

Corporate Capture of the Latin American Medical Cannabis Market

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HIGHLIGHTS

- More than a dozen countries in Latin America and the Caribbean (LAC) have promoted some form of regulation on the medicinal use of cannabis, following the global trend of relaxing the prohibition of the plant. Almost all of these regulations have adopted a for-profit commercial approach. This has created a multi-million market in the region covering the manufacture and sale of processed products, especially of CBD-based products, the most accepted active ingredient in the plant worldwide.
- Corporations based in wealthy countries, such as Canada, the United States (US), the United Kingdom (UK) and Israel, are setting up operations in LAC, usually via joint ventures and other forms of partnership with national companies, in order to obtain commercial advantages, either for growing cannabis at low cost to manufacture their products or for export, or for expanding their consumer market.
- This dynamic diminishes the potential social gains of regulations on medicinal cannabis. First, it creates unequal access to medicinal cannabis products based on income, so the poorest least benefit. Second, it tends to relegate countries in LAC to a subordinate position as exporters of cannabis raw materials. Third, it threatens the environment through large-scale production, lobbying for pro-profit regulations and the creation of patents that foster a market monopoly. This new market both tends to exclude traditional cannabis producers and other vulnerable social groups historically related to the illicit market while privileging large corporations. It also highlights the international articulations between corporate elites in the cannabis market and the dynamics of exploitation between the global North and South.
- Various other cross-cutting aspects exacerbate the problems of this corporate capture in the LAC medical cannabis market, affecting access to cannabis-based medicines and undermining the interests of small farmers and vulnerable social groups. These are: the standardisation of production, the patenting of products, and the environmental threat posed by the large-scale cultivation of cannabis.
- Regulations for medicinal cannabis should not reinforce the inequalities and violence historically associated with prohibitionist approaches, but should enable the majority to have access to health care, especially the most vulnerable. Countries should make effective provisions in their regulatory mechanisms that stress fair-trade principles that would protect such groups, especially traditional producers, in addition to expanding access to the range of cannabis products for medicinal purposes. A key step in this regard is to prevent the corporate capture of the new Latin American market for medicinal cannabis.

SUMMARY

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1. INTRODUCTION

In recent years, more than a dozen countries in Latin America and the Caribbean (LAC) have promoted some form of regulation of the medicinal use of cannabis, following the worldwide trend of relaxing the prohibition of the plant.

Such regulations are at different stages of development and have distinct characteristics, but they are similar in their pro-profit commercial orientation, which has stimulated the structuring of a regional production and consumption chain connected to the international dynamics of this new market. According to some reports, in 2020 the global medical cannabis market was worth US\$9 billion and could reach US\$49 billion by 2028, with an annual growth of 24%.¹ The Latin American medicinal cannabis market is predicted to follow the same trajectory. It is estimated that this market represented US\$1.2 billion in 2022 and is expected to reach US\$3.75 billion in 2027, based on the same global annual growth rate.²

A growing number of transnational corporations (TNCs), especially from Canada and the US, view this new Latin American regional market as a great business opportunity. Low taxes, unprotective and undemanding labour laws, low labour costs, a favourable climate for growing cannabis, affordable land, infrastructure and inputs for the cultivation and manufacture of cannabis products have all attracted this corporate interest. Several of these corporations have made direct investments in countries across the LAC region, establishing partnerships of different types with local companies in order to obtain commercial advantages for growing cannabis at low cost to manufacture their products either for export or for expanding their consumer market.

This new context of regulations on cannabis for medicinal purposes in Latin America could be a driving force for social justice. It could guarantee a therapeutic alternative for various medical conditions, reflecting scientific research and the positive experience of patients who have used cannabis-derived products for years, particularly CBD-rich oils. It could also be an opportunity to invest in repairing some of the social harms imposed by the long period of prohibition, which focused on the repression of vulnerable social groups involved in the production, commercialisation and consumption of cannabis, and led to incarceration, exclusion, deepening inequalities, corruption, and the like.

The corporate capture of this new medical cannabis market and its profit-oriented business logic also creates difficulties in achieving these social goals. First, it creates unequal access to medicinal cannabis products based on income, meaning that the poorest least benefit. Second, it tends to place LAC countries in a subordinate position as exporters of raw materials or consumers of imported finished goods. Third, it threatens the environment through large-scale production, lobbying for pro-profit regulations and the creation of patents to obtain a market monopoly, and therefore excluding traditional cannabis producers and other vulnerable social groups historically related to the illicit market. Overall, it highlights the international articulations between corporate elites in the cannabis market and the dynamics of exploitation between the global North and South.

This report analyses the role of transnational cannabis corporations in the context of the market created by the new regulations on cannabis for medicinal purposes in Latin America and the Caribbean.

The first section contextualises the regulation of cannabis for medicinal purposes in Latin America and the Caribbean. The second highlights the pro-profit dynamics that guide such regulations, their diversity and characteristics, as well as the speculative logic that

determines them. The third systematises and analyses the way TNCs operate in this new market, identifying the types of investments and how they express international articulations between elites and inequality dynamics between the global North and South.

2. STATUS OF MEDICINAL CANNABIS IN LATIN AMERICA AND THE CARIBBEAN

Written records of human medicinal use of cannabis date back to the 1500s BCE.³ Cannabis was introduced to Latin America and the Caribbean during colonisation in the sixteenth century. Enslaved African populations brought the plant to the Americas, using it as part of their ancestral therapeutic and religious practices. These uses gradually spread among the poor population and freed slaves across the region, given its numerous applications for treating ailments and the fact that it was easy to cultivate.

In the nineteenth century, cannabis was introduced into modern European medicine following research published by British doctors in the eastern colonies, especially India. During this period, cannabis began to appear in pharmacopoeias in several countries around the world,⁴ while its commercial market expanded, mainly as an anti-inflammatory, analgesic, anti-emetic, and anti-convulsant.⁵

In the early twentieth century, the therapeutic use of cannabis began to decline. There were several reasons for this. The main active ingredients of cannabis had not yet been discovered, making it difficult to standardise pharmaceutical products. In addition, a range of new synthetic and semi-synthetic drugs were being developed and started to be produced by the emerging pharmaceutical industry. At the same time, various countries embarked on initiatives to criminalise the cultivation and consumption of the plant with the aim of controlling the poor and 'undesirable' social classes who used it, especially former slaves. For instance, the Brazilian city of Rio de Janeiro began enacting the first laws criminalising cannabis from 1830.⁶

The result is that throughout the twentieth century cannabis became a prohibited plant virtually across the entire world, appearing on the most restrictive lists of the United Nations' international drug control conventions, and being evaluated as a danger to public health with no relevant therapeutic effects.⁷ In the first decades of the twenty-first century, however, this status has undergone important changes. In recent years, several countries, federal states and cities have relaxed restrictions for different types of use, especially for medicinal purposes.

There had already been initiatives in this direction since the 1990s. Israel, for example, promoted medicinal regulation in 1993 and the US state of California did so in 1996. In the early 2000s, countries such as Canada also regulated cannabis for medical purposes. It was only recently, however, that there was an accelerated rise in new regulations that changed the global scenario in relation to cannabis medical use. Currently, in the US there are 37 states, four territories and the District of Columbia that allow the medicinal use of cannabis products. In addition, about 50 countries have promoted some form of regulation of the medicinal use of products derived from cannabis or the plant itself.⁸

Relevant scientific discoveries in recent decades have contributed to this change, such as the isolation of the plant's two main active principles, Tetrahydrocannabinol (THC) and Cannabidiol (CBD), and the identification of the endocannabinoid system in the human

body. This led to advances in research on its therapeutic uses for a significant number of medical conditions, which in turn allowed the recognition of these properties by the United Nations Commission on Narcotic Drugs in 2020, thus removing it from the most restrictive list of the Single Convention on Drugs of 1961. Alongside this, there was the rise of a public health movement to deal with drugs, the strengthening of civil society movements for access to cannabis for medicinal purposes, especially for patients and family members, a certain 'normalisation' of the plant's consumption in several western countries, alternative regulatory initiatives of cannabis for recreational purposes across the global North, in addition to the increasingly widespread perception that the 'war on drugs' has had far greater costs than benefits.⁹ Finally, capitalist interests must be considered, especially a group of large and medium corporations that have identified cannabis for medicinal purposes as a major source of profit.

Latin America typifies this new orientation. The region has been at the centre of prohibition and the 'war on drugs' since the 1970s and 1980s, preventing any use of cannabis, including for therapeutic purposes. Currently, half of the countries across LAC already allow some form of access to cannabis for medicinal purposes. Map 1 highlights these countries.

These countries include the main political and economic powers in the region: Argentina, Brazil, Chile, Colombia and Mexico. These countries are home to most of the LAC population, around 460 million, with a Gross Domestic Product (GDP) of approximately US\$9 trillion.¹⁰ South America, especially the Andean sub-region, leads such initiatives. Of the 11 countries in the sub-region (i.e. excluding French Guiana), eight have some regulation, namely Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay. Central America still has only very few initiatives in this field. Only two of the seven countries, Costa Rica and Panama, have any regulation on the medicinal use of cannabis. Most Caribbean countries have also regulated cannabis for medicinal purposes, including to date Antigua and Barbuda, Barbados, Jamaica, Puerto Rico, St Kitts and Nevis, and St Vincent and the Grenadines. Table 1 shows the status of cannabis regulation for medicinal purposes in each of the LAC countries, identifying their main regulatory mechanisms.

Such regulations, while representing a major change in the treatment of cannabis, are not completely at odds with the UN's international drug control conventions, to which all LAC countries are signatories. The conventions provide for the possibility of the medicinal and scientific use of all drugs, including cannabis. In fact, the conventions were intended to make the such use of drugs possible, guaranteeing their availability for such purposes.¹¹ International pressure to prevent the expansion of these uses remains strong, however, as is apparent in the debates held during the vote to reclassify cannabis on the control lists at the UN Commission on Narcotic Drugs in late 2020.¹²

The reorganisation of the way cannabis is treated have materialised in laws proposed by parliaments or by the executive, in presidential decrees and/or in normative acts of specific regulatory agencies, usually health, as shown in the Table 1. Laws tend to better structure the rules regarding the production, distribution and access to cannabis for medicinal purposes, establishing responsibilities, restrictions and penalties for different social actors. Costa Rica, for example, approved a law in 2022 entitled 'Ley del Cannabis para Uso Medicinal y Terapéutico y del Cáñamo para Uso Alimentario e Industrial'. In some countries, in the absence of laws, ministries or public regulatory agencies issue decrees, regulations and other mechanisms that detail specific procedures that guide the activities of public institutions, companies or individuals regarding cannabis. This is the case in Brazil, where its national health agency, ANVISA, has issued a number of rules.

Map 1. Regulation of cannabis for medicinal purposes in Latin America and Caribbean, August 2022



It is worth noting that in any of these contexts, and even in countries where there is no regulation, individuals and groups make different demands for access to cannabis for medicinal purposes via the courts. They may aim to obtain authorisation to import products, cultivate cannabis, make cannabis-based medicines available free of charge, etc. Sometimes these demands, even if very restricted and ad hoc, are met, resulting in some form of access to cannabis for medicinal purposes through litigation before judicial bodies.¹³ Box 1 shows the experience of this type of judicial activism by a Brazilian non-governmental organisation (NGO), Rede Reforma (Reform Network).

The norms established in these regulations are diverse. All deal with complex issues that influence health, safety, and social equity outcomes, such as the type of agency that will be responsible for supervising the activity, the types of licenses and requirements to obtain them, the forms of production allowed, the types of cannabis products authorised for

Table 1. Status of medicinal cannabis regulation in Latin America and the Caribbean, August 2022

COUNTRY	STATUS
Antigua e Barbuda	Cannabis Act, 2018, The Cannabis Regulations of 2019 and Misuse of Drugs Act of 2018
Argentina	Law 27.350 of 2017 'Investigación médica y científica del uso medicinal de la planta de Cannabis y sus derivados', Decreto reglamentario N° 738/2017 and N° 883/2020, Law 27669 of 2022 'Marco regulatorio para el desarrollo de la industria del cannabis medicinal y el cáñamo industrial' and several other resolutions of the Ministry of Health and other ministries
Bahamas	Unregulated
Barbados	The Barbados Medicinal Cannabis Act, 2019
Belize	Unregulated
Bermuda	Unregulated
Bolivia	Unregulated
Brazil	Resolution of the National Agency for Sanitary Surveillance No. 17/2015, No. 16/2014 and No. 327/2019, Resolution CFM N° 2.113/2014, Drug Law 11.343 of 2006 and Ministry of Health Directive No. 344/1998
Chile	Sanitary Code, Law 20.000 and Health Department Decrees 404 (1983), 405 (1983), 867 (2007) and 84 (2015).
Colombia	Law 1,787 of 2016, Decrees 613 (2017) and 631 (2018), Ministry of Justice Resolutions 0577 (2017), 0578 (2017), 0579 (2017) and Ministry of Health Resolution 2891 (2017) and 2892 (2017)
Costa Rica	Law N°10.113 of 2022 'Ley del Cannabis para uso Medicinal y Terapéutico y del Cáñamo para uso Alimentario e Industrial'
Cuba	Unregulated
Dominica	Unregulated
El Salvador	Unregulated
Ecuador	Ley Orgánica Reformatoria al Código Orgánico Integral Penal, 2019, Ministerial Agreement No. 109-2020 and 141-2020 of the Ministry of Agriculture
Grenada	Unregulated
Guatemala	Unregulated
Guyana	Unregulated
Haiti	Unregulated
Honduras	Unregulated
Jamaica	Dangerous Drugs Act of 1948, Amendments to the Dangerous Drugs Act of 2015 and Cannabis Licensing Authority Regulations of 2016
México	Ley General de Salud (as reformed in June 2017) and Reglamento de la ley general de salud en materia de control sanitario para la producción, investigación y uso medicinal de la cannabis y sus derivados farmacológicos, 2021
Nicaragua	Unregulated
Panamá	Law 242 of 2021
Paraguay	Law 6,007 of 2017 and Decree 9,303 of 2018
Peru	Law 30,681 of 2017 and Decree 005-2019-SA of 2019
Puerto Rico	Department of Health Administrative Order No. 352, Regulation 9038 of 2018 and Law 42 'The Medicinal Act' of 2017
Dominican Republic	Unregulated
Saint Lucia	Unregulated
Saint Kitts and Nevis	Cannabis Bill of 2019
Saint Vincent and the Grenadines	Medicinal Cannabis Industry Act of 2018 and Cannabis Cultivation Amnesty Act of 2018
Suriname	Unregulated
Trinidad and Tobago	Unregulated
Uruguay	Law 19,172 'Ley de la Cannabis' of 2013 and several decrees
Venezuela	Unregulated

Source: Based on information from politicadedrogas.igarape.org.br, government websites and Pascual (2019).¹⁴

BOX 1: Preventive Habeas Corpus for cultivation: an alternative to the high cost of medicinal cannabis products

In Brazil, the cultivation of cannabis is prohibited, even for medicinal purposes, whether by the state, companies or individuals. An association of dozens of lawyers, called Rede Reforma, has been working in several Brazilian states to obtain judicial authorisation for individuals to be able to cultivate cannabis for therapeutic purposes, using the instrument of safe-conduct or preventive habeas corpus. The aim is to ensure that the person is not arrested for growing the plant, even if it is illegal. The legal request is based on the constitutional guarantee of the right to freedom, health and human dignity, autonomy and the right to life. The main argument is that patients' treatment is hampered by the high cost of cannabis products, which are necessary to guarantee access to the full spectrum of cannabis products and that such exceptional authorisation poses no danger to public health. Currently, it is estimated that there are more than 1,000 individual preventive habeas corpus for cannabis growing in the country. Rede Reforma has also succeeded in obtaining three collective preventive habeas corpus to enable the legal operation of patient associations, two in the city of São Paulo and one in Rio de Janeiro.¹⁵ Even so, as the decisions are aimed at individuals and a few associations, the scope and impact of such judicial victories in terms of Brazilians' access to cannabis for medicinal purposes is very limited.

use, the penalties for those who do not comply with the regulations, among many others. The diverse form of regulations, as well as their approval processes, reflect the internal dynamics of each country, the capacity of the domestic and international public and private actors to influence the outcomes, as well as the country's own cannabis history. A widespread and common feature, however, has been its pro-profit orientation.

3. PRO-PROFIT APPROACH AND THE 'GREEN RUSH'

Most medicinal cannabis regulations in the LAC region adopt a pro-profit approach. It is assumed that the market will create the conditions for citizens to be able to purchase cannabis products for medicinal purposes, while promoting wealth and economic development, as well as product and process innovation. This assumption leads to granting permission for private companies, sometimes in partnership with the state (as in the case of Argentina), to manufacture and sell cannabis-derived products for patients as a means to raise revenue. Table 2 gives an overview of the relevant characteristics of representative regulations to understand the pro-profit logic on the issue in the LAC region.

All countries allow national and foreign companies to operate in the medicinal cannabis market, as long as they obtain government licenses. It is worth mentioning the Argentinean case, in which only state entities are authorised to produce cannabis, although they can establish partnerships with private companies. The Argentine province of Jujuy is one such example, where the public company Cannava has 80,000 cannabis plants over 35 hectares to produce around 25,000 kilograms of pharmaceutical-grade flower.¹⁶

Table 2. Characteristics of regulations for medicinal purposes related to pro-profit aspects (selected countries)¹⁷

COUNTRIES	NATIONAL COMPANIES	FOREIGN COMPANIES	INDIVIDUAL CULTIVATION	COLLECTIVE CULTIVATION (ASSOCIATIONS)
Argentina	Allowed	Allowed	Allowed, up to nine plants	Allowed
Chile	Allowed, but lacks a clear regulatory framework	Allowed, but lacks a clear regulatory framework	Allowed, up to six plants	Allowed
Brazil	Allowed, but lacks a clear regulatory framework	Allowed, but lacks a clear regulatory framework	Not allowed	Not allowed
Colombia	Allowed	Allowed	Allowed, up to 20 plants	Allowed
Costa Rica	Allowed	Allowed	Not allowed	Allowed
Ecuador	Allowed	Allowed	Not allowed	Allowed
Mexico	Allowed, but lacks a clear regulatory framework	Allowed, but lacks a clear regulatory framework	Allowed, up to six plants	Allowed
Uruguay	Allowed, but to produce cannabis for the state, which controls the whole market	Allowed, but to produce cannabis for the state, which controls the whole market	Allowed, up to six plants	Allowed, up to 99 plants
COUNTRIES	CULTIVATION FOR THE MARKET	CANNABIS EXPORT	PROTECTION OF SMALL CANNABIS PRODUCERS	
Argentina	Allowed by state companies	Allowed	Not mentioned	
Chile	Allowed	Allowed	Not mentioned	
Brazil	Not allowed	Not allowed	Not mentioned	
Colombia	Allowed	Allowed	At least 10% of the quota assigned annually to large companies to transform raw material into derived products must come from small and medium farmers	
Costa Rica	Allowed	Allowed	There are measures to support small businesses or small producers, through the National Agricultural Extension Programme and the National Institute of Innovation and Transfer of Agricultural Technology (INTA), in coordination with the National Learning Institute (INA) and public universities.	
Ecuador	Allowed, but just cannabis plants up to a THC limit of 1.0%	Allowed	Not mentioned	
Mexico	Allowed	Allowed	Not mentioned	
Uruguay	Allowed, controlled by the state	Allowed, controlled by the state	Establishes the Commission for the Social and Productive Inclusion of Small and Medium Producers of Medicinal Cannabis and its Derivatives, which will seek to integrate such producers into the different stages of the cannabis chain, including training actions and facilitating access to licenses.	

In 2018, Cannava signed agreements with a Canadian cannabis corporation, Aphria, and with a US cannabis corporation, Green Leaf Farms, to build facilities, cultivate cannabis and produce cannabis-derived products for the national and international markets. Uruguay is another specific case. The country authorises four companies to cultivate and process cannabis, but the whole market is controlled by the state.

Most countries permit individual and collective cultivation for medicinal purposes, provided this is authorised by the government health and/or security agencies. Companies are allowed to cultivate cannabis for the local market and export is allowed (as raw material or as processed products) in most countries.

Likewise, it is necessary to obtain licenses for such operations as well as national certification. For export it is also obligatory to obtain international certifications of good practices, such as the European Union Good Manufacturing Practices (EU GMP) Certification.

Few regulations have any rules to protect small cannabis farmers, so the new market effectively reproduces the inequalities imposed during the long years of prohibition. Exceptions to this rule are Colombia, Costa Rica and Uruguay. However, in practice these rules have been very difficult to implement, and the cost-benefit and profit logic of the free market has prevailed.

It is in this context that foreign cannabis corporations and other investors have identified the Latin American region as a great business opportunity. This has triggered the so-called 'green rush' for potential consumer markets in these countries and possibilities of exporting raw or processed cannabis where cultivation is allowed (such as Argentina, Colombia, Costa Rica and Ecuador).

Throughout Latin America, the rapid evolution of regulations is combined with a number of other attractions, such as low taxes, unprotective and undemanding labour laws, low labour costs, a favourable climate for growing cannabis, affordable land, infrastructure and inputs for cultivation and manufacture of cannabis products.

BOX 2: 'Medicines' and 'cannabis-derived products'

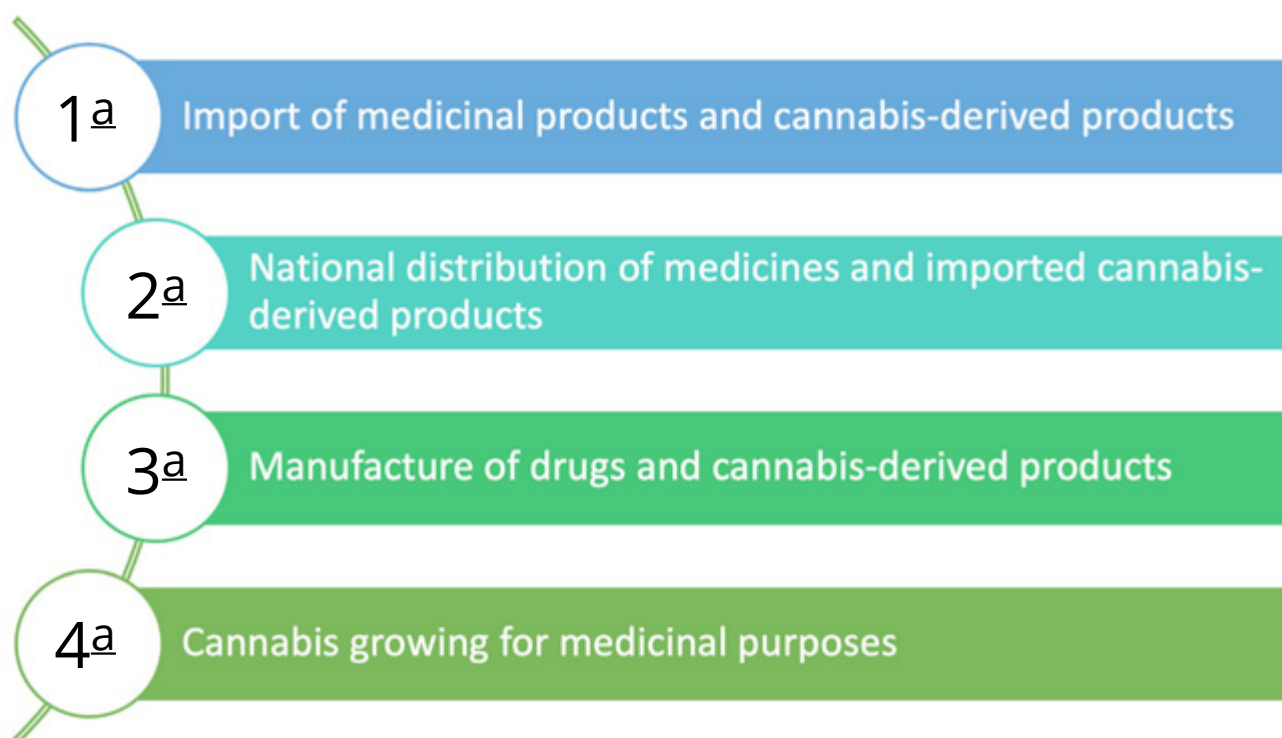
Following an international trend, regulations across the LAC region make a distinction between 'medicines' and 'cannabis-derived products' for therapeutic purposes. The aim is to differentiate between products that have gone through all the clinical trials demanded by health agencies to prove their effectiveness from those that have not yet done so, given their still preliminary technical-scientific stage.

The creation of this 'cannabis-derived products' category allows the functioning and expansion of this medicinal market in several countries while there is as yet no advance in cannabis medicine. There is wide range of cannabis-derived products, such as sprays, creams, crystals, oils, capsules, flowers, lozenges, chews and tinctures.¹⁸ Usually, regulations stipulate that such products can be rich in CBD, but must have low percentages of THC, perceived as the most dangerous substance in cannabis because of its psychotropic effects. Some countries set the THC percentage of products at 0.3%. Others allow up to 1%.

Most Latin American countries manufacture few or no cannabis-based products, especially pharmaceutical preparations, which require a long process of scientific research, medical evaluation and considerable investment. Therefore, current regulations provide for the authorisation to import medicines that are internationally recognised and have already been approved in other countries, such as Sativex and Epidiolex, both currently produced by the UK corporation GW Pharmaceuticals (acquired in 2021 by Jazz Pharmaceuticals). In addition, some do not permit cultivation of the plant, encouraging the import of finished products or at least raw material, sometimes processed, such as the case of Brazil. Some simpler products other than medicines are manufactured locally, such as CBD-rich oils. Some are registered and sold as food supplements or natural products.

The for-profit LAC cannabis regulations for medicinal purposes are heterogeneous, but are more or less restrictive. It is possible to think of a typology of stages of this cannabis regulation, systematised in Figure 1. The most restrictive only allow the import of medicines and other products derived from cannabis for medicinal purposes, as long as there is a medical prescription and also authorisation from a national regulatory body, usually a health agency or similar. This authorisation may allow only drugs already approved by foreign regulatory agencies or be more permissive, also allowing products derived from cannabis with low levels of THC (usually <1%), among others. Some of the countries that currently have broader regulations on cannabis for medicinal purposes started their regulatory process at this stage, such as Argentina.

Figure 1: Permission Levels of Regulations



The second level of permission in regulations makes it possible to import products for national distribution in pharmacies or similar outlets. The imports must be authorised by the regulatory agencies. As in the previous case, this authorisation may be restricted to medicinal products with medical evidence already evaluated in other countries or other products derived from cannabis for therapeutic purposes. Obtaining these products also requires a medical prescription.

The third level of permission set out in regulations makes it possible to manufacture medicines and cannabis-derived products for therapeutic purposes by companies and,

eventually, by non-profit organisations, such as associations, or by individuals themselves, when domestic cultivation is allowed.

Finally, the fourth permission level in regulations makes it possible to grow cannabis for medicinal purposes and for export. Where it is illegal to grow cannabis, manufacturers need to import the necessary raw material, such as the plants and their flowers or, when this is not authorised, processed raw material.

In reality, countries can skip stages if they opt to enter a regulation process. Colombia, for example, promoted a regulation that covered all four stages, including growing for export. Brazil, on the other hand, has carried out a slow regulation process that started with stage 1, moved to stage 2 and recently reached stage 3 with Resolution n°327/2019 of its national health agency.

Even with all the limitations, bureaucratic obstacles and restrictions, this new cannabis market remains attractive to foreign corporations. More restrictive regulations push them to carry out operations that will make cannabis products available for medicinal purposes to consumers, prohibiting domestic companies from participating and benefiting from various activities in this production chain. On the other hand, the less restrictive regulations allow both domestic and international companies to play a role in the national market, most often in conjunction. International companies become essential to market operations, particularly the large cannabis corporations, as they have accumulated knowledge about cannabis production, are able to deal with evolving international standards, and have the necessary financial resources. This situation has created a network of connections between companies based in the global North and those located in the LAC region, shaping a market open to possibilities for investments and private gains.¹⁹

Private actors operating this nascent global business fulfil different functions in the production chain: from the production and availability of raw materials, to the processing and transformation of cannabis into the final product, to those responsible for distribution to the final consumer. It is also important to consider the indirect impact of this industry, which involves the purchase of inputs and capital goods, in addition to analytical services, quality and potency tests of active ingredients, traceability, detection of pollutants, and pathogens, among others.²⁰

3.1. Speculative bubble of 2019 and market rearrangement

There is no official data on the current size of the legal cannabis market in Latin America and the Caribbean. Consultancy firms dedicated to analysing the international cannabis market, however, indicate that the Latin American medicinal cannabis market will be worth around US\$1.2 billion in 2022 and it is anticipated that it will reach US\$3.75 billion in 2027, with a worldwide annual growth rate of 24%.²¹ These projections must be treated with caution, however, since these reports seek to attract new investors to the sector.

The crisis affecting part of the international cannabis industry in 2019 is a good example of the speculative dimensions of the 'green rush' that has taken hold in emerging markets for this plant, especially the medicinal market in the LAC region, with destabilising effects.

Between 2018 and 2019, the purchase of shares in companies such as Aurora Cannabis, one of the Canadian giants in the sector, was, in some investor segments, greater than Apple, the world's largest technology company.²²

Figure 2: Canadian company stock price fluctuation (2016–2022)²³



Source: Canadian Cannabis LP Index

At the end of 2019, however, several companies that had started trading their shares on the stock exchange, especially Canadian companies that were the largest in the sector until then, lost more than two thirds of their market value in a few months. This was identified as the first burst of the financial bubble created by industry growth predictions that turned out to be unrealistic, with corporate revenues far lower than expected, layoffs²⁴ and, in some cases, scandals of failing to comply with industry best practices.

The Canadian giant, Canopy Growth Corp., for example, the largest TNC in the sector, after announcing revenues far below expectations throughout the second half of 2019 saw its market value slump in November to 30% of its April value.²⁵ Other big names in the cannabis industry, such as the Canadian corporations Aurora and Tilray, lost 70% and 60% in their market value, respectively, between June and December of that year. Figure 2, based on data from The Canadian Cannabis LP index, depicts the fluctuations of the last 10 years in the stock prices of companies licensed by Health Canada to cultivate, process or sell cannabis. On average, stock values dropped by 77% between the first quarter of 2019 and 2020. This data is very close to the American Cannabis Operator Index, indicating a global figure.²⁶

Most of the capital generated by this speculative bubble was used to promote stocks, mergers and acquisitions. In 2018, more than 200 mergers and acquisitions were registered, worth US\$15 billion. A year later, the transactions involving different kinds of private companies with the cannabis industry had nearly tripled. Alcohol, tobacco, and pharmaceuticals companies, like Constellation Brands (producer of Corona beer), Altria (producer of Marlboro cigarettes)²⁷ and Pfizer,²⁸ accounted for part of them.²⁹ A smaller part of this capital was used to finance new facilities for cultivation and production in the countries of the global South or to buy licensed local companies.³⁰ Latin America was one of the main focal points for these actions.

Canopy Growth is the best example of the ups and downs that some of the major cannabis TNCs have experienced in recent years. Since its creation in 2013, the company has invested in international activities. In 2019, it had 31 subsidiaries across three continents that were active in a wide range of cannabis market services, such as cannabis greenhouse growing, advertising, marketing, selling and distributing medical and recreational cannabis products, conducting clinical research and promoting public awareness of the benefits of cannabis (including patients, health professionals and governments). In 2020 and 2021, however, the corporation was downsized following its restructuring in the face of the devaluation of its shares, falling sales and the slow evolution of cannabis regulations around the world in the context of the COVID-19 pandemic. The corporation stopped operating in several countries and is now focused on its home country, Canada, the US and Germany, the three most promising markets that account for a large part of the global market.³¹

In 2018, the corporation acquired the world's largest license to grow cannabis in the Colombian city of Neiva to meet the emerging regional demand for medicinal products, particularly CBD. Its operations continued until 2020, when Canopy Growth decided to invest in a 'asset-light model' for the Latin American region, announcing supply agreements to purchase third-party-produced extracts. The company also established partnerships in Argentina, Brazil and Chile to export its products. In addition, the company bought up local cannabis firms such as Colombian Cannabis S.A.S. in 2018, and partnered with others, such as Propas S.A.S. in 2019, which sells over-the-counter medicines and nutritional supplements to several international pharmaceutical companies. During these years, Canopy organised and participated in a series of events and lectures focused on cannabis regulation for physicians, health professionals and patient groups. Its focus is on engaging key regional, national and international opinion leaders with cannabis.³²

After its losses in 2019, according to the company, engaging with emerging cannabis markets in 'underdeveloped' or 'developing' countries will need to be done more carefully, given the risks they pose. For example, the company is exposed to socioeconomic conditions and the laws that govern the local industry. This context may include high inflation and exchange rates, military coups, social and labour unrest, organised crime, expropriation of foreign assets, changes in banking controls and government regulations, the obligation to purchase government supplies or to include local companies as joint-venture partners with property rights, among others.³³

4. THE ROLE OF TRANSNATIONAL CANNABIS CORPORATIONS IN LATIN AMERICA AND THE CARIBBEAN

With the evolution of cannabis regulations around the world, the main companies in the sector, located in the global North, started to operate transnationally in the global South in order to reduce their costs and increase their profits. Canada is the first country to house the major TNCs that dominated the market until the 2019 crash, such as Canopy Growth, Tilray, Aurora Cannabis and Cronos Group, which established operations in dozens of countries in every continent. Canada was able to become a corporate pioneer by approving the national regulation of cannabis for medicinal purposes in 2001 with the Marihuana Medical Access Regulations (MMAR) and being the second country to regulate adults' consumption of cannabis in 2018 (the first was Uruguay in 2013). This ensured the growth of a domestic market, the accumulation of experience, knowledge and patents on cannabis products, as well as access to bank loans and investment.³⁴

The US presents a very different scenario, where corporations have faced numerous obstacles to domestic and international operations in recent years and have occasionally been excluded from accessing banking services because of the cannabis ban that still remains in force at the federal level. A recent survey of licensed cannabis companies on existing difficulties in the US domestic market pointed to the 'lack of access to banking or investment capital' as their top challenge.³⁵ This did not, however, prevent the emergence of huge US cannabis corporations, driven by the growing number of regulations in an increasing number of states, and by its huge consumer market, although few have transnational operations. Three laws before the US Congress would significantly change this panorama in the coming years, if approved. The first, the Secure and Fair Enforcement (SAFE) Banking Act, would allow cannabis businesses to use national banking services. The second, the Marijuana Opportunity Reinvestment and Expungement (MORE) Act, will de-schedule cannabis from the Controlled Substances Act, enact various criminal and social justice reforms related to cannabis in addition to subjecting cannabis products to federal taxes. The third, introduced in the US Senate, the Cannabis Administration and Opportunity Act (CAOA), intends to legalise cannabis at the federal level and promote social equity.

Table 3 lists the 15 major cannabis corporations in the world today. Of these, nine are US and six are Canadian; only a third have presence in Latin America, four are Canadian and one is a US company.

Table 3. Fifteen largest cannabis companies by market capitalisation and their presence in Latin America³⁶

RANK	NAME	MARKET CAP (US\$ BILLIONS)	COUNTRY	PRESENCE IN LATIN AMERICA
1	Cureleaf	\$4.22	US	Yes
2	Green Thumb Industries	\$2.61	US	No
3	Tilray	\$2.54	Canada	Yes
4	Trulieve Cannabis	\$2.43	US	No
5	Canopy Growth	\$1.87	Canada	Yes
6	Verano Holdings	\$1.71	US	No
7	Cronos Group	\$1.31	Canada	Yes
8	Cresco Labs	\$1.07	US	No
9	Sundial Growers	\$0.74	Canada	No
10	Columbia Care	\$0.67	US	No
11	Cara Therapeutics	\$0.61	US	No
12	WM Technology	\$0.59	US	No
13	TerrAscend	\$0.57	Canada	No
14	Aurora Cannabis	\$0.56	Canada	Yes
15	Planet13	\$0.40	US	NO

There is a vast array of smaller corporations from Canada, the US and other countries, notably Switzerland (Swiss CannaMed AS), Israel (Tikun Olam Cannbit Pharmaceuticals)³⁷ and the UK (Jazz Pharmaceuticals), which have operations in Latin America and global relevance in the cannabis market. There are also some local companies that have developed the capacity to operate internationally, most often in partnership or as part of global North corporations (e.g. Lasanta, Colombia and Ramm Pharm Corp, Uruguay).

It is also important to note that traditional corporations in the alcohol, tobacco and pharmaceuticals sectors, the most important triad of legally regulated drugs, have approached cannabis corporations, creating partnerships and acquisitions to appropriate part of this new market, adjust it to their expectations and deepen their transnational operations. Philip Morris International invested US\$20 million in an Israeli company, Syqe Medical, to develop a medicinal cannabis inhaler. In 2017, Altria invested US\$1.8 billion in the Cronos Group. In 2020, British American Tobacco established a joint venture with start-ups working on CBD and THC flavourings for its e-cigarettes.³⁸ Avicanna, a Canadian cannabis company, became a resident company at Johnson & Johnson in 2017. In 2018, Tilray announced a partnership with the pharmaceutical giant Novartis to work in the medical cannabis market. In 2021, Pfizer signed an agreement with Arena Pharmaceuticals, a biotech company dedicated to cannabinoid-type therapeutics, worth around \$6.7 billion. In the same year, Jazz Pharmaceutical acquired GW Pharmaceuticals, the developer of Epidiolex and Sativex, the best-known cannabis medicines on the international market.³⁹ Several of the world's largest beverage companies have invested in cannabis drinks, such as Anheuser-Busch InBev, Pabst Brewing Company and Constellation Brands.⁴⁰ The latter was a prominent example as the giant alcohol company makes Corona beer, which in 2017 bought a 38% stake of Canopy Growth for \$4 billion.⁴¹

These examples show the connections between corporate elites of the cannabis, tobacco, alcohol and pharmaceutical industries all working towards corporate capture of this new market. According to some analysts, the mechanisms of the new international cannabis market, laden with 'strong colonial overtones', suggests a continuous advance of national and international political and economic elites, jeopardising any of its possible social gains.⁴² The main concern is that this dynamic reproduces existing problems in the tobacco, alcohol and pharmaceutical industries, whose power has the capacity to influence governments, and reduce public health controls, among other concerns.

In fact, some research is beginning to document the lobbying activities of cannabis corporations in the new regulations of the US states and also in Canada. One analyses how this seeks to expand the cannabis market, making it difficult for governments to regulate cannabis in the public interest.⁴³ Other research has found that between 2020 and 2021 the cannabis industry spent over \$7 million to lobby the state of Colorado legislature on 367 bills and that the lobbyists in this industry are the same as those in alcohol and tobacco, suggesting inter-industry alliances when interests align.⁴⁴ Concern about the impacts of the Big Cannabis lobbying is even more relevant in Latin American countries, given their fragile institutions, as well as being easy to co-opt with promises of economic and social development via direct investment, tax revenue and job creation.⁴⁵

Information about the strategies and operations of these TNCs and their investments is disclosed only when there are market interests. Therefore, this data is limited and only part of it is accessible. This report uses the available partial data.

The presence and foreign direct investment (FDI) by international cannabis corporations in Latin America essentially work through commercial partnerships with local companies via joint ventures, broader commercial agreements and the acquisition of businesses

that then become their subsidiaries. These partnerships have different forms, scopes and objectives. Some of the large corporations have established partnerships or acquired companies that already had expertise and licenses to operate in the local cannabis market, in addition to building management centres in strategic countries to expand their business throughout the region. They also work to obtain licenses from national health regulatory agencies and other international agricultural and pharmaceutical production certifications that guarantee access to new markets. In sum, such companies encourage the expansion of the cannabis markets by lobbying to shape regulations to meet their interests, exporting their products and raising awareness of the medical and patient community for the gains of cannabis use.⁴⁶

Below, we detail some of these strategies with specific cases and the operation of corporations in Latin American countries.

4.1 Corporate investments in Latin America via partnerships: products, cultivation, and export

Several foreign corporations aim to operate in the new medical cannabis markets in Latin America, especially those with large consumer markets such as Argentina, Brazil, Colombia and Mexico. The usual approach is to invest in obtaining licenses to export, distribute and, in some cases, manufacture products locally for such destinations. In most cases, this is done through short or medium-term partnerships with local companies that already have administrative and sanitary authorisations. Another option, but that requires significant direct investment, is the creation of local companies or the acquisition of local companies that become subsidiaries of the foreign corporation. In this case, the objective is usually to establish a regional manufacturing and distribution centre of products for markets in other Latin American countries.

With the increase in the number of countries that allow the cultivation of cannabis, foreign corporations have also made significant investments in acquiring land and all the necessary infrastructure to grow cannabis on a large scale and at low cost. Studies indicate that while in Bolivia, Colombia and Peru the cost of producing a gram of cannabis buds is between \$0.5 and \$1.8, in Canada and in the US it can cost US\$2.1.^{47 48} Hence, it is possible to manufacture its own products more cheaply, and export the plant *in natura* or processed, mainly to the global North, but also to the Latin American region, with a large profit margin.

Interest in corporate partnerships does not come only from foreign companies. Governments and national cannabis entrepreneurs evaluate 'foreign investment as an essential source of capital to finance the start-up costs of legal cannabis businesses'. Typically, they prioritise investors with large financial resources, brand reputation and export networks, which means the world's main cannabis corporations.⁴⁹ In summary, corporate articulation has been the way in which corporate capture has operated in Latin America.

Khiron Life Sciences Corp, a Canada-based company with *market capitalisation of US\$22 million*, is a good example of this strategy. In 2019, Khiron completed the acquisition of NettaGrowth International Inc., a Canadian medical service company, which owned all of the outstanding shares of the Uruguayan company Dormul S.A., which in turn had obtained the first licence in Uruguay to produce and commercialise medical cannabis containing THC. This acquisition enabled Khiron to gain access to an export market of millions of people through the Mercosur Regional Free Trade Bloc.⁵⁰

In Colombia, the company's main target market, the product sales also are benefiting from patients being able to use health insurance for treatment with cannabis. Colombia is the only country in Latin America with universal health insurance coverage for medicinal cannabis. Khiron owns and operates its own clinics in Colombia, Peru and Brazil.⁵¹ In Mexico, in 2022 the company signed a partnership with Teleton, a huge non-profit organisation for children with disabilities, to distribute its products in Teleton's pharmacies network.⁵²

With the aim of promoting the expansion of the cannabis market, the company has also established a partnership with the Mexico's TecSalud School of Medicine and Health Sciences to create a postgraduate programme on medicinal cannabis prescription. Almost 1,000 physicians from various Latin American countries have been trained through this partnership. This is one example of how the company's educational programme works, which takes place through its Institute of Neurology and the Nervous System (ILANS).⁵³

Several other companies have the same modus operandi. In 2018, Aurora Cannabis acquired the Latin American ICC Labs with its processing facilities to gain access to the Uruguayan markets, the licenses to produce medicinal cannabis in Colombia and its agreements to export cannabidiol products to Brazil and Mexico.⁵⁴ In the same year, Tilray acquired its Chilean distribution partner Alef Biotechnology SpA to produce and market medicinal cannabis-based products in Brazil, Chile and the rest of Latin America. In 2018, Cronos group established a joint venture with the Colombian company Agroidea S.A.S., creating NatuEra to cultivate, develop, manufacture and export cannabis consumer products through a custom-built facility on 83.76 hectares in the department of Cundinamarca.⁵⁵

In the same year, Aphria acquired a group of cannabis companies in Argentina, Colombia and Jamaica in a million-dollar deal with a Canadian clinical research and development (R&D) company Scythian Biosciences. With these acquisitions, Aphria became licensed to import and export CBD oil to all of these countries. In addition, it was permitted to cultivate cannabis in Colombia (on 13.7 hectares) and Jamaica.⁵⁶

Canopy Growth reached a deal with Entourage Phytolab in 2016, a Brazilian development company, to develop medicinal cannabis products. In 2017, it started to operate in Jamaica under the name Tweed Ltd JA after forming a partnership with the Jamaican company Grow House JA Ltd. The same strategy was used to acquire the Chilean company Cannagrow SpA in 2017 and the Colombian company Spectrum Cannabis Colombia S.A.S in 2018.⁵⁷ As a result, the company acquired a license for the cultivation of low-cost cannabis on 40.4 hectares in the Colombian state of Huila.⁵⁸ In the following years, the company, as discussed previously, curtailed its presence in Latin America. But in 2020, Canopy signed a regional supply agreement with one of the main US corporations operating in Colombia, Clever Leaves, for the supply of cannabis-extracted products. Clever Leaves is currently cultivating greenhouses covering an area of 16.7 hectares in Colombia and was the first Latin American company to acquire EU-GMP certification, obtaining access to European markets, making it one of the largest global suppliers of cannabis.⁵⁹

The list goes on. The Canadian company The Green Organic Dutchman entered the Mexico cannabis market via a joint venture with LLACA Grupo Empresarial. PharmaCielo Ltd., in 2016, another Canadian company, began its activities in Colombia creating a subsidiary called Pharma-Cielo Colombia Holdings S.A.S. In 2022 the company obtained a license to export ten tonnes of cannabis extracts and dried flowers to various countries, including Europe, especially Germany.⁶⁰ Blueberries Medical Corp, also a Canadian

company, acquired a license in Colombia for full domestic and international market activities, including the export of CBD and THC-based medicinal cannabis. In Argentina, Blueberries recently formed a joint venture with Cannava Avatāra, a state-owned company, acquiring the same authorisations as it did in Colombia. In Uruguay, the company signed an agreement with VVY Life Sciences to mutually exploit growing facilities. One of the main destinations of Blueberries' THC formulations is Brazil.⁶¹

Other companies with these same national–foreign characteristics – like Medcann, Avicanna, FCM Global, La Santa, La Finca, Hempmeds, CBD Life, CBD Vida, Easy Labs, Flora Growth, Terra Viva, Medicplast S.A., Ramm Pharma Corp., Patagonia Farms and Flora Growth – have a presence in Latin American countries, either cultivating, exporting, producing, or distributing CBD and/or THC-based medicinal cannabis.⁶²

There are companies operating in the Caribbean cannabis market, especially in Jamaica, due to its advanced regulation and permission to cultivate cannabis for export. Marigold Projects, for example, acquired permission to cultivate more than two hectares with cannabis for medicinal, scientific and therapeutic purposes; 49% of this Jamaican company is owned by Aphria. Epica, Kaia, Jacana, The Jamaican Medical Cannabis Corporation and Global Canna Labs are other companies with the same main objective of cultivating cannabis for export.⁶³ All of these are local companies that receive direct investments from foreign companies. With the aim to protect local businesses, Jamaican laws oblige foreign companies to have local partners, who formally retain majority control.⁶⁴

Colombia is currently the focus of operations for the major cannabis corporations. Colombia's geography and climate, which allow multiple crop cycles annually, the low cost of labour and inputs, as well as a long-term legal framework, make it seem like an ideal place for growing cannabis.⁶⁵ Colombia also has know-how of specialised agricultural products. The country is one of the main flower exporters worldwide. In 2020, the government authorised almost a thousand licenses to produce cannabis and nearly 70% of cannabis companies have foreign investments, with an estimated total of \$400 million.⁶⁶ The statements of the newly sworn-in Colombian president, Gustavo Petro, reaffirm a willingness to expand cannabis-planting permissions in the country to stimulate tax revenue and economic development, especially for poor communities.⁶⁷ This context suggests that the country could become the main international hub of cannabis production for the global market, especially among corporations in the global North.

This Colombian policy, which aims to boost the economy via cannabis exports and foreign investments, is replicated in several other countries in the global South. To date, however, the results have not been satisfactory and there are several challenges to be faced.⁶⁸ Recent data shows, for example, that these economies still struggle to compete globally, especially given the dominance of the hemp market by China and Canada, and the increasing production in the US with the approval of the 2018 Farm Bill. In addition, small and medium-sized cannabis producers have had minimal participation in this new expanding market, even when their insertion and protection is provided for by law, as in the case of Colombia⁶⁹ and other countries.

4.2 Corporate capture latent issues

The corporate capture of the medicinal cannabis market presents socio-political, economic and environmental dilemmas for countries of the LAC region. All of these corporations are directly or indirectly able to undermine the ability of regulations to respond to the demands to reduce inequality in terms of access to health, value traditional knowledge

about cannabis and incorporate vulnerable groups, particularly small farmers, black and indigenous people, into the new legal market.

With the growth of the cannabis market for medicinal purposes, a process of standardising cannabis production is taking place. Various certifications of good practice have been required of growers and manufacturers by several national and international bodies charged with the supervision of drug production, in common with the entire pharmaceutical industry. They are certifications of good manufacturing practices, good agricultural practices, good laboratory practices and good clinical practices, among others that seek to ensure a drug's quality, safety and efficacy. Products' compliance with these standards is directly related to their competitiveness, access to markets and final price.

The nascent medicinal cannabis industry in several countries across the global South, including Latin America, has considerable difficulties in complying with these rules due to lack of experience, technology and financial resources. Each of these requires adaptation to a set of rules, complex bureaucratic dynamics, as well as significant investment, mainly for the export of products with THC (considered medicinal products). Small and medium-sized companies have found a solution in establishing various kinds of partnerships with the large international pharmaceutical and cannabis corporations to fill these gaps.

The barriers posed by these demands for small-scale cannabis-producing farmers are much higher, given that large corporations generally do not see no benefits in supporting and incorporating them into their supply chain. In Colombia, for example, many small farmers who grow cannabis in the traditional way face barriers to entering the domestic cultivation and production market due to the need to comply with the norms established by the Colombian Agricultural Institute, ICA. Such barriers become practically insurmountable for their insertion in the international market, given the demands of norms and procedures required by international bodies and more powerful countries.⁷⁰

Clever Leaves, the US cannabis giant, is one of the few companies to obtain all the necessary certifications to operate in the Colombian market and in the international market, especially in Europe, which includes the European Union Good Manufacturing Practices (EU GMP) Certification, a Good Manufacturing Practices (GMP) Certification by the Colombia National Food and Drug Surveillance Institute – Invima, and Good Agricultural and Collecting Practices (GACP) Certification, among others.⁷¹

In a sense, this aspect is linked to the large companies' increasing investment in obtaining cannabis patents. A recent 'state of the art' review suggests that the patent filings are growing, with emphasis on agricultural technologies directed at improving yield, efficiency, and quality, following the economic and legislative activities.⁷² This type of investment is also intended to make companies more attractive for acquisitions and other transactions.⁷³ In addition, patents have the potential to increase a company's competitiveness in a particular branch of the cannabis market.

Theoretically, the patent is intended to recognise the quality and novelty of ideas and protect the property interests of the individuals who were able to create such a product. However, in practice the patent grant demonstrates that the power of the groups involved in making these demands plays an important role and can even threaten access to medicinal cannabis products by the population.

Box 3 presents a case that demonstrates the relevance of the topic for Latin American countries and the impacts that the acceptance of patents without due care can generate for the structuring of the new medicinal cannabis market in the region.

BOX 3: CBD patent, the case of Prati-Donaduzzi in Brazil

The case of the pharmaceutical company Prati-Donaduzzi illustrates the articulations between intellectual property, politics and profit in the context of Latin America cannabis regulations.

Located in the state of Paraná in southern Brazil, Prati-Donaduzzi is the largest producer of generic drugs in the country. It was the first company authorised by the national health agency (Anvisa) to produce medicines based on cannabis-based compounds. In 2020, the company had its patent application approved by the National Institute of Industrial Property (INPI) for a phytopharmaceutical of CBD, with a concentration between 20mg/ml and 250mg/ml, diluted in a composition of corn oil, sweetener, antioxidant, flavouring and preservative.

The patent could result in a monopoly on the commercialisation of CBD products until 2036, preventing other companies from entering this market, establishing price controls and halting the production of CBD-rich oils that have long been manufactured by growers and several associations that serve tens of thousands of patients across the country.

In the same year the patent was granted, a first product started to be sold in pharmacies, under the name of Cannabidiol Prati-Donaduzzi, with 30ml, intended for the treatment of anxiety crises, epilepsy, schizophrenia and Parkinson's disease. It is currently priced at US\$470. Through its unofficial lobbying with the Ministry of Health, the government also proposed a confidential agreement to supply the product to the Public National Health System (SUS).⁷⁴ If approved, the company would be the sole supplier of a cannabis-based therapeutic product to the entire Brazilian population. According to SUS's technical report, this would mean, based on conservative data, the cost of US\$83 million to treat 1,000 patients for five years.⁷⁵

The secret agreement was questioned by opposition parties in Congress and was later derailed. The granting of the patent was contested by other companies and civil society groups, which INPI technicians accepted and resulted in the annulment of the patent. In the reassessment, it was found that the formula presented was not an innovation, since the manufacturing of this type of CBD product is public knowledge and the modifications made to the compound were trivial, based on known techniques in the area of pharmaceutical technology.

In fact, knowledge about manufacturing CBD-rich oil is widespread worldwide and can be made by any individual. Tutorials and many examples of people producing CBD-rich oils for therapeutic purposes for themselves, their acquaintances and their families can be found on internet, for example. This knowledge was preserved during decades of prohibition, allowing its re-emergence in the new context of cannabis regulation. Its patenting would be yet another way of restricting access to health care in for-profit and market-oriented cannabis regulation contexts.

In an interview, Prati-Donaduzzi's president said in response to these inquiries that the company is currently investing in the development of a fully synthetic CBD, which will allow patenting and will not require the cannabis plant, whose cultivation is still prohibited in Brazil.⁷⁶

Given such for-profit manoeuvres, it is even more important to prioritise social initiatives and institutional mechanisms that guarantee the protection of knowledge, genetic resources, products, and cultural expressions of local communities in traditional areas of cultivation, and which face challenges for economic development and integration. 'Ethical consumerism'⁷⁷ branding based on the quality advantages of native cannabis strains and traditional cultivation techniques, using 'geographical indications' or 'denominations of origin' certification can help in protecting the rights of these vulnerable groups, especially from black and indigenous communities, who were most affected by the 'war on drugs'.⁷⁸

Finally, it is worth highlighting the growing environmental concern regarding the new legal cannabis market. Recent research suggests that cannabis causes fewer environmental problems than other traditional agricultural crops such as soy or cotton, especially in outdoor cultivation. The carbon footprint of outdoor cannabis seems to be between 16 and 100 times less than for indoor cannabis.⁷⁹ In addition, the plant has beneficial effects on the environment, such as the ability to absorb and store heavy metals. A number of problems are beginning to be identified in indoor cultivation (significant deterioration in air quality, high water demand, high energy consumption and CO₂ emissions) but also in outdoor cultivation (soil erosion, high water demand, sites tend to be located in remote and ecologically sensitive areas, use of pesticides).^{80 81} Such problems are compounded by corporations in large-scale plantations and the lack of guidelines in cannabis regulations to control these negative environmental impacts. The fact that the planting of cannabis for medicinal purposes requires substantial control of the environment to produce plants suitable for the production of medicines tends to demand climate control, which causes more harm to the environment. This feature assumes more relevance across LAC overall, and in countries such as Colombia, which are seen as a global hub for the cultivation of cannabis for medicinal purposes.

All these issues suggest the need to contest the pro-profit narrative and the practices of corporate capture that have been advanced in the new regulations of cannabis for medicinal purposes. This change in orientation can be achieved by empowering small and traditional producers of cannabis, encouraging their political organisation and coalitions with other actors to advocate for their interests and a fair-trade framework (e.g. labour protection, democratic control, gender-sensitive governance processes, transparency and traceability in the operation of the cannabis market and supply chain, strong environmental sustainability standards among other principles).⁸²

5. CONCLUSION

The evolution of medical cannabis regulations in Latin America and the Caribbean has attracted enormous interest from large cannabis corporations, especially those based in the US and Canada. These corporations have identified countries in the region as potential consumer markets for their products. Some key countries, such as Colombia, have also been seen as potential centres of cannabis production for the global market, because of their favourable economic and environmental factors.

The way these large cannabis corporations access the LAC market is through partnerships of different types with local companies. These companies, as well as the governments of these countries, consider the large corporations' direct investments and knowledge and technology transfer to be indispensable.

Thus, partnerships between foreign corporations and local elites have become the most usual dynamic of economic exploitation of countries of the global South to advance the corporate capture of the new market of cannabis for medicinal purposes. This is similar to what occurs with other agricultural commodities, underlining the neo-colonial character of international relations with the global North.

Dependence on investment by these corporations creates huge power asymmetries in defining the conditions for their insertion in emerging markets. It makes it possible for these transnational corporate partnerships to extract wealth at the expense of local development and the livelihoods of small and medium farmers and other vulnerable groups historically engaged with the illicit cannabis market. In addition, the environmental threat arising from large-scale cannabis production, the multiplication of patents that seek to monopolise niches in the new markets, and the high requirements for certification of good practices pose challenges for those interested in more democratic and fair cannabis regulations.

Overall, the corporate capture of the new cannabis regulations in Latin America has therefore led to the valorisation of a pro-profit approach that reinforces inequalities.

Medicinal cannabis regulations should not reinforce the inequalities and violence created by various forms of prohibition throughout history. Indeed, they should help the majority of the population to access health care, especially the most vulnerable. Countries need to incorporate provisions in their regulatory mechanisms that protect such groups, especially traditional producers, and put them into practice, in addition to expanding access to the variety of cannabis products for medicinal purposes. A key step in this regard is to prevent corporate capture of the new Latin American market for medicinal cannabis.

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