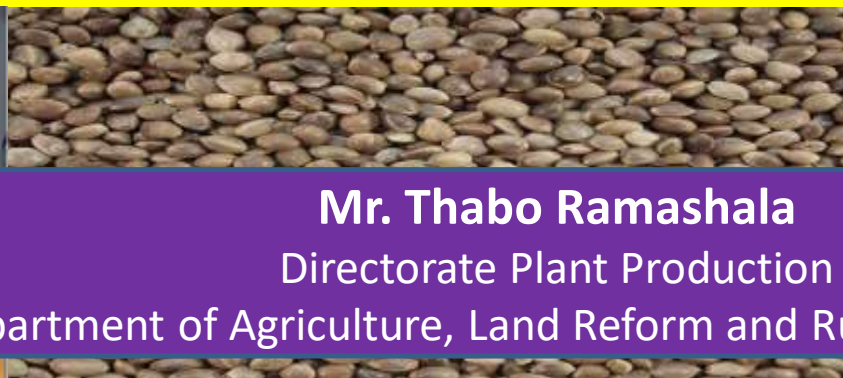




UPDATE ON THE HEMP REGULATORY FRAMEWORK FOR SOUTH AFRICA



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PURPOSE OF THE PRESENTATION

- a. Present an integrated government approach towards unlocking the economic potential of hemp in South Africa.
- b. Provides an update on the hemp regulatory framework for South Africa.
- c. Provide key milestones towards the new policy framework for Cannabis in South Africa.

BACKGROUND

- a. Cabinet took a decision in July 2019 that South Africa needs a national strategy for industrialisation and commercialisation of Cannabis in order to increase economic growth, create jobs and poverty alleviation. The Minister for Agriculture, Land Reform and Rural Development was appointed as the convener of this process.
- b. The Inter-departmental Committee on Cannabis was established to guide the conceptualization and drafting of South Africa. The committee is made up of representatives of key departments in line with directive from Cabinet. These departments are DALRRD, DoH, DTIC, DSBD, DoJ, and DSI. Other representatives come from SAPS, SAHPRA, ARC, CSIR, IDC, SARS and some universities. Inputs from all these departments, SOEs, universities and other stakeholders were used to develop various drafts of the master plan.
- c. Lessons and experiences were drawn from Canada, Portugal, Uruguay, Spain, USA, China, and Netherlands as well as other countries across the world and from the African continent.
- d. The Inter-departmental Committee on Cannabis approved Version 5 of the master plan as the document that is ready for consultation with various stakeholders in the Cannabis sector.
- e. **Version 5 National Cannabis Master Plan was endorsed by EXCO, Ministerial Advisory Committee and IMC to be subjected to consultation with key stakeholders, namely government, business, labour and communities.**

RATIONALE

- a. Establishment of the Cannabis industry will lead to diversification of the economy and thus increase economic growth, create jobs and for poverty alleviation.
- b. The potential size of the Cannabis industry in South Africa is estimated at about R 28 billion. It is estimated that it can create between 10 000 to 25 000 jobs across the entire value chain.

IMPORTANCE OF CANNABIS

MEDICINE

- a. Critical active ingredients: CBD and THC
- b. Diseases and ailments that can be treated:
 - Chronic pain
 - Asthma and TB
 - Glaucoma
 - Epilepsy
 - Cancer
 - Arthritis
 - Appetite
 - Covid 19 virus ????

INDUSTRIAL

- a. Almost all parts of the plants are used: stalks, seeds and leaves.
- b. Products:
 - Textiles, clothing, shoes, etc.
 - Building material: bricks and ceiling boards, paints, etc.
 - Cosmetics

FOOD

- a. Fastest and largest growing sector
- b. Both seeds and leaves are used for food and beverages.
- c. Products:
 - Hemp meal
 - Baking
 - Sweets and gummies
 - Energy drinks
 - Cookies and muffins
 - Ice-creams
 - Animal feeds

RECREATIONAL

- a. Critical active ingredient is the THC in leaves and flower buds.
- b. Consumed through all kinds of smoking.
- c. Purpose:
 - Relaxation and good mood
 - Creativity
 - Religious

UNLOCKING THE HEMP VALUE CHAIN

**PRODUCTION
INPUTS**

**PRIMARY
PRODUCTION**

**MANUFACTURING
AND PRODUCT
DEVELOPMENT**

MARKETING

- Breeding Companies
- Seed Companies
- Nurseries
- Chemical Companies

- Smallholder Growers
- Commercial Growers
- Contractors

- Cosmetics and Body Care Products
- Foods and Animal Feeds
- Nutraceuticals
- Beverages
- Textiles
- Building Material
- Paper
- Industrial Products

- Local Markets
- Export Markets

CHALLENGES FACING THE CANNABIS SECTOR

- a. Legislative restrictions
- b. No formal seed supply systems
- c. High entry barriers
- d. Negative public perceptions
- e. Lack of manufacturing capacity.
- f. Limited investments in research and technology development programmes for Cannabis
- g. Highly fragmented sector
- h. Proliferation of illegal products
- i. Market challenges
- j. Threat of takeover or dominance by big corporations and pharmacy groups with big money .

NATIONAL CANNABIS MASTER PLAN FRAMEWORK

The Master Plan is aimed at providing a framework for the establishment, growth and development of the Cannabis industry in South Africa in order to contribute to economic growth, poverty alleviation and job creation

OBJECTIVES

- Increase the volumes and variety of Cannabis products destined for both local and export markets.
- Establish and increase the capacity of South African farmers to produce dagga and hemp
- Create opportunities for creation of small and medium size enterprises across the Cannabis value chain.
- Replace imported Cannabis products with locally produced products.
- Increase investments in research and technology development to support increased production, productivity and competitiveness of the Cannabis industry.
- Establish and increase the manufacturing capacity of the South African Cannabis industry.
- Development and maintenance of an effective regulatory system by strengthening law enforcement measures to deter the production, manufacturing and sale of Cannabis outside the legal framework.

**1. EFFECTIVE
REGULATORY
SYSTEMS**

**2. SUSTAINABLE
SEED SUPPLY
SYSTEMS**

**3. RESEARCH AND
TECHNOLOGY
DEVELOPMENT**

**4. SUSTAINABLE
PRODUCER
SUPPORT SYSTEMS**

**5. MARKET
DEVELOPMENT**

**6. SUPPLIER
DEVELOPMENT
SYSTEMS**

**7.
MANUFACTURING
AND PRODUCT
DEVELOPMENT**

8. EDUCATION AND TRAINING

9. COMMUNICATION AND AWARENESS

CONSULTATION PROCESSES FOR THE CANNABIS MASTER PLAN

- a. During February and March 2021, consultation workshops were held with:
 - All provinces (Agriculture, Health and Economic Development)
 - Researchers and experts in Cannabis sector
 - COGTA and the National House of Traditional Leaders
 - Department of Higher Education and Training
 - SARS, IDC, ITAC, etc.
 - Industry
- b. Major issues raised thus far include:
 - Licensing challenges
 - Confusion regarding hemp permits
 - Illegal products on the local markets
 - High entry barriers
 - Roles of provinces
- c. Next steps will involve consultation with Provincial Houses of Traditional Houses, Department of Social Development, as well as Department of Higher Education and Training.
- d. Labour federations and unions will be consulted next.
- e. Presentation will also be made to the NEDLAC in coming weeks.

CURRENT LEGAL STATUS

- a. There are two pieces of legislation that regulates Cannabis and related matters:
 - Drugs and Drug Trafficking Act
 - The Medicines and Related Substances Act
- b. The Schedules in the Medicines and Related Substances Act had been amended to reschedule Cannabis and its compounds.
- c. Challenges still with regard to the Drugs and Drug Trafficking Act.
- d. There was litigation by group of people that are challenging the powers of the Minister of Justice regarding effecting changes to the Schedules of the Drugs Act in terms of Section 63.
- e. The Constitutional Court made a ruling on 18 December 2020 thereby declaring Section 63 of the Drugs Act as unconstitutional.

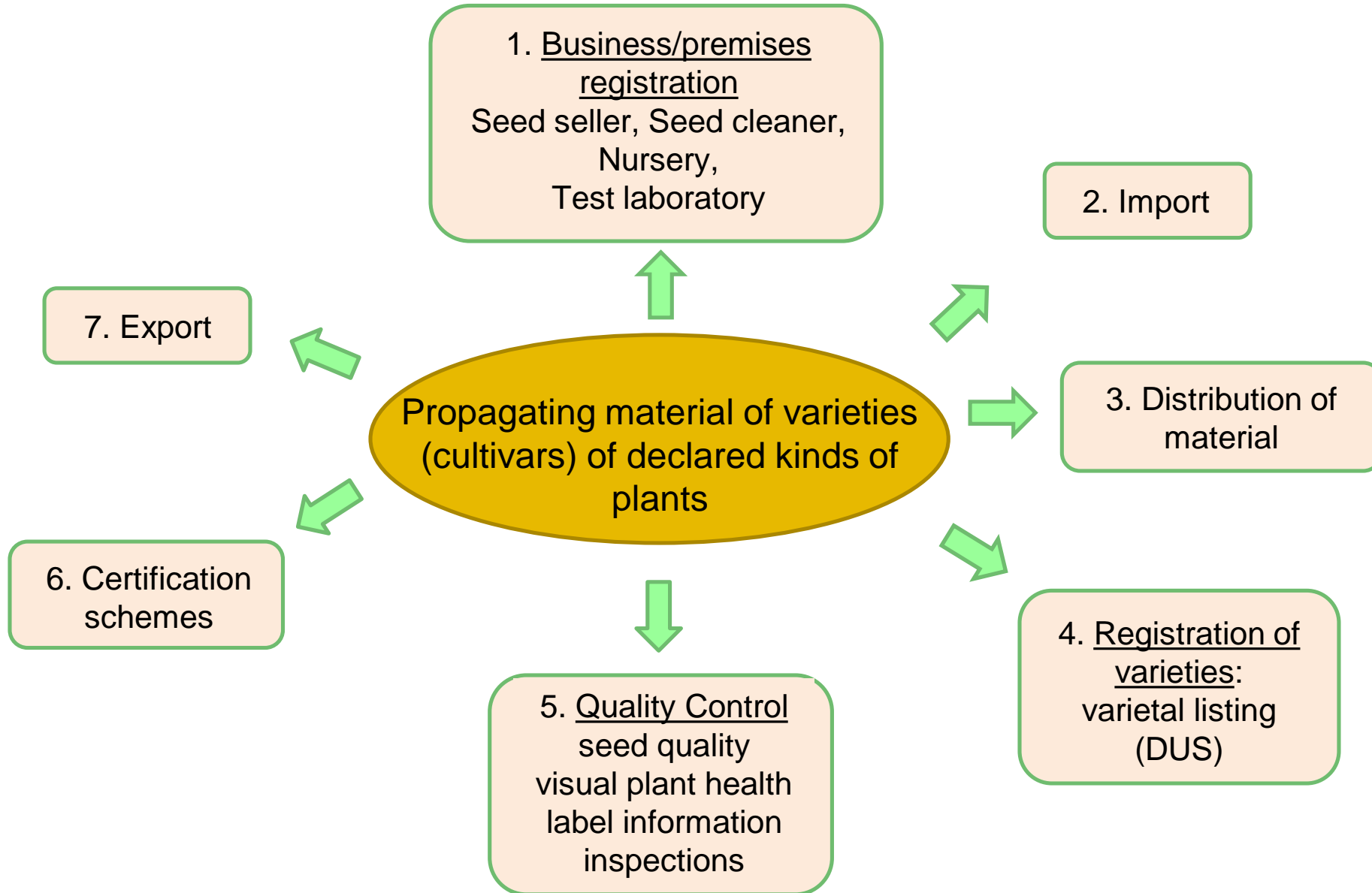
CURRENT LEGAL STATUS Cont...

- Changes had been made to Regulations of the Plant Improvement Act to made provision of regulating hemp as an agricultural crop.
- There is work been done on the Plant Breeders Rights Act to provide for the protection of intellectual properties.
- These changes cannot be implemented until challenges regarding the Drugs Act had been addressed.
- Department of Justice is hoping that the Cannabis Bill that is currently in Parliament will remove some restrictions on the Cannabis industry.

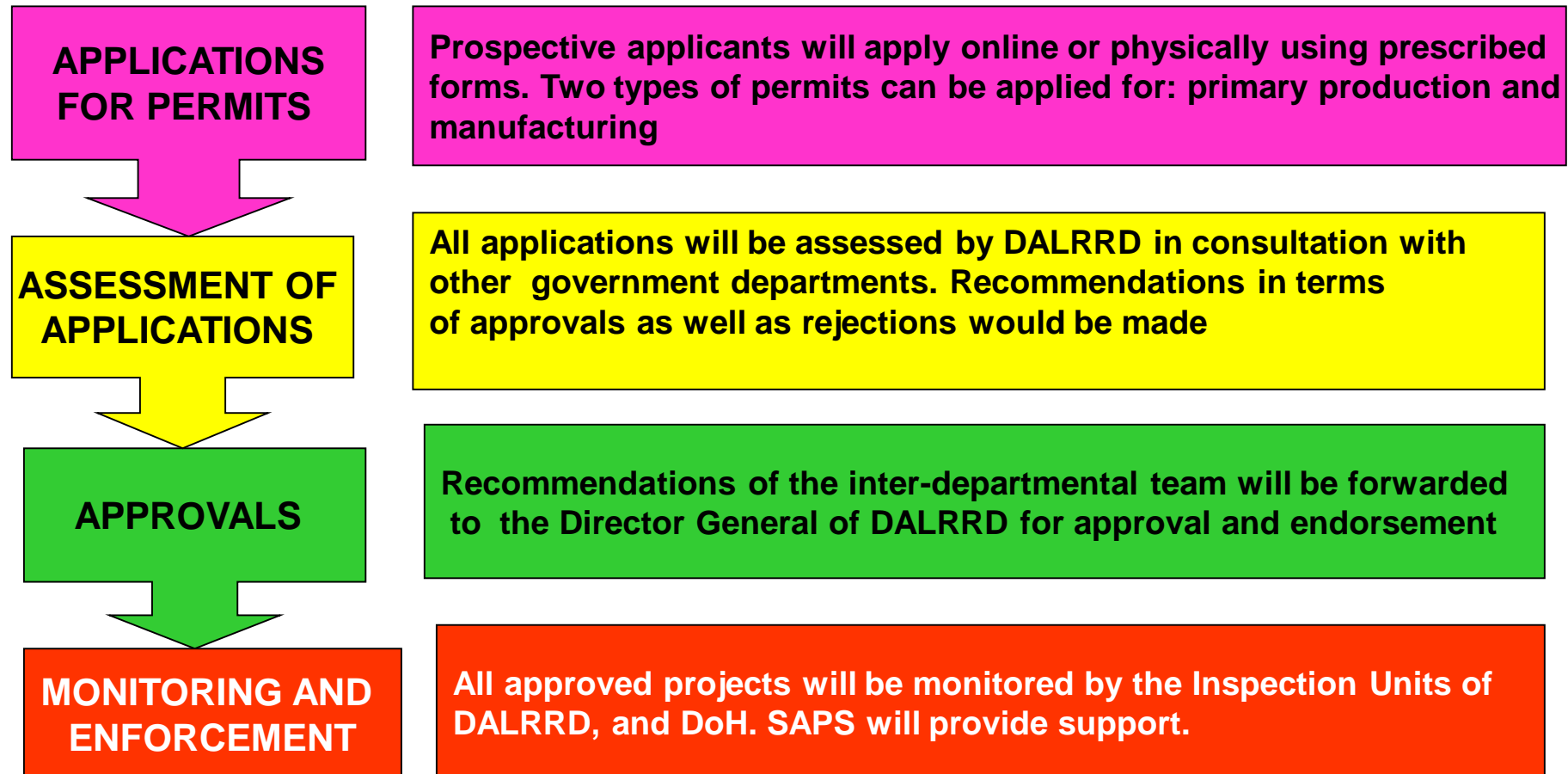
UPDATE ON NEW REGULATORY FRAMEWORK FOR HEMP

- ❑ The process of amending the regulations for both the Plant Improvement Act had been concluded.
- ❑ The purpose of these changes is to cater for the inclusion of hemp in the existing regulations in order to regulate it as an agricultural crop.
- ❑ **The regulations will provide for compulsory:**
 - Registration of businesses (seed companies, nurseries, laboratories, etc.)
 - Registration of varieties (Variety Listing)
 - Certification schemes
 - Authorisations for importing seed
 - Export certificate for seed
- ❑ The medium to long term plan is to develop a comprehensive policy and legislation for the commercialisation of Cannabis.
- ❑ There are on going discussions on transitional arrangements regarding the transfer of regulatory framework of hemp from DoH and SAHPRA to DALRRD.
- ❑ Approval by both Minister of Health and Minister of Agriculture, Land reform and Rural Development will unlock this process.

PIA PROVISIONS



PROPOSED REGULATORY FRAMEWORK



WAY FORWARD

Delegates to the Webinar are hereby requested to :

- a. Take note of progress made in terms of the development of the regulatory framework for hemp.
- b. Take note of the consultation processes done thus far.
- c. Make proposals in terms of implementation and monitoring of the hemp regulatory framework.



Thank You

