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## Canada

**Post:** Ottawa

## Industrial Hemp Production Trade and Regulation

**Report Categories:**

Oilseeds and Products

Retail Foods

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**Report Highlights:**

Canada has grown hemp, primarily for hemp seed, across the Prairies for more than 20 years. The 2018 Cannabis Act relaxed regulatory controls on industrial hemp, in addition to legalizing recreational cannabis, and cannabidiol extraction is now permitted. Production and distribution of cannabinoids and cannabinoid containing-products are highly regulated, with products appearing in licensed cannabis stores or for medical purposes.

**Keywords:** Canada, CA19030, Hemp, Cannabis, CBD

## **Hemp Production**

Federal legislation facilitated the re-introduction of hemp cultivation in Canada in 1998. Since that time, commercial cultivation has grown relatively slowly as producers have worked through agronomic challenges (including securing certified seed) and as processors have worked to develop hemp products and markets for them. Initially re-introduced for fiber production, the food and nutrition market had propelled the Canadian hemp industry until the 2018 Cannabis Act created additional opportunities by expanding the value chain.

According to the most recent [data](#) from Health Canada, 77,800 acres of industrial hemp were planted in 2018 – 30,000 acres (38.5 percent) in Alberta, 27,100 acres (35 percent) in Saskatchewan, and 11,500 acres (15 percent) in Manitoba. In addition to requirements to purchase government certified seed each year, the growers are required to report the GPS coordinates of all fields in which hemp will be cultivated. According to industry sources, over 90 percent of the seed for hemp cultivation is produced in Canada, consisting mostly of Canadian developed varieties, with some varieties produced in Canada under license. Hempseed yields typically reach about 1,000 lb/acre on dryland (approximately 22 bushels/acre on a 44-pound bushel) and up to 3,000 lb/acre on irrigated fields. Certified organic hemp production is a growing trend, reaching about half of total production, according to industry estimates.

There are about one dozen hemp processing companies in Canada, with most located in the Prairie Province. As the number of growers remains fairly limited, due to the regulatory requirements and relative agronomic unfamiliarity with the crop, hemp processors tend to contract hempseed production directly with growers. Growers estimated the price premium for hempseed over canola in 2018 was approximately 10-15 percent.

Additional information on hemp production can be found on the following provincial government websites: [Alberta](#), [Saskatchewan](#) and [Manitoba](#).

## **Hemp Trade**

Available data only capture trade of hempseed under HS tariff line 1207.99. Without specific tariff lines for processed hemp products (e.g., hemp oil, hemp hearts, hemp meal, etc.), the full trade value cannot be collected from available data. In 2018, Canada exported nearly 5,400 metric tons (MT) of hempseed valued at nearly \$50 million USD. Over 70 percent of Canada's export volume went to the United States, followed by European Union (EU) member countries and South Korea. Canada has generally imported insignificant amounts of hempseed under HS 1207.99. In 2017, Canada imported 726 MT of hempseed, valued at \$1 million USD, mostly from the United States (323 MT), followed by EU countries and China.

## **Hemp Industry Development**

In September 2018, the federal government [announced](#) an investment of \$330,550 CAD (approximately \$250,000 USD) for the [Canadian Hemp Trade Alliance](#) (CHTA) to develop industry-wide grading standards so that Canadian hemp products could be recognized globally for their quality and consistency. The CHTA is a national organization representing industrial hemp growers and promoting

hemp and hemp products globally. Established in 2003, the Alliance represents those involved in Canada's hemp industry, including farmers, processors, food manufacturers and researchers.

CHTA's website includes information on [growing hemp](#), as well as on various [hemp-based products](#):

- Food, such as hemp seed, hemp oil and hemp protein in the form of flour or powders
- Clothing
- Cosmetics
- Industrial products

## **Hemp Regulation**

Industrial hemp in Canada is regulated by the new [Industrial Hemp Regulations](#), which were incorporated under the [Cannabis Act](#) that entered into force on October 17, 2018. Canada defines "industrial hemp" (hereafter "hemp") as cannabis varieties that contain less than 0.3 percent of THC (delta-9-tetrahydrocannabinol) in the flowering heads and leaves.

Under the new hemp regulations, growers can also harvest hemp flowers, leaves, and branches and sell them to licensed cannabis processors, although the vast majority of hemp grown in Canada to date has been grown for hempseed (non-viable seeds), which have been used in a wide range of food products (such as hulled hemp seeds, hemp-based snack foods, hemp oils, hemp protein powders, hemp flour and hemp meal).

Hemp varieties will continue to be strictly controlled by the federal government and producers may only plant varieties from the official [List of Approved Cultivars](#). Producers are not allowed to keep hemp seeds for planting, and every growing season producers must purchase government certified seeds. In addition to low THC content, industry sources indicate that approved hemp varieties are also low in cannabidiol (CBD) content. Although the new hemp regulations are meant to open additional revenue sources and market opportunities by allowing producers to harvest the flowers, leaves, and branches of the hemp plant, high-CBD varieties have yet to be registered for use in Canada.

## **Industrial Hemp as Animal Feed**

In Canada, the Canadian Food Inspection Agency (CFIA) regulates livestock feed. Hemp and hemp products are not currently approved as livestock feed or feed ingredients in Canada. In the future, each hemp product intended to be used as a livestock feed single ingredient (such as hemp meal, hemp oil, or hemp seeds) will require separate approval. For more information, please consult CFIA's resource [Regulation of Hemp Products for Use in Livestock Feeds](#).

## CBD Regulation

In Canada, the [Cannabis Act](#) defines “cannabis” as the cannabis plant, including:

- any part of a cannabis plant, including the phytocannabinoids produced by, or found in, such a plant, regardless of whether that part has been processed or not;
- any substance or mixture of substances that contains or has on it any part of such a plant; and
- any substance that is identical to any phytocannabinoid produced by, or found in, such a plant, regardless of how the substance was obtained.

However, the definition of “cannabis” excludes (a) a non-viable seed of a cannabis plant (i.e., hemp seed), (b) a mature stalk, without any leaf, flower, seed or branch, of such a plant, (c) fiber derived from a stalk referred to under (b), and (d) the root or any part of the root of such a plant.

Given this definition, all cannabinoids in the cannabis plant, including CBD and THC, are regulated in the same way as “cannabis” under the Cannabis Act and its regulations. Therefore, any cannabis-containing products, including any CBD-containing products, may only be accessed in Canada via three channels:

1. **Retail or on-line cannabis outlets:** individuals may purchase CBD-containing products from a provincially authorized retailer, similar to purchasing THC-containing products for recreational purposes<sup>1</sup>;
2. **Medical use:** individuals, with the support of their health care practitioner and a medical document, may purchase CBD-containing products from a federally licensed seller of cannabis for medical purposes;
3. **Prescription drugs:** individuals, under a prescription issued by their doctor or other prescriber, may purchase CBD-containing prescription drugs approved by Health Canada and bearing a Drug Identification Number (DIN).

Currently, the sale of [natural health products](#) (NHPs) containing any cannabinoid (including CBD) in Canada is prohibited. The Canadian hemp (CHTA) and natural products ([CNPA](#) and [CHFA](#)) industries continue to advocate for a different regulatory regime for CBD-containing products. Licenses and permits authorizing the import or export of cannabis (including CBD and CBD-containing products) may only be issued for cannabis destined for medical or scientific purposes. A Health Canada [public consultation](#) on the potential market for cannabis health products that would not require a practitioner oversight closes on September 3, 2019.

Transporting cannabis (including CBD-containing products) across Canada’s international border remains strictly regulated. The Canada Border Services Agency (CBSA) has a [dedicated website](#) related to cannabis and issued the following warning for travelers:

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<sup>1</sup> As of October 2019, the recreational market for cannabis (including CBD) will be expanded to include edible cannabis, cannabis extracts and cannabis topicals. Additional information is available on this Health Canada [webpage](#).

*Transporting cannabis across the border in any form – including any oils containing THC or CBD – without a permit or exemption [authorized by Health Canada](#) remains a serious criminal offence subject to arrest and prosecution, despite the legalization of cannabis in Canada. The prohibition applies regardless of:*

- *The amount of cannabis you have with you,*
- *Whether you hold a medical document authorizing the use of cannabis for medical purposes,*
- *Whether you are travelling from an area with legalized or decriminalized cannabis.*

## **CBD and Pet Animals**

All cannabinoids in the cannabis plant, including CBD and THC, are regulated as “cannabis” under the Cannabis Act and its regulations. Pet access to cannabis-containing products (including pet food) is more limited than human access, since the *Access to Cannabis for Medical Purposes Regulations* specifically refer to “persons,” thereby excluding animals.

Currently, there is no legal pathway for veterinarians in Canada to prescribe cannabis-based medicine for animals or for companies to produce and sell cannabis-based products (including pet food) for pets. However, the Canadian Veterinary Medical Association submitted proposals to address these issues in a January 2018 [letter](#) to Health Canada. In addition to medicinal products, companies may in the future be able to produce [Veterinary Health Products](#) (VHP) containing cannabis ingredients, provided they comply with the requirements of the [VHP Notification Program](#) and that cannabis is added as an allowed ingredient to the [List of Permitted Substances](#). The Canadian Association of Veterinary Cannabinoid Medicine provides additional [information](#) on their website.

To date, only one Canadian company has received approval from Health Canada to conduct clinical trials for a cannabis-containing product that would treat pet anxiety. Though Canadian manufacturers have expressed interest in producing CBD-containing pet food, no approved products were on the market as of August 2019.

## **Background Information**

For additional information on industrial hemp and cannabis, please consult the following sources:

### **Health Canada**

[Industrial Hemp](#)

[Hemp and the hemp industry: Frequently Asked Questions](#)

[Statistics, Reports and Fact Sheets on Hemp](#)

[Cannabis](#)

[Guidance for Health Products Containing Cannabis](#)

### **Canadian Food Inspection Agency**

[Regulation of industrial hemp seed](#)

### **Canada Border Services Agency**

[Importation and Exportation of Cannabis, Controlled Substances and Precursors](#)