

The Senate approves the regulation of cannabis

The Senate of the Republic approved the draft issuing the Federal Cannabis Regulation Act, which will go to the Deputies Chamber for discussion and/or modification and eventual approval. While the report did not satisfy the expectations of all the political, economic and social sectors involved, it is a plausible beginning on the road to liberating certain uses of cannabis. The following seem to us to be the most relevant points of the draft:

The act would only regulate the use of cannabis by adults, for research and for industrial purposes. Its pharmaceutical, therapeutic and palliative use will be governed by the General Health Act and the Regulation of Sanitary Control for the Medical Production, Research and Use of Cannabis and its Pharmacological Derivatives, yet to be issued, published and enter into force.

Personal consumption and use of psychoactive cannabis (whose concentration of THC is equal to or greater than 1%) are not subject to authorization, but are limited to a specific number of plants per individual and to its consumption in certain places.

The use of non-psychoactive cannabis is permitted in concentrations less than 1% of THC (hemp) for the preparation and manufacturing of products other than medicines, which can be subject to import or export. However, its use is prohibited in edible and drinkable products which would exclude it from a large number of hemp products available in other markets.

The various acts that are part of the chain of production, distribution and commercialization of cannabis for the authorized uses are subject to obtaining a license. There are five types of licenses: (i) cultivation, (ii) transformation, (iii) distribution, (iv) Export and Import (only hemp products) and (v) research.

The granting of these licenses would be subject to certain restrictions. Each individual or entity may obtain just one type of license, except for the export or import licenses of hemp which may coexist with another type of license complying with certain requirements. There are also limits on related parties of license holders (partners, shareholders, family members) obtaining licenses of other types when the result would be a “vertical integration” of the industry. The number of licenses per state will be limited and during the first 5 years at least 40% of the licenses for cultivation will be granted to indigenous and other groups affected by the prohibitive system imposed to date. It is important to emphasize that the draft does not limit the participation of foreign investment which will be governed according to the corresponding law.

Finally, it is mentioned that the Mexican Institute for the Regulation and Control of Cannabis will be created, which will be responsible for, among other things, granting the licenses and establishing the mechanisms for providing the national market with the lots of seeds and plants of cannabis during the period considered appropriate, so the cannabis market can be started up in Mexico.

While this step forward is very laudable, it presents certain inconsistencies and problems, especially with regard to favoring certain minority groups and holding of the licenses, which we hope the Chamber of Deputies will correct.

To obtain additional information, contact our experts:

Luis Miguel Jiménez, Partner:

+52 (55) 5258 1058 | lmjimenez@vwys.com.mx

Javier Lizardi, Partner:

+52 (55) 5258 1021 | jlizardi@vwys.com.mx

María de Lourdes Salazar y Vera, Associate:

+52 (55) 5258 1058 | msalazar@vwys.com.mx

Cinthya González, Associate:

+52 (55) 5258 1021 | cgonzalez@vwys.com.mx

S I N C E R E L Y

VON WOBESER Y SIERRA, S.C.

Mexico City, November 20, 2020.

VON WOBESER Y SIERRA, S.C.

Paseo de los Tamarindos 60
05120 Mexico City
+52 (55) 5258 1000
vonwobeser.com