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Report Highlights:

In 2016, the Colombian government permitted production and distribution of hemp for medical and scientific purposes. Despite optimal growing conditions and considerable foreign investment, Colombia's hemp industry still struggles to compete globally due to market oversaturation, overregulation, and climate challenges. Simultaneously, the Colombian market remains unfavorable to U.S. exports due to internal decisions restricting imports of hemp and cannabis products to just a small number of countries.

Executive Summary:

In 2016, the Colombian government (GOC) permitted the cultivation of hemp, a non-psychoactive variety of *Cannabis sativa*, for medicinal and research purposes. Colombia classifies hemp as a controlled substance, and therefore, several government agencies regulate the hemp industry. These agencies, which include the Ministry of Justice (MoJ), Instituto Colombiano Agropecuario (ICA), and the Colombia National Food and Drug Surveillance Institute (INVIMA), oversee licensing, production, testing, and distribution. The GOC permits individual varieties of seeds before cultivation. As of 2019, the GOC has approved 11 types of hemp seeds for production.

In 2020, the GOC authorized 968 licenses to produce cannabis and hemp. In the first nine months of 2021, the GOC has distributed 350 licenses. Colombia's low labor costs incentivize significantly more cultivation and reduces the cost-per-ton of raw hemp. Colombia's consistent 12 hour-days provide high yields (180 grams/ m²) and multiple crop cycles annually (averages 3.4 per year). Colombian producers hope to steer the industry into becoming a net hemp exporter. To achieve this goal, hemp industry leaders have specialized in producing hemp varieties with high Cannabidiol (CBD) and Cannabinol (CNB) levels.

Due to market oversaturation, overregulation, and climate challenges, Colombia's hemp industry still struggles to compete globally. The regulatory structure of Colombia's hemp and cannabis industry limits accessibility for smaller and mid-sized producers. Hemp varieties are not yet adapted to Colombia's tropical climates, leading to suboptimal production. Despite these challenges, Colombia's hemp industry continues to attract foreign capital, primarily from U.S. and Canadian investors. Nearly 70 percent of cannabis companies have foreign investments, culminating in an estimated total foreign investment of \$400 million.

Section I – Hemp

Hemp is a variety of *Cannabis sativa* that contains a government-regulated maximum level of tetrahydrocannabinol (THC). In Colombia, hemp may have a THC level of 1 percent or less (measured in dry weight), compared to .03 percent or less in the United States.

With proper authorization, hemp is permitted for cultivation in Colombia for medicinal and research purposes. [Law 1787 of 2016](#) created a system to allow restricted access to medicinal and scientific use of cannabis and its by-products. [Decree 613](#) of 2017 (Section 5, numeral 2.8.11.2.5.1) outlines the rules and regulations surrounding the productive uses of hemp, such as food, beverages, cosmetics, paper, and fiber, among others. Specific licenses are required to engage with the hemp industry based on the category of products being developed.

In 2020, legal Colombian cannabis exports reached \$5 million. Colombia is positioning itself to become a net exporter of CBD extract and flower for medicinal purposes, focusing on the European Union as its target market. This goal is complicated by the CBD market becoming more competitive. Increased CBD production in the United States continues to push the global price of CBD down. As a result, Colombian hemp processors struggle to justify high capital investment required for CBD extractions.

Section II – Hemp Production

FAS Bogota requested market figures from GOC officials and industry representatives, but there is no official data on the quantity of hemp produced or consumed within Colombia.

Colombia permits hemp cultivation for medicinal or research purposes. Consumers may acquire hemp products for consumption through a process known as "formula magistrales," where clients contract to produce hemp-based medications.

According to an [article](#) by the Statista Research Department, Colombia issued 968 licenses to produce hemp and cannabis in 2020, an increase from 544 in 2019. However, as of September 2021, Colombia has issued only 350 licenses to produce hemp and cannabis.

Colombia is positioning itself to become a net exporter of hemp. To achieve this, industry leaders have specialized in producing hemp varieties with high CBD levels, for medicinal and bioenergy purposes. Industry leaders have identified Canada as a target market for high CBD hemp seed exports and the European Union as a target market for processed CBD for medicinal purposes. Colombia's low labor cost provides for significantly more acres to be tended to within a given season and reduces the cost per ton of the product. Colombia's consistent 12 hour-days provide high yields (180 grams/ m²) and multiple crop cycles (avg 3.4) annually.

Colombia's hemp industry has difficulty competing globally despite these benefits due to market oversaturation, overregulation, and climate challenges. Globally, China and Canada dominate the hemp

market, with the United States rapidly increasing production with the approval of the 2018 Farm Bill. An increase in global hemp inventories has led to a significant reduction in hemp and hemp products prices. The regulatory structure of Colombia's hemp and cannabis industry limits accessibility for smaller and mid-sized producers, as only larger operations with outside investment can afford to comply with the high technical standards and mandatory agronomic evaluations required by the GOC. Additionally, the genetics for industrial hemp have not yet been adapted to Colombia's tropical climates. These conditions generate underproduction, making Colombia less competitive in the international market.

Within Colombia, 70 percent of cannabis companies have foreign investment. As of 2020, Colombia has received around \$400 million of investment in the cannabis and hemp sector.

The primary industry organizations for hemp and cannabis in Colombia are [Asocolcanna](#) and [Cenicannabis](#). Asocolcanna is a cannabis industry organization that promotes and guides the development of the cannabis industry in Colombia. It advocates on behalf of 33 member companies and organizations. Cenicannabis is an affiliate of Asocolcanna, and it supports the cannabis industry through supporting research and development projects related to Colombian cannabis.

Section III – Labeling Requirement

The Instituto Colombiano Agropecuario (ICA), and the Colombia National Food and Drug Surveillance Institute (INVIMA) direct and oversee the Colombian labeling requirements for hemp. The requirements differ based on the licensing and purpose of hemp products.

Section IV – Packaging and Container Requirements

In Colombia, packaging and container requirements for hemp are determined by the category of license a producer or processor holds.

Section V – Hemp/ Cannabinoid Regulations

In Colombia, the GOC's regulatory framework controls nearly every step of legal cannabis and hemp production. To produce hemp in Colombia, producers must obtain a cultivation of non-psychoactive cannabis plant license from the MoJ. The MoJ issues permits related to cannabis and hemp seed and for cultivating cannabis and hemp. The Ministry of Health and Social Protection issues licenses to manufacture cannabis products. INVIMA issues records related to the production and commercialization of cannabis products. The Technical Group of Quotas, operating under MoJ, publishes a production quota based on the kinds of licenses producers possess.

Separate certifications are required to cultivate and produce cannabis products in Colombia. A good agricultural and collection practices certification is necessary to grow cannabis and hemp in Colombia, and the GOC also requires a good manufacturing practices certification to extract CBD. Additionally, a

non-psychoactive cannabis plant cultivation license is needed to produce hemp in Colombia for medical or scientific purposes.

Following the approval of [Decree 811 of 2021](#), Colombia's cannabis industry began selling medical cannabis to medicinal cannabis patients through specified pharmacies. This change is expected to increase domestic sales of medicinal cannabis.

CBD in Medical Use

Decree 613 of 2017 outlines the regulations needed to produce cannabis-derived products for medical use. To comply with Colombian laws, manufacturers must obtain a cannabis derivatives manufacturing license and conduct analyses of THC, CBD, and CBN for each crop they receive and each batch of product they produce. According to the Ministry of Health's analytical chemistry process, producers must document the techniques used to build their analysis, including the calibration curve, detection limit, quantification limit, and other parameters.

CBD Products and Cosmetics

INVIMA has authorized 289 cannabis-based cosmetic products through the Mandatory Health Notification system.

Hemp Seed Production

The GOC manages a registry of seeds through the National Register of Cultivars. As of 2019, Colombia has authorized the following varieties of hemp: Monoica, Jubileu, Futura 75, Felina 32, Fibror 79, Earlina 8FC, Santhica 70, Kompolti, Tiborszallasi, KC Zuzana, and Fibrol. Additionally, the National Register of Cultivars recognizes 57 varieties of cannabis.

Hemp Seed Oil in Food Use

According to Decree 613, there are currently no licenses that permit the production of cannabis-based foods or beverages.

Section VI – Regulatory Source

Colombia's experience with hemp and the broader cannabis industry has been increasingly open since decriminalizing personal use in 1996. [Legislative Act 02 of 2009](#) modified article 49 of the Colombian constitution, allowing controlled medicinal uses of cannabis. In 2016, Law 1787 permitted the controlled cultivation of cannabis and hemp with authorization from the MoJ. Under this law, businesses may obtain licenses for cultivating hemp and CBD extraction for food supplements, personal care products, textiles, food, and industrial applications. In 2017, the GOC enacted Decree 613, regulating the growing, harvesting, processing, transformation, commercialization, and import/export of cannabis for medical and industrial purposes.

In Colombia, small and medium-sized hemp producers are regulated differently than larger producers. Resolution 0587 outlines the separate fees, evaluations and follow-up services that small and medium producers must follow.

Despite these authorizations, cannabis is still considered a Schedule I drug in Colombia, according to the [Convention on Psychotropic Substances of 1971](#), where its use, possession, and sale are controlled.

Section VII – Other Requirements, Regulations, and Registration Measures

Export of cannabis seeds or plants is only allowed for scientific and investigative purposes. When exporting cannabis from the Colombian territory, authorization must be granted by the Ministry of Commerce. Additionally, exporting companies must obtain approval from the MoJ for cannabis seeds or plants, or the National Narcotics Fund for cannabis derivative products. When exporting cannabis seeds, companies must also receive a cannabis seed license and register with ICA as a cannabis seed exporter.

Section VIII – Other Regulatory and Import Contacts

Decree 613 of 2017 permits import and export hemp for medical and scientific purposes.

The Directorate of Foreign Trade under the Ministry of Commerce manages all authorizations, permits, and certifications for hemp imports to the Colombian territory. Companies importing cannabis seeds must hold a special license from the Sub-Directorate of Control and Supervision of Chemical and Narcotic Substances of the MoJ, be registered as a seed importer with the ICA, and comply with ICA phytosanitary requirements. Further specifications on importing cannabis into Colombia are outlined in [Decree 0925, Article 2.8.11.4.2. of 2013](#).

In July 2021, Colombian President Ivan Duque signed into law Decree 811, which modified Decree 780 of 2016, and permits cannabis to be distributed through Colombian pharmacies and permits the export market of cannabis flower abroad. This change will likely bolster cannabis flower and cannabis derivative sales, strengthening the industry.

Section IX - Market Potential

Presently, Colombia's market potential for U.S. hemp exporters remains low. While imports of hemp are permitted under Decree 613, an internal decision by ICA limits cannabis imports to shipments originating from Bulgaria and Canada.

Attachments:

No Attachments.