

CHTA Presentation to the Senate Social Affairs, Science and Technology Committee Ottawa May 23, 2018

The Canadian Hemp industry has grown to over 135,000 acres in nine Canadian provinces, establishing Canada as a global leader in the production and processing of hemp grain for food. Hemp has the potential to become Canada's next Cinderella crop (like canola), as modernization of the regulations enabled by Bill C-45 support growth and investment in the food, feed, fibre and natural health product markets. In order to achieve our goal of a \$1 billion Canadian hemp industry by 2023, contributing to Canada's \$75 billion agricultural export vision, CHTA is requesting the Senate pass Bill C-45:

- Concerns that CHTA shared with the House Standing Committee for Health in September 2017 have largely been addressed by the revised bill, and proposed enabling regulation,
- Modernizing the Industrial Hemp Regulation as proposed by Health Canada in the context of implementing Bill C-45 has received general support from Canadian hemp farmers and other members of CHTA.

INDUSTRIAL HEMP: THE “LOW THC” AGRICULTURAL CROP

Commercial hemp has been successfully cultivated in Canada since the introduction of the Industrial Hemp Regulations in 1998. Hemp is an important and rapidly expanding segment of the Canadian agriculture industry. High margins have attracted many new growers, and licensed acres have grown by over 20% per year for the last five years, reaching a recent high of 138,015 acres. This is impressive growth for a crop introduced to a new generation of Canadian farmers less than 20 years ago.

In the past 19 years, there have been no documented instances of public safety risk or criminal activity associated with hemp cultivation, storage and distribution. It has proven itself to be a safe and economically viable agricultural crop.

Hemp is currently grown in Canada for grain and fibre. It is produced under licenses issued by Health Canada pursuant to which fibre, seed and grain can be sold, processed and exported. Canadian industrial hemp contains less than 0.3% tetrahydrocannabinol (“THC”), and a crop is only classified as industrial hemp in Canada if grown from certified seed of a variety on Health Canada's List of Approved Cultivars. It is well known that THC is the cannabinoid in Cannabis that is responsible for the plant's psychoactive effect, and that it is essentially impossible to get “high” from consuming industrial hemp. While very low in THC, industrial hemp contains a variety of beneficial non-psychoactive cannabinoids, including cannabidiol (“CBD”). These non-psychoactive cannabinoids have promising therapeutic and natural health product uses and, when harvested from industrial hemp, exist in the absence of THC and display superior medicinal properties compared to synthetic cannabinoids.

Hemp generally has more CBD than high THC cannabis (or “Marijuana”). A field of hemp is estimated to produce over 12 kg CBD per hectare. Therefore, there is much interest in sourcing hemp-derived CBD for natural health products globally, and the rest of the world is watching Canada's emergence in this market. The potential benefits to the agricultural economy in general, and the food, fibre, feed and natural health and wellness market, from hemp derived

products represents an unprecedented opportunity. We have never before encountered a crop of this scope and potential.

INTRODUCTION TO THE CANADIAN HEMP TRADE ALLIANCE

The Canadian Hemp Trade Alliance (“CHTA”) was established in 2003 as a national organization to represent Canada’s industrial hemp industry. The CHTA promotes Canadian industrial hemp and hemp products globally, disseminates information and promotes research. It currently has over 360 members, including farmers, processors, manufacturers, researchers, entrepreneurs and marketers.

Pending changes to Canadian cannabis regulations enabled by the passing of Bill C-45 support the ability for hemp farmers to harvest and sell other plant parts to licensed processors. This is likely to create a commercial pathway for hemp-derived non-psychoactive cannabinoids and terpenes, which are beginning to be studied for a number of functional food, nutraceutical and pharmaceutical uses.

Canada has become a world leader in hemp production and is a large exporter of hemp grain products. Importantly, 100% of hemp exported from Canada has been processed in some manner, creating value added benefits. Exports in 2016 surpassed \$145 million from an industry that employs over 1,200 Canadians. The Canadian agricultural hemp industry is poised to grow to over \$1 billion in exports, creating another 3,000 new jobs over the next six years, but significant innovation and technological development investment will be required. Competitors in the US, Europe, Australia, China and other countries are turning their attention to the opportunities from agricultural hemp, and Canada has a “window of opportunity” to leverage its global leadership position in hemp.

CHTA OBSERVATIONS FROM THE PROPOSED REGULATION OF HEMP

Our organization reviewed the proposed regulations issued by Health Canada in November 2017 and conducted extensive consultations with our membership and other parties interested in the hemp industry. In our submission to the public consultation in January 2018, we supported the removal or reduction in Health Canada regulatory oversight of such items as Criminal Record Checks, agricultural practices and THC testing. We were also pleased to see the inclusion of our recommendation for “whole plant use”, an important step in achieving the full value of the hemp crop.

CONCLUSION

In conclusion, the Canadian hemp industry supports the passage of Bill C-45. The proposed regulation is generally encouraging, although details such as implications for food, natural health products and outdoor cultivation of high THC cannabis require further development and clarification. We appreciate the invitation to appear before the Senate Social Affairs, Science and Technology Committee, and welcome further dialogue on growth opportunities in the Canadian hemp industry.