



# AN EMERGING MARKET FOR CANNABIS IN ARGENTINA

Nicolás Jaca-Otaño and Emelie Hakansson Barreiro, Oliva, De Luca, Jaca, Nicastro

*As international conventions have eased the restrictions related to cannabis, several countries have advanced in their legalization and regulation of its use. In 2017, Argentina introduced a regulatory framework for the medical and scientific investigation of the medicinal, therapeutic, and/or palliative use of cannabis and its derivatives after pressure from many civil society organizations. What followed was an increasing interest among academics, scientists, politicians, investors, and companies, and consequently, the social stigma on cannabis is slowly disappearing.*

*This has created an emerging market for cannabis in Argentina. This article will first outline the regulatory framework for the medical and scientific investigation of cannabis in Argentina, will then introduce a few current state- and private entrepreneurial initiatives that have emerged and, lastly, will present the market outlook for the industrialization of the medicinal and industrial use of cannabis in Argentina.*

## ARGENTINA LEGALIZES THE MEDICAL AND SCIENTIFIC INVESTIGATION OF CANNABIS

As mentioned, in March 2017, Argentina approved Law No. 27,350 establishing a regulatory framework for the medical and scientific investigation for the medicinal, therapeutic, and/or palliative use of cannabis

and its derivatives. Until then, the cultivation, production, usage, trade, possession, and use of cannabis were prohibited.

Through the regulatory framework, the Argentine National Program for the Study and Research of the Medicinal Use of the Cannabis Plant was created to promote medical and scientific research on cannabis and to guarantee access to cannabis for patients who would require cannabis for medical purposes. The regulatory framework also introduced a National Register, in which any patients suffering from pathologies recognized by the Argentine authorities should be able to enroll and thus be guaranteed free access to cannabis oil treatment.

Despite the creation of the National Program and National Register, access to cannabis for patients has, in practice, still been quite limited as the only pathology recognized by the authorities for cannabis oil treatment was refractory epilepsy. With more pressure from civil society organizations, in November 2020, the authorities also recognized other pathologies for cannabis oil treatment. Simultaneously, the personal- and organizational cultivation of cannabis was legalized under certain conditions: Any patient with a medical pre-

scription and who has signed an informed consent waiver may apply for the approval of personal cultivation. In addition, the complementary regulations recognize the commercialization of cannabis oil through certain authorized pharmacies.

The cultivation, trade, possession, and use of cannabis outside the regulatory framework outlined above remains prohibited (although, the Argentine Supreme Court of Justice has opened up for the personal use of cannabis “if it does not put any third parties at risk” through the so-called Arriola Ruling in 2009). Hence, at present date the cultivation and production of cannabis for industrial purposes (hemp) remains prohibited; but, as discussed further down, Argentina has shown significant interest in becoming an actor on the national and international cannabis market.

## INITIATIVES RELATED TO MEDICAL AND SCIENTIFIC INVESTIGATION OF CANNABIS

Despite the limited applicability of the regulatory framework for the medical and scientific investigation of cannabis introduced in 2017, both public- and private initiatives have emerged in Argentina during the last couple of years. The initiatives in-

clude research related to the cultivation, production, and improvements of crops according to Argentine weather and geography conditions; the production of cannabis oils and the analysis of purity of cannabis oils; the development of new products for medicinal use; and/or the performance of clinical research. The main actors are provincial governments, province-owned companies, science and technology institutions, universities, pharmacies, and civil society organizations.

When it comes to production, the first and still the only (March 2021) company authorized to produce cannabis is the company Cannava, owned by the Province of Jujuy. The company cultivates cannabis and produces products derived from cannabis through its own laboratory, it participates in research projects together with the National Institute of Agricultural Technology (“INTA”, according to the Spanish initials), and it works toward the credentialing of health professionals in the medical use of cannabis. As for 2020, the plan was to harvest enough cannabis plant material to obtain 240 liters of cannabis oil while the by-products (stems and leaves) would be transformed into compost since Argentina has not yet legalized the use of cannabis for any other type of industrial product. Cannava is currently working on becoming ISO 9001 compliant, and it plans to complete EU / Global GAP and GMP certifications to facilitate exports.

Further, Cannava has been questioned for its partnership with the company Players Network TV through the brand Green Leaf Farm (which financed 60% of Cannava’s installations) as Players Network TV filed for Chapter 11 bankruptcy proceedings in the United States in June 2020.

The state-incentivized project Cannava has served as a pilot for other provinces in Argentina. Companies owned by other provinces have emerged, but none has come as far as Cannava. For example, the governments of San Juan, Mendoza, and Corrientes have signed agreements with the government of Jujuy to advance joint cannabis production and research programs, and in addition, several companies focused on agriculture have formed partnerships with INTA and requested authorization to import genetic material.

The first private initiative related to cannabis is the company Pampa Hemp. Although Pampa Hemp has not yet (March 2021) received all authorizations for its operations, it has already formed the first public-private agreement in Argentina with INTA regarding the research and production of medicinal cannabis in Pergamino,

the Province of Buenos Aires. The objectives of the agreement are to promote the Argentine national production of raw material for pharmaceutical use and to develop its own genetics for medicinal purposes and other uses (through the stabilization of local varieties and the creation of a cannabis seed bank with germplasm adapted to the conditions in Argentina). Further, Pampa Hemp also expects to generate exports of local production to the international market.

In conclusion, there are several initiatives in Argentina related to the medical and scientific investigation of cannabis. With Argentina’s forthcoming plans to expand the industrialization of the medicinal and industrial use of cannabis, the current initiatives will most likely advance and progress further and there will also be space for new initiatives.

### MARKET OUTLOOK FOR THE INDUSTRIALIZATION OF THE MEDICINAL AND INDUSTRIAL USE OF CANNABIS

Early in March this year, when Argentina’s President Alberto Fernandez opened Congress, he mentioned six bills that his government would present therein to facilitate “structural change,” thus boosting the economy (which had already been hit before the pandemic started, by both inflation and devaluation of the Argentine peso). One of the bills mentioned was a project regarding the industrialization of cannabis for medicinal and industrial use. President Fernandez also declared that cannabis has “very useful properties for medicinal and industrial purposes” and that the “global medical cannabis industry will triple its turnover in the next 5 years.”

The bill mentioned is a result of the work produced by the Argentine Ministry of Productive Development, which, in March 2021, released a report regarding the value chain of cannabis. The report presents suggestions for the cannabis politics.

First, for a progressive advancement of the cannabis industry and the industrial use of cannabis, the report suggests that the cultivation, processing, transport, sale, and use of cannabis should be legalized as long as the cannabis varieties produced have a content of tetrahydrocannabinol (THC, i.e., the psychoactive component) below a certain threshold (e.g., such as 0.3% as in the case in the United States). Legislative rhetoric denotes such varieties with a lower THC content as hemp, although the exact definition varies from region to region depending on the jurisdiction. One of the advantages of using cannabis, or hemp, for industrial purposes, is that it is one of the

fastest-growing plants and can be used to produce a variety of products, including cosmetics, paper, textiles, biodegradable plastics, and food and beverages.

Secondly, to further develop the medical cannabis industry and expand the possibilities for private sector investments, the report suggests that a broader regulatory framework should be created which also would consolidate the latest regulatory advancements. In this sense, it is also suggested that a special authorization scheme for consumer products such as food, dietary supplements, cosmetics, etc., containing cannabidiol (CBD, i.e., the chemical compound derived from the cannabis plant often associated with health benefits) is evaluated along the same lines as that which is being discussed in the United States (and in Europe).

As the report concludes, this would enable both private and public entities to generate innovative developments in genetics, modalities cultivation, processing, products, etc., and thus to take advantage of business opportunities in the cannabis market, both domestically and internationally.

The fact that Argentina already has the advantage of scientific, technological, and productive capacities in key areas (such as genetics and seed production, research and analysis services in biology, and biomedicine), combined with the amplification of the regulatory framework as indicated above, the market outlook for the industrialization of the medicinal and industrial use of cannabis looks promising.



*Nicolás Jaca-Otaño is founding partner at the law firm [Barreiro, Oliva, De Luca, Jaca, Nicastro](#) where he leads the Corporate & Venture Capital team. Nicolás has more than 20 years of experience representing clients in*

*corporate and M&A projects, finance ventures, as well as in international trade- and commercial operations.*



*Emelie Hakansson is foreign associate at [Barreiro, Oliva, De Luca, Jaca, Nicastro](#) where she leads the firm’s Swedish Desk. She is specialized in commercial contracts and dispute resolution. Emelie is also expanding her*

*expertise to business and human rights as she is studying for a master’s in international human rights law.*