

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Update on Industrial Hemp Production Trade and Regulation

**Country:** Canada

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**Report Highlights:**

The Canadian hemp sector continues to be driven by the food and nutrition markets, despite the 2018 regulatory changes that legalized recreational cannabis, and opened the potential for new markets for hemp-extracted cannabinoids. The production and distribution of cannabinoids and cannabinoid containing-products (including CBD) remain highly regulated, although Health Canada is considering a possible regulatory framework for cannabis health products (such as CBD-containing products) for humans and animals.

## **Hemp Production**

Federal legislation facilitated the re-introduction of industrial hemp cultivation in Canada in 1998. Since that time, commercial cultivation has grown relatively slowly as producers have worked through agronomic challenges (including securing certified seed), and as processors have worked to develop hemp products and markets for them. Initially re-introduced for fiber production, the food and nutrition market (such as hemp grain, hemp oil, and hemp protein powder) had propelled the Canadian hemp industry until the 2018 Cannabis Act created additional opportunities by allowing the expansion of the hemp value chain into the cannabinoid extraction market.

However, the failure of the cannabinoid extraction market to develop after 2018 as a consequence of the failed highly anticipated boom in the recreational marijuana market, resulted in continued modest growth for the industrial hemp sector over the past five years. The food and nutrition markets continue to drive hemp production, with industry currently focusing on completing the approval process for hemp as animal feed (e.g., silage), a development expected to occur over the next year, and to provide an additional boost to the industry.

The most recent data from Statistics Canada shows that 55,400 acres were planted to industrial hemp in 2023, with 20,000 acres (36 percent) in Alberta, 16,100 acres in Saskatchewan (29 percent), and 13,400 acres in Manitoba (24 percent). In 2022, there were 76,900 acres seeded to hemp across Canada, with 31,300 acres in Alberta (41 percent), 28,500 acres in Saskatchewan (37 percent), and 10,400 acres in Manitoba (14 percent). The hemp seeded acreage decreased by 28 percent from 2022 to 2023. The number of seeded acres declined by 36 percent in Alberta and 43 percent in Saskatchewan but increased by 29 percent in Manitoba.

In addition to requirements to purchase government certified seed each year, the growers are required to report the GPS coordinates of all fields in which hemp will be cultivated. According to industry sources, over 90 percent of the seed for hemp cultivation is produced in Canada, consisting mostly of Canadian developed varieties, with some varieties produced in Canada under license. Hempseed yields typically reach about 1,000 lb/acre on dryland (approximately 22 bushels/acre on a 44-pound bushel) and up to 3,000 lb/acre on irrigated fields. Certified organic hemp production remains a growing trend, reaching more than half of total production, according to industry estimates.

There are about one dozen hemp processing companies in Canada, with most located in the Prairie Provinces. To maintain high quality standards for hemp products, and to preserve the integrity of the supply chain, hemp processors tend to contract hempseed production directly with growers, and typically offer them agronomical advice throughout the growing and harvest seasons. Additional information on hemp production can be found on the following provincial government websites: [Alberta](#), [Saskatchewan](#), [Manitoba](#), and [Ontario](#).

## **Hemp Trade**

### Hempseed (HS Tariff Line 1207.99)

In 2022, Canada imported 403 metric tons (MT) of hempseed, valued at \$1.3 million<sup>1</sup>. Of this total, 26 MT were seeds for sowing, valued at nearly \$200,000, with the remaining being hempseed destined for

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<sup>1</sup> Throughout this report, unless otherwise specified, all values are in United States dollars.

other uses. In 2022, the United States supplied 318 MT of hempseed to Canada (of which 8 MT of seed for sowing), valued at just over \$950,000.

Canada exported nearly 5,000 MT of hempseed globally in 2022, with 3,600 MT (72 percent) going to the United States. Canada's global hempseed export market was valued at \$53.6 million with nearly \$51 million (95 percent) in exports to the United States.

#### Hemp flower/plant material (HS Tariff Line 1211.90)

The Canadian trade statistics do report any import or export data for hemp biomass (flower, leaves, and other plant material).

#### Hemp Oil (HS Tariff Line 1515.90)

Hemp oil is obtained by crushing lower grade hemp grains which do not meet the standards for food grade. Canada imported 59 MT of hemp oil in 2022, of which 39 MT originated in the United States, and 10 MT in Lithuania. Canada's hemp oil imports were valued at nearly \$570,000, with \$350,000 in imports from the United States, and about \$87,000 from Lithuania.

Canada exported 514 MT of hemp oil in 2022 to several trade partners, including New Zealand and South Korea, for a total value over \$4.5 million. Hemp oil exports destined to the United States totaled 403 MT in volume, and \$3.8 million in value.

#### Hempseed Cake/Meal (HS Tariff Line 2306.90)

Hempseed cake is the by-product of crushing grains, and contains high levels of protein and fiber, making it suitable for health and nutrition products. The Canadian trade statistics do report any import data for hempseed cake.

In 2022, Canada exported 5,800 MT of hempseed cake globally, valued at \$6.5 million. India and Japan were the largest destination markets for hempseed cake, with nearly 3,000 MT and 2,200 MT, respectively, in exports. The United States was the destination for nearly 600 MT of hempseed cake.

#### Hemp Extract – Cannabinoids (HS Tariff Line 2907.29)

The Canadian trade statistics do report any import or export data for hemp extracts.

#### Raw Hemp Fiber (HS Tariff Line 5302.10)

In 2022, Canada imported 11 MT of raw or retted hemp fiber, valued at nearly \$9,000. Of the total, 4 MT originated in the Netherlands, 4 MT in the United Kingdom, and 3 MT in the United States.

Canada's exports of raw hemp fiber amounted to 93 MT in 2022, with 85 MT destined to the United States. Total exports were valued at nearly \$82,000, with the U.S. share amounting to \$71,000.

#### Hemp Fiber Processed (HS Tariff Line 5302.90)

In 2022, Canada imported 57 MT of processed hemp fiber globally, with 40 MT originating from France, and 9 MT from the United States. Total imports were valued at \$350,000, with imports from France at \$240,000, and from the United States at \$54,000.

Canada exported 480 MT of processed hemp fiber globally in 2022, valued at \$675,000. Portugal was the destination for 315 MT, valued at \$290,000, and 165 MT were exported to the United States, valued at nearly \$385,000.

### **Hemp Industry Developments**

In September 2018, the federal government [announced](#) an investment of \$250,000 for the [Canadian Hemp Trade Alliance](#) (CHTA) to develop industry-wide grading standards so that Canadian hemp products could be recognized globally for their quality and consistency. Established in 2003, the CHTA represents those involved in Canada’s hemp industry, including farmers, processors, food manufacturers and researchers, and is active in promoting hemp and hemp products globally.

CHTA’s website includes information on [growing hemp](#), as well as on various [hemp-based products](#):

- [Food](#)
- [Feed](#)
- [Fiber](#)
- [Fractions](#)

Following 2019 public hearings, in November 2021, the Panel entrusted to look into the feasibility of establishing a Promotion and Research Agency (PRA) for industrial hemp submitted its [Report](#) to the Farm Products Council of Canada (FPCC), the federal government agency overseeing the establishment of a PRA. In 2017, hemp sector stakeholders had [requested](#) the creation of a PRA to support the development of the Canadian industrial hemp industry. The Panel concluded that conditions were met for pursuing the establishment of a hemp PRA. The next step in the process is for FPCC to make a formal recommendation to the Minister of Agriculture and Agri-Food in this regard, with the final step being the Minister’s decision. At this time, there is no indication as to when these final two steps would be completed.

### **Hemp Regulation**

Industrial hemp in Canada is regulated by the new [Industrial Hemp Regulations](#), which were incorporated under the [Cannabis Act](#) that entered into force on October 17, 2018. Canada defines “industrial hemp” as cannabis varieties that contain less than 0.3 percent of THC (delta-9-tetrahydrocannabinol) in the flowering heads and leaves.

Under the new hemp regulations, growers can also harvest hemp flowers, leaves, and branches and sell them to licensed cannabis processors, although the vast majority of hemp grown in Canada to date has been grown for hempseed (non-viable seeds), which have been used in a wide range of food products (such as hulled hemp seeds, hemp-based snack foods, hemp oils, hemp protein powders, hemp flour and hemp meal).

Hemp varieties are strictly controlled by the federal government and producers may only plant varieties from the official [List of Approved Cultivars](#). Producers are not allowed to keep hemp seeds for planting, and every growing season producers must purchase government certified seeds. In addition to low THC content, most of the approved hemp varieties are also low in cannabidiol (CBD) content. As the new hemp regulations were meant to open additional revenue sources and market opportunities by allowing producers to harvest the flowers, leaves, and branches of the hemp plant, several high-CBD varieties

were registered for use in Canada, although a sustainable market for hemp-based cannabinoids has failed so far to materialize.

### **Industrial Hemp as Animal Feed**

In Canada, the Canadian Food Inspection Agency (CFIA) regulates livestock feed. Hemp and hemp products are not currently approved as livestock feed or feed ingredients in Canada. In the future, each hemp product intended to be used as livestock feed single ingredient (such as hemp meal, hemp oil, hemp seeds, hemp silage) will require separate approval. For more information, please consult CFIA's resource [Regulation of Hemp Products for Use in Livestock Feeds](#).

Over the past five years, the hemp industry has worked closely with CFIA to conduct and provide the necessary research studies, trials, and documentation for the approval of hemp products as animal feed. According to industry sources, the CFIA approval is expected by the end of 2024.

### **CBD Regulation**

In Canada, the [Cannabis Act](#) defines "cannabis" as the cannabis plant, including:

- any part of a cannabis plant, including the phytocannabinoids produced by, or found in, such a plant, regardless of whether that part has been processed or not;
- any substance or mixture of substances that contains or has on it any part of such a plant; and
- any substance that is identical to any phytocannabinoid produced by, or found in, such a plant, regardless of how the substance was obtained.

However, the definition of "cannabis" excludes (a) a non-viable seed of a cannabis plant (i.e., hemp seed), (b) a mature stalk, without any leaf, flower, seed or branch, of such a plant, (c) fiber derived from a stalk referred to under (b), and (d) the root or any part of the root of such a plant.

Given this definition, all cannabinoids in the cannabis plant, including CBD and THC, are regulated in the same way as "cannabis" under the Cannabis Act and its regulations. Therefore, any cannabis-containing products, including any CBD-containing products, may only be accessed in Canada via three channels:

- **Retail or on-line cannabis outlets:** individuals may purchase CBD-containing products from a provincially authorized retailer, similar to purchasing THC-containing products for recreational purposes;
- **Medical use:** individuals, with the support of their health care practitioner and a medical document, may purchase CBD-containing products from a federally licensed seller of cannabis for medical purposes;
- **Prescription drugs:** individuals, under a prescription issued by their doctor or other prescriber, may purchase CBD-containing prescription drugs approved by Health Canada and bearing a Drug Identification Number (DIN).

Currently, the sale of [natural health products](#) (NHPs) containing any cannabinoid (including CBD) in Canada remains prohibited. The Canadian hemp (CHTA) and natural products ([CNPA](#) and [CHFA](#)) industries continue to advocate for a different regulatory regime for CBD-containing products. Licenses and permits authorizing the import or export of cannabis (including CBD and CBD-containing products) may only be issued for cannabis destined for medical or scientific purposes.

In 2019, Health Canada conducted a [public consultation](#) on the potential market for “cannabis health products” that would not require a practitioner oversight, which was followed by the publication of a [Summary Report](#). Subsequently, in 2020, Health Canada [established](#) a Science Advisory Committee on Health Products Containing Cannabis to provide “independent scientific and clinical advice to support the Department's consideration of appropriate safety, efficacy, and quality standards for health products containing cannabis”.

In 2022, the Advisory Committee published a report titled [Review of Cannabidiol](#) (CBD), which included a number of recommendations for Health Canada, on the use of CBD by both humans, and animals. For instance, with respect to the use of CBD-containing products by humans, the Advisory Committee recommended:

- “The committee unanimously agrees CBD is safe and tolerable for short-term use (a maximum of 30 days) at doses from 20 milligrams per day (mg/day) to a maximum dose of 200 mg/day via oral administration for healthy adults provided they discuss the use of all other medications and substances used with their pharmacist.”

As another example, with respect to the animal use of CBD- containing products, the Advisory Committee recommended:

- “Among the evidence available for CBD use in companion animals, subcommittee members agreed that there was only sufficient safety evidence for CBD use in dogs. Specifically, when administered at very low doses between 0.2-2mg/kg orally twice daily.”

While Health Canada continues to consider the next steps in developing a framework for cannabis health products, transporting cannabis (including CBD, and CBD-containing products) across Canada’s international border remains strictly regulated.

The Canada Border Services Agency (CBSA) has a [dedicated website](#) related to cannabis and issued the following warning for travelers:

*Transporting cannabis across the border in any form – including any oils containing THC or CBD – without a permit or exemption [authorized by Health Canada](#) remains a serious criminal offence subject to arrest and prosecution, despite the legalization of cannabis in Canada. The prohibition applies regardless of:*

- *The amount of cannabis you have with you,*
- *Whether you hold a medical document authorizing the use of cannabis for medical purposes,*
- *Whether you are travelling from an area with legalized or decriminalized cannabis.*

Furthermore, according to Health Canada’s webpage dedicated to [Import and Export of Cannabis](#) (including CBD, and CBD-containing products), “while each application will be assessed on its merit, Health Canada's general policy is to issue import or export permits only in limited circumstances, such as:

- Importing starting materials (e.g., seeds, plants) for a new license holder;
- Exporting cannabis products to another country that has a legal regime for access to cannabis for medical purposes; or

- Importing or exporting small quantities of cannabis for scientific purposes (e.g., research or testing).”

### **CBD and Pet Animals**

All cannabinoids in the cannabis plant, including CBD and THC, are regulated as “cannabis” under the Cannabis Act and its regulations. Pet access to cannabis-containing products (including pet food) is even more limited than human access, since the [Access to Cannabis for Medical Purposes Regulations](#) specifically refer to “persons,” thereby excluding animals.

Currently, there is no legal pathway for veterinarians in Canada to prescribe cannabis-based medicine for animals or for companies to produce and sell cannabis-based products (including pet food) for pets. However, the Canadian Veterinary Medical Association continues to advocate for the use of cannabinoids (such as CBD) in veterinary medicine, and [engaged](#) on multiple occasions with Health Canada, providing evidence and advise.

In addition to medicinal products, companies may in the future be able to produce [Veterinary Health Products](#) (VHP) containing cannabis ingredients, provided they comply with the requirements of the [VHP Notification Program](#) and that cannabis is added as an allowed ingredient to the [List of Permitted Substances](#). The Canadian Association of Veterinary Cannabinoid Medicine provides additional [information](#) on their website.

As mentioned in the previous section, the recent [Review of Cannabidiol](#) report from the Science Advisory Committee on Health Products Containing Cannabis, included recommendations on the animal use of CBD-containing products, and Health Canada will consider this information when deciding for an approach to CBD use in pet animals. Currently, there is no indication in terms of next steps or timeline.

### **Attachments:**

No Attachments.