

Top international cannabis opportunities



[By MJBizDaily Staff](#)

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Not a week goes by without a prognosticator foretelling an international marijuana industry worth a bajillion dollars between five and 50 years from now.

But what about today's markets?

It turns out there are some healthy, and growing, medical marijuana markets outside the United States and Canada—assuming you can look past the cannabis industry fan fiction.

What follows is a list of five of our top markets where revenue opportunities exist today.

Germany

Germany is home to one of the largest medical cannabis markets outside North America. And unlike countries where medical patients have access to domestically grown marijuana, Germany must depend exclusively on imports at least until the end of 2020.

In recent years, a dozen or more countries have legalized medical cannabis with the goal of attracting foreign investment and establishing an export industry.

That's not been the case for Germany—at least not yet. As of mid-2020, Germany continued to import medical flower and full-spectrum extract from Canada, the Netherlands and Portugal. The medication is sold at German pharmacies as magistral, or customized, preparations.

The products have enjoyed robust demand among Germans. As in 2018, German sales of medical cannabis last year exceeded the combined sales of all other European nations.

Moreover, medical cannabis sales in Germany in 2019 posted stronger growth than in Italy and the Netherlands, Europe's second- and third-largest markets, respectively, for flower and full-spectrum products.

But it's hard to say definitively that Germany has the largest medical cannabis market outside North America because a lack of reliable data makes comparisons difficult.

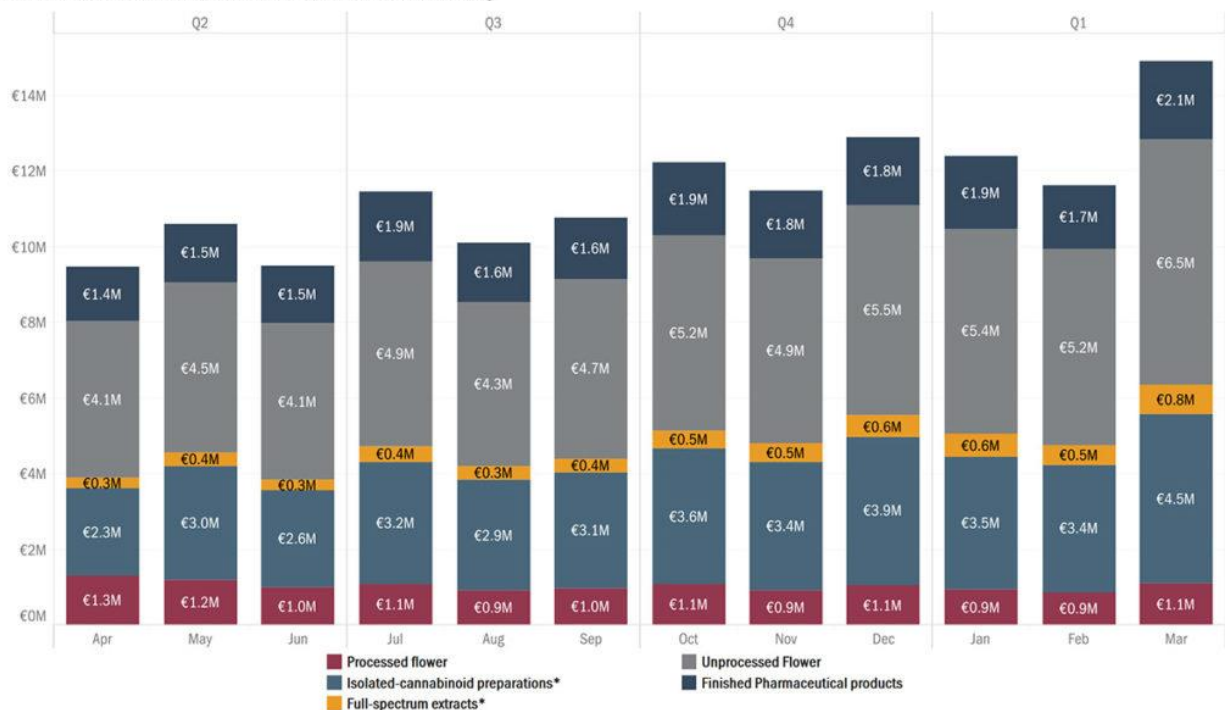
If flower imports are used as a benchmark, Israel overtook Germany as the No. 1 importer in the world in July.

While Israel imported about 6,000 kilograms (13,228 pounds) of flower through July 2020, Germany barely surpassed 3,000 kilograms during the first seven months of the year.

In 2019, a total of about 6,500 kilograms were imported for pharmacy dispensing in Germany, which translates to average monthly imports of 542 kilograms. In 2020, the average has been closer to 600 kilograms per month.

Germany's first domestic harvest to supply local pharmacies with flower is expected to be ready at the end of 2020. But the crop won't be large enough to fill the country's growing demand—meaning overseas producers will continue to supply at least part of the German market.

Insurance-Covered Cannabis Products in Germany



* These categories vary slightly from what is reported by German agencies, so there may be some variation from reported values.
Source: GKV-Spitzenverband
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These figures appear in euros and refer to the second quarter of 2019 through first quarter of 2020. At press time, the exchange rate was \$1.19 USD.

Marijuana Business Daily estimates the total retail value of all medical cannabis products sold in Germany in 2019 was at least \$185.4 million (170 million euros). That includes private prescriptions that patients paid for out of pocket.

And there's no sign demand is slowing in 2020. Insurance reimbursements for medical cannabis continued to reach fresh quarterly records early in the year. In the January-March period, total reimbursement of cannabis and marijuana-derived medicines reached 38.9 million euros, the

German National Association of Statutory Health Insurance Funds (GKV-Spitzenverband) reported. That was 6% higher than the final quarter of 2019. (See chart “Insurance-Covered Cannabis Products in Germany” above.)

Israel

Israel is home to one of the biggest centrally regulated medical marijuana markets in the world. But, as is the case in many countries, the government body charged with overseeing the nascent industry releases almost no data on a regular basis.

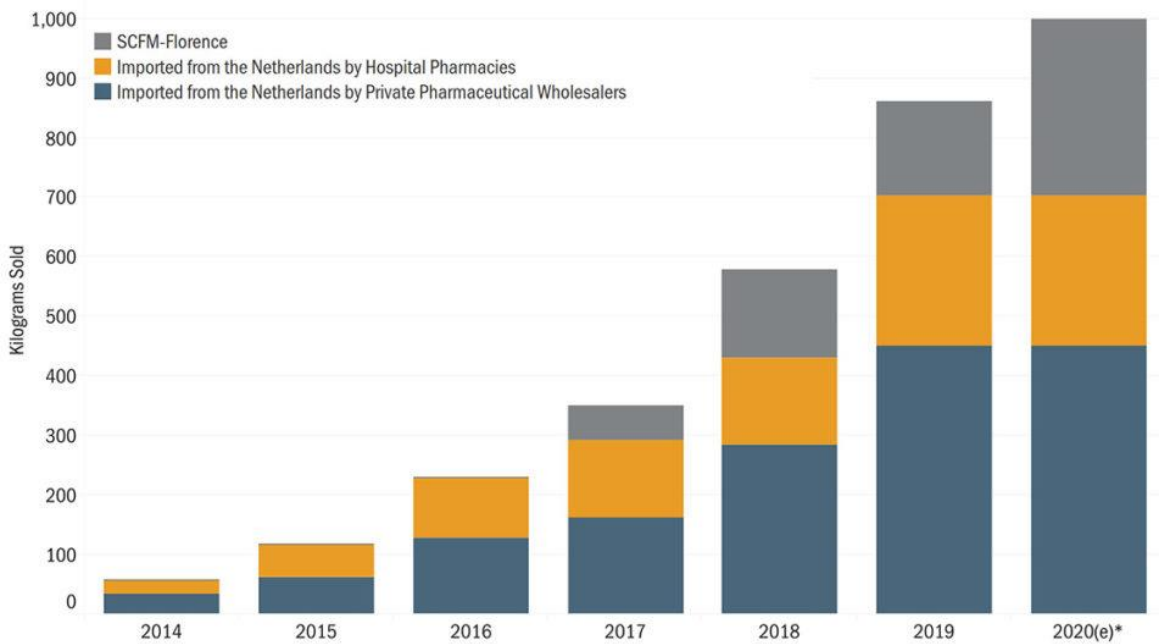
That creates challenges for businesses and investors keen to invest in the industry. No data from the Israeli government means a variety of market indicators must be pieced together from bits of information provided by corporations and the government. Those indicators include:

- The market’s size.
- The number and types of licenses held by companies.
- The quantity of cannabis produced and stored.
- Monthly sales data.

However, with more than 70,000 patients, Israel easily represents one of the best revenue-generating investment opportunities in the world.

As noted above, Israel recently passed Germany as the world’s largest importer of medical cannabis flower. In addition, the Israeli government recently approved medical cannabis exports. But whether overseas shipments will occur remains to be seen. This is not the first time the country has “approved” cannabis exports.

Medical Cannabis Sold in Italy by Source



*Estimates based on data available in early 2020.

Source: Italian Ministry of Health and the Dutch Office of Medical Cannabis
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Italy

Italy is the second-largest medical cannabis market in Europe by volume of flower and other full-spectrum products sold as magistral preparations.

Patients in Italy bought 861 kilograms of medical cannabis in 2019, a 50% increase from the 578 kilograms sold in Italian pharmacies in 2018, according to data from Italian health authorities. (See chart “Medical Cannabis Sold in Italy by Source” above.)

However, surprisingly few companies are involved in the Italian medical cannabis market. By contrast, dozens of companies are active in the United Kingdom’s medical cannabis market, which is much smaller than Italy’s in terms of sales.

The likely reason: The Italian market is structured in a way that leaves little room for business opportunities.

A little more than 80% of the 861 kilograms of cannabis sold in Italy last year was imported from the Netherlands; that figure is up from 75% in 2018. Bedrocan, a Dutch company, produces much of that flower supply, which is exported by the Dutch Office of Medicinal Cannabis (OMC).

Cannabis is either imported directly by hospital pharmacies, which are part of the Ministry of Health, or by a few private pharmaceutical wholesalers that distribute to pharmacies.

Italy does have its own medical cannabis production, grown exclusively by the Ministry of Defense through its Stabilimento Chimico Farmaceutico Militare (SCFM) unit in Florence. The SCFM—the only organization authorized to grow medical cannabis in Italy—was responsible for distributing 157 kilograms of cannabis to Italian pharmacies in 2019.

However, the SCFM was not responsible for producing all 157 kilograms. The agency also bought some flower from Canadian producer Aurora Cannabis for distribution to Italian pharmacies.

Aurora won its first supply application process in Italy in early 2018, offering an average price of \$3.48 (3.2 euros) per gram of cannabis. That initial round allowed the company to sell 100 kilograms to the SCFM.

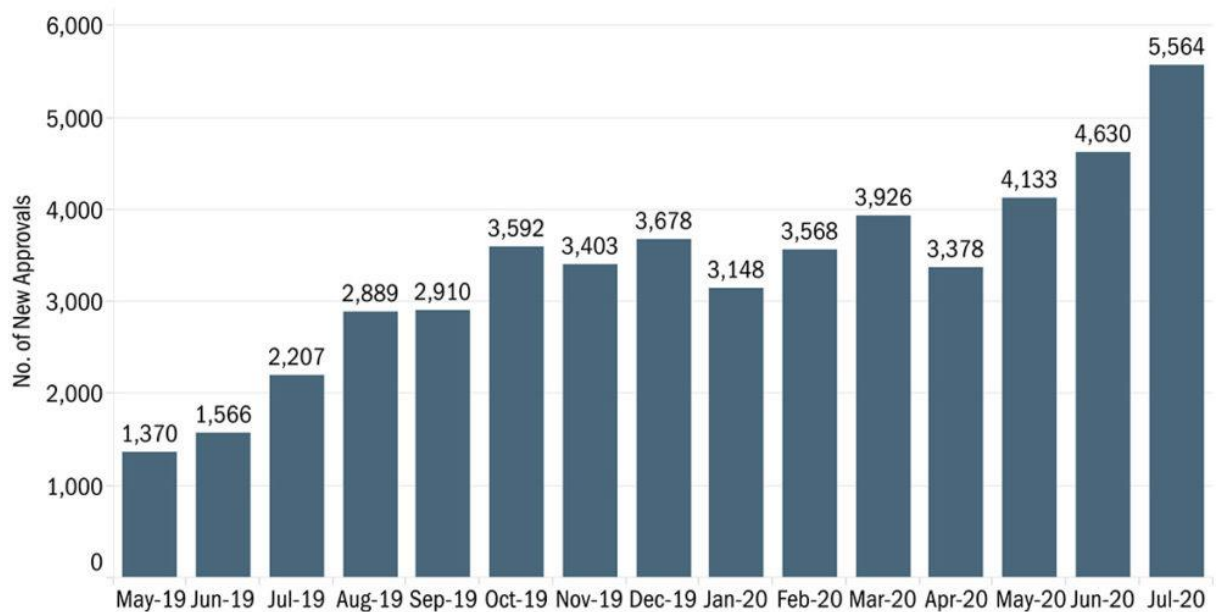
Aurora also was the sole winner of a second application process in mid-2019, offering an average price of \$1.94 (1.73 euros) per gram of cannabis for a total of 400 kilograms over a period of two years. (Forty kilograms of the 400-kilogram supply was subsequently canceled by the Ministry of Defense, which declared one of the original three lots “not necessary.”)

The SCFM is expected to increase its domestic production in 2020.

All medical marijuana flower sold in Italy is produced in facilities with European Union-Good Manufacturing Practice certification. The product is irradiated to reduce as much microbial contamination as possible.

Italy has 20 administrative regions with some level of autonomy for health policies. Most of the regions offer patients some insurance coverage for medical cannabis, but the qualifying conditions vary. The Tuscany region, in the center of the country, leads Italy in cannabis sales.

New Medical Cannabis Approvals in Australia by Month



Source: Therapeutic Goods Administration, "Category B" applications
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Australia

Australian authorities expect the number of medical cannabis prescriptions this year will more than double the 30,000 approvals from 2019, signaling impressive growth in this nascent market.

While the country's market is relatively young, just about every metric—patient approvals, prescriptions, corporate participation—has experienced strong growth in recent years. That's not a given. New markets should expect some turbulence in the early years, as regulators and corporate managers align their approaches with public-policy objectives.

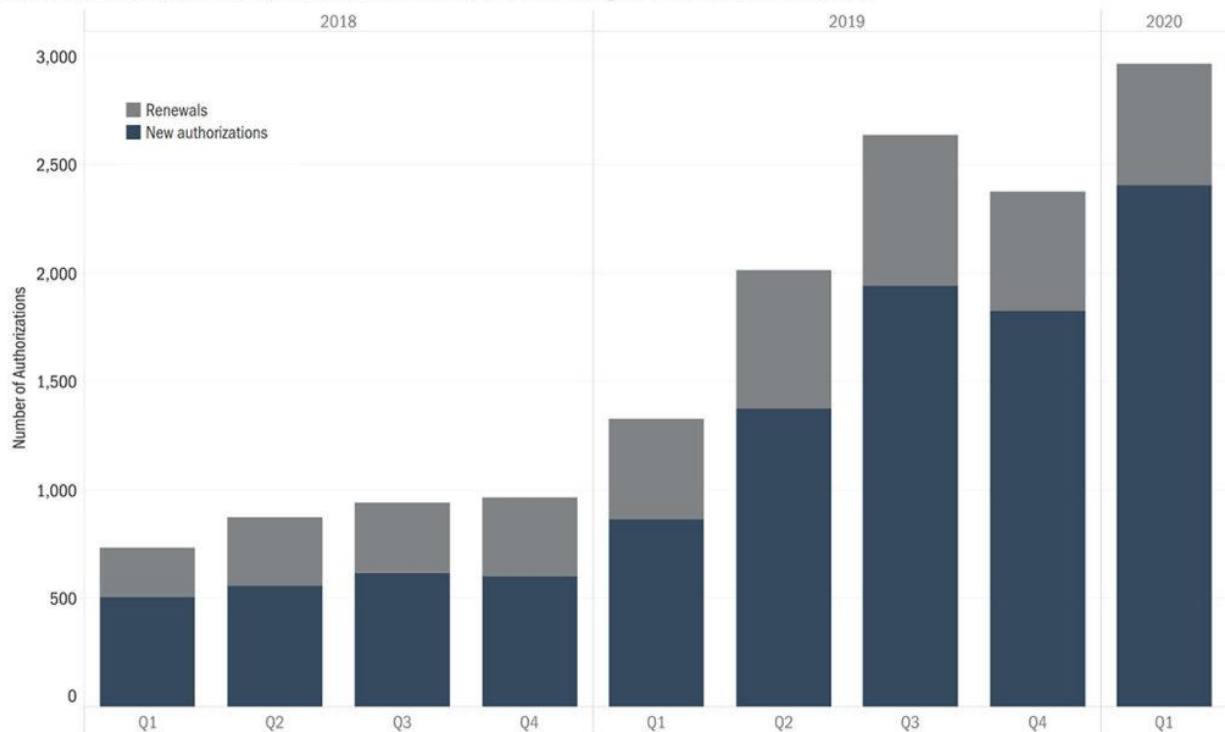
The Therapeutic Goods Administration approved roughly 14,000 Special Access Scheme Category B (SAS B) cumulative applications, or prescriptions, in 2020 through April. The gains have continued since then, with more than 5,500 patient approvals in July alone—the biggest one-month increase on record. (See chart "New Medical Cannabis Approvals in Australia by Month.")

The country is one of the largest centrally regulated medical cannabis markets outside Canada, so revenue-generating opportunities exist for overseas companies.

Besides medical cannabis, the country is relaxing its narcotics scheduling of cannabidiol (CBD) to make limited doses available over the counter, a move expected to create additional business opportunities.

Australia’s ambition to become an exporter of medical cannabis will eventually run up against reality, however: Few countries currently import cannabis in any meaningful quantity, while about a dozen want to be exporters.

ANVISA Authorizations for Individual Patient Imports of Nonregistered Cannabis Products



Source: The Brazilian Health Regulatory Agency (ANVISA)
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Brazil

As of mid-2020, Brazil was home to Latin America’s only major medical cannabis market; most Brazilian patients access cannabis through a program designed to be used in exceptional cases.

The country has three different categories of cannabis products:

- Cannabis-based medicines registered like any other medicine, for which efficacy and safety needs to be proved. So far, that includes only GW Pharmaceuticals’ Sativex, sold under the name Mevatyl in Brazil.
- Cannabis products with “sanitary authorization,” the new category created by ANVISA—the country’s health agency—in December 2019. These products do not require proven efficacy via clinical trials during the first five years but must obtain pre-market authorization. As of mid-2020, only one product was authorized in this category: a CBD oil.
- Authorizations granted on a case-by-case basis to import nonregistered cannabis products, which also do not require clinical trials. This has been working since 2014 and

is sometimes called “compassionate use.” During the first quarter of 2020, almost 3,000 patients received authorization to import nonregistered products, an increase of 25% over the previous quarter. (See chart “ANVISA Authorizations for Individual Patient Imports of Nonregistered Cannabis Products” above.)

Local sources estimate that 10,000 to 20,000 patients access cannabis through the third option. This makes Brazil unique in Latin America, because no other country in the region comes close to that number of patients.

And the growth trend has been positive. Using data obtained from the country’s health agency, *Marijuana Business Daily* previously estimated Brazil had almost 11,500 patients at the end of the first quarter of 2020, up from 8,352 at the start the year.

CBD oil makes up most of the imports because the Federal Council of Medicine—the agency responsible for regulating the medical profession—restricts the prescription of cannabis to CBD for treatment of refractory epilepsy in children and adolescents.

ANVISA, however, does not limit imports of nonregistered cannabis products to CBD, and, in practice, some doctors also prescribe products with high THC for conditions other than infant refractory epilepsy.

But it is harder to get a doctor’s prescription for THC-high products, and these are also more difficult to ship internationally.