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MINISTER OF STATE
CANEX
MONTEGO BAY CONVENTION CENTRE
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DEVELOPING A DYNAMIC CANNABIS INDUSTRY IN JAMAICA

- Ladies and gentlemen

INTRODUCTION

I am pleased to be here representing Jamaica's Ministry of Industry, Investment and Commerce, which has responsibility for the development and direction of our local Cannabis Industry.

CanEx is always a highly anticipated event, and I have been enjoying this year's opportunity to share points of view and explore developments that we can exploit to benefit of industry stakeholders and our countries.

Comparatively, the regulated Cannabis Industry in Jamaica is a fledgling one, only seven years old. The Cannabis Licensing Authority, an agency in my ministry, was formed in 2015, to establish and regulate the industry.

There is high interest in the sector locally. The CLA has been issuing its five varieties of licences - for retail operations, transportation, cultivation, processing, and research and development, as well as authorizations for export and import. A total of 176 export authorizations (168 ganja & 8 hemp) have been issued up to the end of July this year, which have facilitated research, medicine, and cultivation.

One significant industry development this year was that in February we facilitated the first legal transshipment of cannabis through the country, from St Vincent and the

Grenadines to Germany. This has set the stage for Jamaica to become a hub for the legal transshipment of cannabis for medical purposes.

JAMAICA'S CURRENT INITIATIVES

The quality of Jamaica's indigenous strains, coupled with considerable local knowledge and Jamaica's climatic conditions, place cannabis as a commodity with the potential to transform Jamaica's economic fortunes. According to Grandview Research, the global legal cannabis market size was valued at USD 17.8 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 25.3% from 2022 to 2030.¹

This high demand is being fuelled by the increase in the number of countries which have legalized or decriminalised cannabis, and its increasing acceptance for medicinal purposes. The Government of Jamaica is very much clued in to the economic potential of cannabis and we have been approaching the establishment of a viable industry with diligence, creativity and responsiveness to the market.

Cultivator's Special Permit

As the government of Jamaica's implementing agency, the Cannabis Licensing Authority has engaged consistently with industry stakeholders for their feedback on the impact of the measures we had in place.

Following consultations with small and traditional ganja farmers, the CLA formulated a policy for a Cultivator's (transitional) Special Permit. Individuals who qualify for this permit will be charged lower fees, have modified security requirements, and will be able to sell to CLA licensees. They will use the transitional period of two years to prepare to enter the existing licensing regime, while mindful of the prevention of leakage from the system's lower fees and modified arrangements.

The Alternative Development Project (ADP)

An additional initiative to engage the grassroots farmers is the Alternative Development Project, which is a programme designed from the United Nations Office on Drugs and Crime's alternative development approach. This approach is based on the concept that the "illicit drug supply can only be reduced successfully by addressing illicit drug crop cultivation through poverty reduction within a framework of sustainable development."

¹ <https://www.grandviewresearch.com/industry-analysis/legal-cannabis-market>

The ADP gives farmers an economically viable, legal alternative to growing illicit crops, and reduce their dependency on illicit income.

The Ministry of Industry, Investment and Commerce authorised Accompong Maroon Town as the first participating community for the ADP. This pilot lasted one year and we are now refining the model with the intention of implementing a second phase for community groups from across parishes.

Mother Farm Project

We have also conceptualised a pilot project which will utilize elements of the mother-farm concept and apply them to the medical cannabis industry.

In this model, the mother farm would be a licensed cultivator or processor to whom a subsistence farmer agrees to sell the ganja cultivated. These mother farms will provide resources to satellite farmers where necessary, for growing and developing plants.

The CLA will also support both mother farms and satellite farms and provide guidance on standards such as Good Agricultural Practices (GAP) and Good Manufacturing Practices. We anticipate that this machinery of the mother farm concept will lead to in mentorship and good business practices.

LEVELLING UP TO A DYNAMIC INDUSTRY

While we are improving operations, we are also keeping a keen eye on global developments in the industry and thinking strategically about what is needed for Jamaica to become the cannabis powerhouse that it can be.

Research and Development

The first key prerequisite I would like to mention is research and development. Despite its history and prevalence of its use, cannabis remains an under-researched drug. There is limited empirical evidenced studies to confirm the effectiveness of THC or CBD for the treatment of medical issues, beyond a few rare disorders, and limited ethnic groups to ascertain the best dosage, side effects profile and effectiveness. While there have been exciting findings on the use of THC as a treatment for patients with some specific ailments, there has been nothing to generate mass market appeal.

If we are to make a strong case for the medicinal value of a drug, strong research and development evidence are needed to pique and maintain the interest of investors. This is

an area which I strongly commend to our tertiary institutions, and to other bodies dedicated to research to inform economic development.

Intellectual Property Rights

The industry also needs to look proactively at Intellectual Property Rights as a critical driver to protect intellectual property and increase earnings. Progress in research and development creates data and knowledge that can set companies apart in the eyes of investors. Patents allow owners and investors to be competitive. As new studies are conducted and new research becomes available, IP will be more valuable than ever. Medical cannabis producers should recognize that securing patents will make or break their businesses and that they should be proactive in gathering and protecting their IP.

I am very pleased to advise you that the CLA and the Jamaica Intellectual Property Office (JIPO), another of our agencies, are now in discussions with partner institutions to secure IP rights for Jamaican cannabis.

Cannabis Tourism

We must also look to the very viable opportunity that is offered through Cannabis Tourism. The CLA has already developed a policy for Cannabis Tours that will allow visits to approved cultivation and retail facilities as well as approved alternative development communities.

This is another creative initiative which is at an advanced stage and we expect full roll out by the end of this year.

Timely Entry to Market

This is a critical factor, as it is necessary to discourage anticompetitive conduct. The CLA has been very responsive to this demand and since April processing standards have improved significantly. Conditional approvals have moved from a processing time of six to two months; export authorisations from 29 calendar days to 22 calendar days; and agreements for sale between licensees from 11 calendar days to two calendar days.

Access to Capital Markets

Companies need to attract stable, institutional investors. The promising growth of the medical cannabis market can be maximized by strong relationships between licensees and investors, to lay a solid foundation for future growth.

This includes cannabis companies being traded publicly on the stock market. Rising sales can help investors identify companies that are able to grow revenue organically or through other means, as well as find growing companies that have not yet reached profitability. Traditional stock market indices, such as the Nasdaq and the New York Stock Exchange, continue to include more companies from the marijuana industry. Many of them managed to maintain revenue growth despite the massive disruptions caused by the COVID-19 pandemic.

Access to New Markets

Since 2018, via interim measures for import and export of cannabis, the CLA has been facilitating exports by issuing authorisations to licensees who have secured import permits from target countries that are also signatories to the international drug conventions.

To access these global markets, local players must be able to meet standards relevant to those markets. These standards include Good Agricultural Practices (GAP) and Good Manufacturing Practices (GMP), which can also be specific to markets such as the European Union (EUGMP).

The Bureau of Standards Jamaica (BSJ), another agency in the Ministry of Industry, Investment and Commerce, has promulgated nine standards specific to the cannabis industry. These Jamaican standards stipulate, among other things, how cannabis is to be cultivated, processed, packaged and labelled, for medicinal, scientific and therapeutic use.

I encourage all stakeholders in the industry to pay attention to the requirements as these are the standards that will make your products accepted and held in high regard both locally and internationally. As key players in the industry, we know that Jamaica does not have a monopoly on high-grade cannabis and we have to nurture the integrity of our products for the increasingly discerning consumer.

Business Opportunities

Despite the challenges have been identified within the cannabis industry, lucrative opportunities have also emerged in the local and international market as consumer demand grows and the gradual deregulation process continues. These provide

opportunities to increase local employment, with the domino effects of additional revenue streams for families and increased foreign exchange earnings for Jamaica.

Key opportunities are:

- **Cultivation.** Our soil type and climate conditions facilitate the growth of multiple strains. As we develop, there is the opportunity for a mixture of outdoor and indoor cultivation to grow the industry.
- **Processing:** There is wide scope to develop the processing and exports of medicinal cannabis.
- Opportunities also exist in **Transportation** to move cannabis across the island.
- **Retail:** Millions of tourists visit Jamaica each year, and there is a ready market for enterprises such as retail herb houses, pharmacies and health stores to be prime facilities that can take advantage of these potential consumers.
- Widening the local market to **include nutraceuticals**. So far, hemp and cannabidiol (CBD) are the trendy ingredients in nutraceutical products.

In 2020, the Global CBD Nutraceuticals Market size was valued at USD 6.18 Billion and is projected to reach USD 23.84 Billion by 2028, growing at a compound annual growth rate of 18.40% from 2021 to 2028.

Nutraceuticals are gaining immense popularity as they're free of intoxication. According to a report published by World Health Organization, CBD shows no significant results indicative of any abuse or dependence potential.

- **Other trends** that the industry should be watching are the move in the food and beverage industry towards low or non-alcoholic drinks, where THC is a likely replacement for the responsible buzz that is being preferred; the move away from synthetic medication, where cannabis could feature as a replacement; and the increase in attention to mental health and wellbeing, where cannabis could be considered for its mood-altering properties.

Though Jamaica is currently focused on medical cannabis, it is expected that by 2030, the legal cannabis landscape will be transformed as major household brand names incorporate the substance in their products.

Our vision is "To have a medical, therapeutic, and scientific cannabis industry that creates equal opportunities, enables people's health and wellness with safe and diverse products, fosters investor confidence, and strengthens the Jamaican economy through an effective regulatory framework."

There are great possibilities for the Caribbean region. We have a strategic location for international business and an internal market that is ready to consume the available byproducts of cannabis. Let us leverage all our resources and secure our place as the premier provider of cannabis products.

Ladies and gentlemen, thank you.