

FOLHA DE S.PAULO

A competitive cannabis market in Brazil is not possible without domestic cultivation, say investors

A cannabis-based product has been approved in Brazil by Anvisa, but raw materials must still be imported

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SÃO PAULO

Legalization of cannabis cultivation is the most significant impediment to the emergence of a competitive market in Brazil for cannabis-based medicines and other products, according to investors and fund managers who earlier today participated in Live At Home, a daily presentation on a variety of topics by Folha.

Hosted by journalist Valéria França, a columnist for the newspaper, the presentation involved a panel discussion with six participants, who identified a number of approaches to developing a market for products derived from cannabis.

Currently, Anvisa (the National Health Regulatory Agency) has approved the distribution and sale of just one cannabis-based product. In April of this year, the agency approved an oil containing cannabidiol for sale in pharmacies.

Because domestic cultivation has not been legalized, the company distributing the product must import the raw materials – and this has a direct impact on the final price. “A crisis like the one we are

experiencing today has an impact on this sector, largely because of currency exchange rates,” says Daniel Jordão, a real estate administrator and startup investor. “This is the major obstacle to making products that are accessible and affordable.”

According to Marcelo Grecco, co-founder and CEO of The Green Hub, an incubator for startup companies, “There is no way to have an efficient, regulated market without domestic cultivation.” He argues that the involvement of scientists and physicians in the development of cannabis derivatives will ensure safety for consumers: “The overall trend is that technology is making treatments safe and effective.”

Pedro Pietro, a neurosurgeon who owns clinics at which cannabis is used in some treatments, suggests that there are other applications to be explored. “Adult use is something that has been around for years, as well as medicinal applications. Other market opportunities, such as textiles and cosmetics, animal feed, and applications in construction, are starting to emerge,” he says.

According to George Wachsmann, CEO of Vitrio, an asset management company, expanding this market also depends on a change in awareness. “Once we’re able to overcome the cultural taboo that still exists in several countries, this market will begin to grow in a big way,” he says. “Right now, the time horizon for an investment in the cannabis sector is at least five to ten years.”



Abrace Esperança é a única associação no país com autorização judicial para o cultivo e extração do óleo a base de CBD (canabidiol) Adriano Vizoni/Folhapress

Abrace Esperança is the only organization in the country authorized to cultivate cannabis and extract a CBD-based (cannabidiol) oil.

José Bacellar, founder and CEO of VerdeMed, a Canadian company focused on cannabis-based products, also sees the potential for rapid market expansion, but he offers this caution to entrepreneurs: “The health and wellness market, which is currently the largest market in the US, offers opportunities for new entrants. But it’s a bit like a gold rush – whoever is selling picks and shovels will tend to last longer, because not everyone will find a gold mine in the cannabis market.”

For instance, Patrick Lane, founder and CEO of Benzinga, an American financial media company, points out that in the US, small companies are now being bought by larger ones. “It’s natural, there are several waves. Some companies appear, others disappear, there are mergers and acquisitions. We are currently in the middle of this cycle,” he observes. According to Lane, the Covid-19 pandemic will also have an impact on the US cannabis market. “Some state governors have classified the cannabis industry as essential, and this should accelerate growth in the market,” he says.