

How South America is legislating and consuming cannabis



During his recent consultations in South America, **Thomas Walker** noticed a wave of acceptance for the legalisation of cannabis for private use and commercial production across Latin America.

South America, which is spread across 260° of latitude, has an amazing range of climates for the production of cannabis. This allows for the cultivation of many cultivars. Moreover, Mexico, Colombia, Ecuador, Argentina, Chile, and Uruguay have adopted varying legislation governing the production, sale and use of cannabis.

MEXICO

With its population of approximately 127 million people, Mexico has been projected to become one of the largest markets for cannabis in the world. This means that Mexican cannabis producers do not have to export product, sparing them the burden of additional testing, certification, export permits, shipping costs and so forth.

• Pros

A huge population base; exceptional climate for cannabis production; recent legalisation for personal consumption; low cost of labour.

• Cons

Cartel activity and their reaction to the legalised market.

URUGUAY

Uruguay was the first country in the world to legalise cannabis federally. However, the current government is not as keen on cannabis as was the administration of former President José Mujica, which has hindered the adoption of more progressive legislation changes governing banking.

Banks are highly reluctant to transact with cannabis businesses in Uruguay, out of fear of international sanctions. Nevertheless, large international cannabis companies are investing in Uruguay.

• Pros

Federal legalisation; favourable climate; low cost of labour.

• Cons

A difficult banking environment; negative views of the new government on cannabis.

SUITABLE CLIMATE AND CHEAP LABOUR COULD MAKE LATIN AMERICA A CANNABIS PRODUCTION POWERHOUSE

COLOMBIA

Back in 2004, Colombia decriminalised personal cannabis use, and in 2015 the Colombian Supreme Court allowed for personal cultivation of up to 20 plants per individual. At the same time, legislation was enacted by President Juan Manuel Santos that kick-started the commercial production, import and export of cannabis.

As of February 2020, the country's Information Mechanism for Cannabis Control had processed 608 licences.

• Pros

A favourable climate; efficient licensing process.

• Cons

Under current legislation, only cannabis oil, not flowers, may be exported. This means that producers have to convert their entire crop to oil, which translates to higher production costs due to conversion losses and processing fees.

In addition, destruction of cannabis plants at any stage of production is not allowed. This is a problem, as not

all plants perform optimally, which is why cultivators always produce excess plants, cull those that underperform, and keep those that produce the desired results.

CHILE

Chile has the highest per-capita consumption of cannabis in Latin America. Personal use has been decriminalised, and the cultivation of up to six plants per home is allowed.

In 2014, growers were given the go-ahead by government to cultivate cannabis for conversion to oil for cancer patients. And more recently, the cultivation, sale and importation of medicinal cannabis were legislated. Licences are approved through the Agricultural and Livestock Service.

• Pros

A highly favourable climate; excellent volcanic soils for the production of recreational cannabis; low cost of labour.

• Cons

There is currently no legal avenue for the authorisation of industrial use.

CONCLUSION

Although there are various legislation challenges in the different countries, its suitable climate, adequate sunshine and low cost of labour could make Latin America a powerhouse in cannabis production.

The use of lawyers and consultants proficient in compliance and cultivation will ensure rapid deployment into these developing markets, allowing for early brand establishment.

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