respected licit market. Our goal is to create cannabis that is appreciated all across the world and bring an excellent product to the end-consumer.

What are your main expectations for what is coming up?

In 2020, we have a few events planned, which is great. Since Cartagena was such a great event, several sponsors decided we needed to do something in Brazil. We will hold an event from April 29-30, 2020 at Hotel Maksoud in São Paulo, the first we are holding outside of Colombia. Being in a different market is a challenge that we hope to take full advantage of. We expect at least 600 people to attend the event from around the São Paulo area. Attendees will learn about the sector and find new opportunities. For our main event in Colombia in 2020, I expect to see more than 2,500 people attend, compared to 1,500 in 2019. Everyone left with such a great feeling that I anticipate them returning next year and mentioning their satisfaction to others. We expect to keep growing and bringing in great speakers that can teach us all about the industry. I want to make this event a Latin American one that defies national borders, i.e. the event for industry players across the entire region.

Which companies would you like to target, and what is your perspective on what is required to keep building up this event in Latin America?

The major companies play a major role in our expos because they are the event sponsors; they are the engines for this. The smaller companies can start making contacts and get the ball rolling in their favor. This is the hardest part, because they have to get out there to meet new people and clients. It is an excellent outlet for people from Europe, Africa, Asia, and North America to come to Colombia and explore the opportunities to buy from local growers. This is the main area of work and focus.

Why is ExpoCannabiz the ideal space for giving greater exposure to Colombian growers?

We have invested a great deal of capital in advertising inside and outside of Colombia. We have secured a great space, and the Cartagena Convention Center is hands down the best place to hold an event in the country. The cost of the ticket also filters the type of people coming to the event. Inexpensive events can attract crowds that are not as interested in investing and networking. By making our event more expensive, we ensure we are getting more B2B visitors.

Do you have any additional strategies to reach international markets?

My key strategy is attending as many events as possible. I go to an event at least once a month, sometimes twice. These can be in Canada, the US, and Europe, though there is also one coming up in Cape
Town. By doing so, you get to meet more people from the industry since many of the largest players attend these events.

How can these spaces become an educational platform for the industry, and how can this influence the knowledge of the general public regarding this industry?

Right now, I am more focused on B2B. There are other conferences focused on the medical side, and these events will truly make headway in terms of liberating people from the stigma surrounding cannabis. This will decline over time as more people become aware of the benefits the plant can bring. Right now, we want to make sure the business side is sustainable. This will be essential for the long-term growth of the industry. We want to help companies develop. It used to be that keeping information secret made companies powerful; now sharing information makes you powerful. We want to help companies interact and share their knowledge because this will stimulate the industry to new heights.

What can we expect for the next event, and what do you have in your pipeline?

I am interested in tapping into the Brazilian and Central American markets. The idea is to do an event that will rotate because the markets are not as big. One year, we could do an event in Uruguay, while the next could be in Peru. By having events rotate through smaller markets, we can ensure there is a strong collaboration and development across the region.

“The main motivator is to make sure Colombian companies become sustainable and have better opportunities to meet investors and potential buyers.”
INTERVIEW

Douglas Gordon
FOUNDER,
CANEX JAMAICA

CanEx Jamaica held its fourth edition in 2019. How have you seen the climate around the industry, both in Jamaica and globally, change in the last four years?

CanEx in 2019 was extremely fulfilling. We set out on a mission to expand beyond our core of producing a top-notch event and excellent networking to present a conference experience that would truly showcase Jamaica in a broader context. We feel a sense of accomplishment based on the feedback from our attendees. They appreciated the fact that we had world-class speakers, industry-leading experts, decision makers, and leaders and executives actively seeking opportunities to partner and do business. We wanted to set ourselves apart from other conferences so that people could have a full experience, incorporating elements of Caribbean culture, great parties, and networking events to attend and overall rounding out the entire experience. As far as where the industry is going and what we have noticed, it has really evolved. The first CanEx saw people who had submitted license applications and were somewhat frustrated by the slow progress; however, they now have full farms up and running. It is truly remarkable to see how the industry has evolved in the past four years. We keep pushing to make the process move faster, especially in the Caribbean, where we want this part of the world to participate fully and benefit from the industry. We do not have the luxury of waiting for things to happen; we have to get out there and make them happen ourselves.

Jamaica will always have a distinct advantage in the industry, but it can still hone its unique legacy to better fit contemporary expectations.

“As we do not have the luxury of waiting for things to happen; we have to get out there and make them happen ourselves.”

As other countries in the region work to establish their local markets, what must Jamaica do to remain at the forefront of the sector?

Due to its cultural heritage and the work done by many icons—Peter Tosh and Bob Marley, for example—Jamaica will always have a distinct advantage in this industry, albeit from an adult use perspective; however, it has tremendous benefit in terms of tourist arrivals, participation, and support of the local industry. Jamaica has a population of 2.9 million people, but over 4.3 million tourists come every year. Being able to service a market exceeding seven million in is a huge opportunity for a small country. The ability to move the needle on GDP, and particularly GDP per capita, is fairly substantial. In terms of outbound potential, our proximity to the equator and hours of natural sunlight help lower production costs. The other aspect is that we have a workforce here that understands the plant. There is more to growing cannabis than putting plants in the ground. We have to impart and exchange knowledge with folks who already have expertise growing cannabis over many years, which would position Jamaica to produce both flower and oil for global markets.

What has been the investor feedback during CanEx regarding the challenges of the local cannabis sector?

There is a different speed of doing business in Jamaica than in other countries. It tends to be a point of pain for people who want to do business here, particularly in an industry that is moving so fast. Businesses also have to navigate the fact that many people want smaller farmers to be able to participate, but now it is about imparting knowledge and laying a roadmap as to how they can do so. It can be difficult for someone whose true love and passion is solely in farming to tackle the full spectrum of considerations in running a legal cannabis business – with everything from negotiating leases and understanding compliance, not to mention security regulations. There is an education process taking place now to bring that to fruition. A great deal of foreign investments coming in are heavily focused on exports.
It has been a few years since the medical cannabis industry started flourishing in Latin America. How do you perceive it?

We have been serving the industry in the US for several years, and we have realized that most of the companies that are mature in North America are looking to expand their operations and services. That is why we started looking at Latin America as a big opportunity. When Colombia decided to legalize medicinal cannabis back in 2016, we started our operations there. Colombia and Mexico are likely to lead the industry in LATAM since both have the knowledge and experience in cultivating in such climes. There is a learning curve that is going to be difficult to catch up for other countries in the region; the geographic advantage also makes Colombia and Mexico attractive.

How does Muisca support these initiatives in Latin America?

We focus on providing venture capital and fundraising services. We help entrepreneurs, start-ups, and expanding organizations find a reliable, sustainable, and strategic source of growth capital. We perform a strong due diligence process and make sure the company receiving the funds is sustainable, fulfills all legal requirements, has an experienced and honest team, a clear mission, a clear path, sales, and traction. Then, we decide if we should offer our services. One of our most representative transactions up to date was an M&A of a dispensary chain in California valued at USD250 million. This has positioned our firm as one of the leading organizations in terms of financial structuring for M&As in the US, not to mention fundraising.

Muisca Capital Group organized the first cannabis investment summit in Latin America. Did it meet your expectations?

When we started our operations as a management investment firm, we realized we needed an investment-related networking space for the industry ecosystem in LATAM, so we decided to open a specific branch for the cannabis industry after coming from real estate and tech. Our firm realized that an international networking group was needed for everybody in the industry to meet, offer their services and products, and do general business. That is why we decided to create and organize the Cannabiz Latino Hub-Impact Investment Summit & B2B Expo. We decided to hold the first edition in Colombia because of the maturity of the market here. We gathered 148+ accredited investors from all over the world, an event that took three years of planning; it was not easy, but we made it. We really wanted to do it right and professionally, following the best practices of the venture capital industry. We wanted to put 100% accredited investors in front of all the beautiful initiatives in Colombia. It turned out to be really successful.

You also founded and organized CannaCiencia, a two-day scientific cannabis symposium. Can you tell us more about this?

CannaCiencia is the world’s first cannabis scientific symposium in Spanish. It is bilingual and we offer the opportunity to give a speech in English or Spanish. It was born mainly for two reasons. One, to empower Latino scientists and cannabis related research. We wanted to create a platform for them and show the world what Latin America is doing; yes, we are doing science! One of the results of our first event was the creation of the framework for analytical testing for the industry in Colombia. This is crucial for the patient and also for the entire success of the nascent industry. Through CannaCiencia, we continuously educate the government, doctors, patients, and entrepreneurs. One of the biggest challenges in Latin America is the stigma and fear around cannabis. We wanted to show Latinos that there is a tremendous economic opportunity that can be reached by everyone in our beautiful and vibrant Latino community around the world. The stigma and fear should not stop us!
Investment Spotlight

FRESH GREENBACKS

Though cannabis equity valuations took a beating in the US and Canada in the autumn of 2019—with some dropping as much as 40-50% on their March value—the long-term investment potential for the medical cannabis sector remains extremely robust. Though it does seem unlikely that cannabis will overtook soft drinks by 2030, as some analysts predicted in 2018, enormous opportunities are still abound to get in a dynamic market early—especially as some of the market’s earlier “giants” have already taken their initial sophomoric beating. This is one of the reasons New York-based Northern Swan merged with Clever Leaves, a leading Colombian player in Latin America’s cannabis market, in November—adding the latter’s Bogotá offices to its critical presence in New York, Frankfurt, London, Lima, and Portugal, giving the combined partnership the global scale it needs (under the name Clever Leaves) to become an international brand.

It was in this same spirit that Cannaverde, an ambitious young Canadian cannabis company, acquired Bucaramanga-based Green Health Colombia at the end of 2018 and its seven licensed hectares on which to grow the green stuff. There is an option to add another 100 acres as that partnership grows. And the Canadian love affair with Gran Colombia hardly ends there. In June 2019, Canada-based Canopy Growth, a much larger company with a market capitalization of USD7.3 billion, struck up a partnership with the Barranquilla-based pharmaceutical Procaps to focus on joint education and R&D projects to develop high-quality medical cannabis derivatives. “This accord,” Canopy Growth’s CEO Mark Zekulin said, “gives our global production chain an instantaneous capacity to soon provide the entire Latin American market with a wide variety of high-quality medical cannabis derivatives.”

As valuations for Latin America’s total medical cannabis market surged from USD125 million in early 2018 to as high as USD13 billion by 2028, so has interest in some of the region’s largest players. Canadian-Colombian Khiron Life Sciences, for example, now has agreements in nine region-
al countries while running one of the continents largest grow operations, with nearly 9 million sqft under cultivation. While Pharmacielo, another Canadian firm with operations centered on Colombia, saw its stock market cap reach USD180 million by December 2019, Toronto-based Avicanna’s dropped by 75% to USD35 million, making it a bargain for those looking to get in on the ground floor. Though Canadian-Colombian Medcolcanna’s stock was down by 65% in 2019 to a market capitalization of USD25 million, the company not only completed its 250,000-sqft greenhouse in Cota, Colombia, but also signed an R&D agreement with the University of Groningen in the Netherlands to conduct clinical trials on the effects of different cannabinooid formulations on human diseases.

Finally, younger Colombian firms such as Manizales-based Green Queens and Huila- and Bogotá-based Cannagustin are also gearing up to make a big splash once they find the right investment partners. Green Queens, for its part, is located smack in the heart of the Eje Cafetero, not only one of the richest agricultural zones on the planet, but also merely 100km from two international airports. As CEO & President Juliana Trujillo told TBY, Green Queens is focused on far more than Latin or North America; “Our plan to continue this growth is to focus on the organic cultivation-side of the business for the medical cannabis industry in Oceania.”

Cannagustin is also eagerly looking for smart capital to expand its promising operations and obtain a national registry of cultivators to allow it to launch its first commercial crop from 2021 onward, in addition to building additional greenhouses, CEO Daniel Molano told TBY. As the new year beckons, so do some of the region’s biggest opportunities.
fulfilling the FUNDAMENTALS

Inexpensive cultivation costs, ideal growing conditions, experienced labor, and strategic locations close to major consumer markets arguably make Latin America the most attractive cannabis market on earth.

César Gutiérrez
MANAGING PARTNER,
BASTION CAPITAL ADVISORS (BCA)

How is BCA transitioning into the medical cannabis sector?

BCA is a boutique investment bank focused on providing M&A, capital raising, and corporate strategy advisory services across Latin America and the Caribbean. Few years ago, it was evident that entrepreneurs were struggling to be professionally served by investment banking firms, mainly due to a misconception about the industry and its reputation. We have learned the main singularities of this emerging industry by spending time listening to and speaking with people around the industry and traveling to different markets to understand first-hand the production process, its transformation to finished goods, and the wide variety of benefits that cannabis can bring to our lives. Our track record of over 60 years of combined experience in successfully closing transactions with global reach sets us apart as the one-stop shop for M&A leaders in the region for impacted industries, helping companies reach their potential while the international investing community achieves its investment goals.

What are the biggest challenges that medical cannabis entrepreneurs in Latin America have in raising money?

From a regulatory perspective, there is still confusion regarding what licenses are required for each part of the process in different countries. From the project perspective, we have seen how the lack of robustness in structuring projects not only from the technical side but also from a strategic and financial perspective definitely impair project credibility. Past experience will be always important, especially if it comes from precision agriculture; however, what investors really look for is a management team that understands the uniqueness of the industry, the value drivers, and how to quickly make decisions that are translated into a new and stronger deliver skillset.

What would you say to investors in Canada or the US who are looking at Latin America?

With a population of nearby 620 million people, Latin American is poised to become a global leader for supplying the world’s cannabis market, based on the competitive advantages our countries possess such as inexpensive cultivation costs, ideal growing conditions (12 hours of natural light), agriculturally experienced labor, and strategic locations close to major consumer markets. Since Uruguay’s legalization of cannabis in 2013 and Colombia’s in 2017, neighboring countries have approved their regulations for medical cannabis. In late 2019, for example, Brazil approved the import of medicinal cannabis, thus becoming the largest consumer market in the region. Mexico is also expected to legalize all forms of cannabis in the first half of 2020. All these, coupled with a projected market size of USD13 billion by 2028, half of which is expected to come from medicinal cannabis, and another approximately USD13 billion from hemp, signal the size of the opportunity to take advantage of. Not to mention the benefits to broader economic development, whether in the form of production, processing, retail, digital, or other ancillary services. As an example, in Colombia alone more than USD400 million has been invested since the legalization.

What indicators do you look for to determine if a project is worth taking on?

Before taking on any transactions, we internally assess the opportunity to determine the likelihood of adding value to companies, deliver as promised, and match investors’ requirements. Investors are our clients too, and they have instructed us clearly on their investment goals, so we need to carefully select companies that fully fit our mandate. A well-defined path to turn strong business plans with clear competitive advantages, juicy financial projections, and nicely elaborated investment decks into sustainable profitable and cash generators companies are, indeed, the keys to success. Scalability for integrating with other verticals, a management team capable of delivering with consistency, and a solid corporate governance framework combined with a positive impact in the communities they operate in are also fundamental. Investors have strengthened their decision-making process to finance projects. Now, management needs to keep focused on running the operations while M&A advisors execute the transaction, an extremely time-consuming process.

BIO

César Gutiérrez is a senior executive with 20-plus years of experience and successful track record in executing M&A, capital raising, and corporate strategy deals ranging from planning, structuring to financial close, integrations and beyond. He founded Bastion Capital Advisors in 2013. Prior to this, he was part of KPMG Global Infrastructure based in Canada. He was also vice president of M&A of the largest F&B conglomerate in the Caribbean. Gutiérrez holds an MBA from IÉ, a master’s in corporate finance, and a bachelor’s degree in accounting majoring in financial management. He has lectured on M&A and investment banking at the most prestigious business schools in Colombia.
Bastion Capital Advisors is a boutique investment bank focused on providing M&A, Capital Raising and Corporate Strategy advisory services for mid-market entrepreneurs, emerging companies and qualified investors seeking to navigate impacted industries. With a team of seasoned executives committed to client’s long-term success, Bastion Capital Advisors provides unbiased advice, deep industry knowledge and global reach.

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Juliana Trujillo
CEO & President,
GREEN QUEENS COLOMBIA S.A.S.

What have been the main accomplishments of Green Queens so far?
2019 moved quickly for us. We were able to apply for the four licenses to the Ministry of Justice and the Ministry of Health, and early October, we received a favorable concept in the visit to the property from the Ministry of Justice. We have developed a solid business plan to approach new business partners. Our plan to continue this growth is to focus on the organic cultivation side of the business for the medical cannabis industry in Oceania.

Green Queens is focusing on attracting the right talent and working on a solid business plan to grow further in this booming new sector.

“There are multiple ways this industry will change people’s lives.”

What approaches do you have planned in order to bring high-end and key partners to Green Queens?
This is an extremely competitive market and measuring up against others requires a great deal of knowledge, research, and talent. So far, one of the successes we have found in this business has been working as a team. We are taking our time to look around and build up a strong network that allows us to know the market better and find the right business opportunity based on product differentiation, high quality, and exploring new markets such as Oceania. We are listening to people with great ideas on new techniques for organic cultivation processes and so on but lack the resources to develop them. We are convinced that developing an organic crop is the best option for the plant, final consumer, and the environment. We need to develop an organic ecosystem where all the factors are interrelated and contribute to the functioning of a chain of processes. We need to understand and respect the cycles of nature.

Why base the business in Manizales?
Manizales is our hometown, and this is where we live; however, most importantly, Manizales is located in the heart of the coffee zone. Its core economy is agriculture, plus it is safe and has public order that few regions in the country have. It has fertile soil, it has a strategic location with two international airports within a 100km, free zones, and a great deal of commuting between the coffee zone and the main cities of Bogotá, Cali, and Medellin makes of this region an ideal option for this emerging industry.

What strategies do you have to continue reaching international markets and stakeholders?
At the moment, we are building up a solid network, which is important in this business. We want to stay up-to-date on opportunities and news from other markets. It is easy to find people who desire to be part of this business, but it is difficult to find the right people to work with. We must make sure that any future partner shares the same values and fundamentals we have. This is the only way to create synergies between the people who will be part of our project. I lived in New Zealand for more than 10 years and know the culture and dynamics of Oceania well. There are also other key factors when thinking about this market. Australia is one of the largest destinations for medical cannabis products from Canada; its annual prevalence of cannabis is around 10% compared to 3% worldwide. Australia is also the global leader in organic agriculture based on certified organic hectares, which means that there is high sensibility and acceptance in the organic market.

What will be the role of medical cannabis in the economy?
I see it as an industrial movement. We are talking about improving the quality of life of many people around the globe, as well as the number of jobs and the revenues this industry can bring to the country. It also improves the quality of life of the people of our community, through different options of cultivation, better education, higher salaries, and more opportunities. There are multiple ways this industry will change people’s lives. However, the hemp industry also benefits our ecosystems and environment. Hemp has served as an important raw material for the manufacture of ropes, canvases, textiles, paper, and petroleum products, among others. It is a whole change for the economy and a game changer for Colombia’s reputation regarding drugs, namely shifting from illegality to formalized, legal cannabis production.
Where did the name Cannagustin come from?
The name comes from a town called San Agustín near the Pitalito region, where we are based. San Agustín is home to some ancient monoliths. The site was excavated, and archeologists found up to 3,000-year-old engraved stones that belonged to the San Agustín and Tierra Adentro cultures. It is an incredible region with beautiful landscapes, pictograms, stone engravings, and sculptures. The region is known for its ancient tradition of cannabis cultivation and use, and this motivated us to name our company Cannagustin.

What added value do you offer to the Colombian market?
One of our added values is that we register Fuente Semillera, a licensed seed or germplasm bank authorized by the Colombian government. Moreover, we are committed to applying global best practices to all our current and future cultivation processes because our end goal is also to be able to export our derivative products. In addition, we have qualified professionals with experience in the cannabis industry.

What are your medium- and long-term plans?
Our medium-term plans are to consolidate ourselves as a leading company in the south of the country in cultivation and extraction of cannabis products. In the long term, we want to become one of the most important companies in the region in the export of high-quality cannabis derivatives.

What kind of products will you initially launch?
The first products we aim to introduce are full-spectrum oil and distilled THC and CBD oils, after which we want to launch CBD and THC-A isolates, all of which will be high-quality intermediate derivative products. We then plan to go one step further and introduce finished products such as tinctures, drops, consumer products, and hemp products.

Cannagustin’s long-term goal is to become one of the leading exporters of high-quality cannabis derivatives in the region.

Which Colombian cities have the greatest potential for the development of a medical cannabis company?
In major cities like Bogotá, Medellín, and Cali, there can be an important development in terms of the use of medical cannabis by patients; however, some regions such as Boyacá, Cundinamarca, Antioquia, Valle, Cauca, Meta, and Huila present greater potential for crop development. Our operations in the Huila region, in Pitalito, enjoy a competitive advantage, as we are only a 10-minute drive from the Pitalito airport. Our other headquarter is in Bogotá, a key place for the cannabis industry given the number of events that take place there on a regular basis. Also, the majority of key players across the value chain are present in Bogotá.

What are your goals for 2020 and 2021?
We hope to acquire the necessary capital so that in 2020 we can start the adaptation and agronomic evaluation tests of some of the genetics we have registered. With this, we would obtain a national register of cultivators, allowing us to start a commercial crop from 2021, for which we will require additional capital for the construction of greenhouses and an extraction plant. Our first extraction of derivatives should be in mid-2021, when we expect to go to market. ✗

What is your opinion of the impact of cannabis-based drinks and oils?
Our research shows people in Colombia are open to these products. Given the importance of such products in the market, the government should take the opportunity to establish the necessary framework. With regard to edible products, there are a number of gaps to be filled. The edible market represents huge potential if the government can ease regulations. Industrial hemp is another segment that can help us diversify our portfolio.

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BIO
An industrial engineer with a green belt certification in Lean Six Sigma, Daniel Molano has 13 years of experience in process optimization and management in addition to six years of experience in creating and developing innovation systems, value propositions, and innovative business models. He also has experience in developing and directing R&D projects and teams. He is a professional focused on continuous improvement through the efficient use of resources and optimization tools, best practices, and taking a systemic approach with applicable policies and legislation.
PIDEKA is the first and only licensed indoor producer with a tissue culture laboratory and a solvent and solvent-less extraction lab (to be eGMP certified) with an experienced management team that has expertise in all functional areas of cannabis production.

We submitted 55 strains of seeds to the regulator (ICA) before it closed the window in December 2018. 28 of those strains are THC/CBD, 5 are CBD dominant, and 22 are THC dominant.

Pideka has an established history as a leading medical producer who has treated over 2,000 patients on the back of extensive research and database of treatment studies.
executing the RIGHT STRATEGY

Can you tell us how Virgin Cannabis was born?
Virgin Cannabis was born four years ago when we began to explore how extraction could have a positive impact on health for different medical afflictions. We have more than 30 years of experience building a chemical company for different industries in LATAM, and Virgin Cannabis is our new proposition for the industrial group. We are pursuing a vast industrial improvement for the pharma business with top of the line technology and working to be positioned as a unique Colombian brand for a worldwide market.

What have been your main achievements with Virgin Cannabis?
Our greatest achievement thus far has been experience, knowledge, and people. We have been studying cannabis for the past four years because we realized that if we were going to enter the business, we needed to have a strong know-how on the subject and experience, which has been our way to build strong companies in such a volatile time and market. It must also be stressed that people are our most important asset and the only way to build a competitive company.

Can you highlight some of the particularities of your extraction process?
Our extraction process is top of the line and fully GMP-certified. We add value by blending formulations of extremely high-end quality cannabis for the pharma sector. In addition, every time we extract, the process helps us train local people with new knowledge in order to develop our country.

What role do certifications and innovation play in your work?
It is everything. All our certifications—the GMP, the gear that we are buying, ISO, and ISO 9001—are key to selling our products abroad and achieving capacity and credibility of having unique, high-quality products for the industry.

Why should foreign investors and companies invest in a company like Virgin Cannabis?
Our profile is industrial people that believe in businesses that bring value to society. In the past, we have built companies in the chemical field and always focus on producing goods with high standards and eco-friendly raw materials that add value to our clients and employees. As this is not the first business we have developed, we are looking for an investor that trusts our “glocal” strategy with local execution.

How have you used previous experience to make Virgin Cannabis a better company?
Colombia is a country full of opportunities, yet since we are an emerging economy, we face a highly volatile environment, especially in the industrial sector. We see this status quo as one of our most valuable know-hows. Our ability to overcome adversity and build strong companies can save large sums of time and money when building new projects. In other words, we have the knowledge and potential for growth with Virgin Cannabis.

What strategies does Virgin Cannabis have to provide added value to its services and products?
We are strategically located in the town of Chocontá, near Bogotá, where the environmental conditions, air quality, land quality, and abundance of water are unique to developing and growing our top-line raw materials. On the other hand, our strategy and main focus is to offer products of high purity with the Made in Colombia brand. This will be made with fully GMP equipment, as well as a technical and chemical staff that can satisfy the needs of the market.

Does most of your workforce in your facilities come from Chocontá?
Yes, the operative part of cultivation comes from Chocontá, which only has 25,000 people, most of whom work in agriculture. Chocontá is close to the start of the Bogotá River, which gives us access to excellent quality water.

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CannaBit
LATIN AMERICA

LATIN AMERICA’S TOP 5 ESTIMATED TOTAL ADDRESSABLE MARKETS FOR 2019

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CannaBit
BRAZIL PATIENT PARTICIPATION LEVELS
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- 22.2 MILLION Brazilians suffer from chronic pain of the lower back and neck.
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- Year 2: 2,573,221 Qualifying Conditions Including Chronic Pain, 725,339 Not Including Chronic Pain
- Year 3: 3,403,427 Qualifying Conditions Including Chronic Pain, 959,357 Not Including Chronic Pain

The Green Hub

The Green Hub

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PROJECTED ANNUAL REVENUE WITH A PROGRAM FEATURING CHRONIC PAIN AS A QUALIFYING CONDITION AND PATIENT COUNTS OF 3.4 MILLION

$1.4 BILLION

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