

Medical and Industrial Cannabis Production in Costa Rica

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In recent years, the discussion around cannabis has evolved with its legalization in multiple jurisdictions. Latin and Central America have emerged as possible key players in the legal cannabis production and distribution market. We believe the time is right to start thinking about how to maximize the opportunities in the region.

In Costa Rica, the topic of medicinal cannabis has been discussed in different spheres of the government. This discussion has centered on several topics, such as the increase in the use of cannabis as a drug, production for pharmaceutical purposes, market authorizations, and finally the industrialization of the cannabis medicinal process.

Two months ago, Congresswoman Zoila Volio submitted a bill called "Cannabis and Hemp Production Law for Medicinal and Industrial Purposes," which sets forth an industrialization structure for the plant and, in particular, an export authorization for finished products, including THC and CBD extract.

Historically, Costa Rica has been considered an agricultural country. But, aside from land used for coffee and banana production, there are fields that do not have competitive crops commercialized in international markets. Furthermore, Costa Rica has seen significant development in its cooperative structure and labor associations, which were born under the expansion of coffee and sugarcane, which could be beneficial to the Cannabis industrialization process.

The proposed regulation establishes two competent agencies that would issue the license relevant to the industrialization structure: The Ministry of Public Health for medical production and the Ministry of Agriculture for industrial and food production. These licenses would have six-year terms without limit on the number of licenses issued.

As for the exportation component, the fact that Costa Rica has signed numerous Free Trade Agreements with important partners such as the European Union, Central America, the United States, Mexico, Chile, Canada, China and the Caribbean, will facilitate the country becoming an export partner to these regions.

Finally, the development of this industry will require many goods and services related to the crop, such as fertilizers, waste management, laboratories, landfills, transportation, cooling systems, energy related infrastructure, and more, which are all lateral opportunities that will emerge.

The legalization and relaxation of laws surrounding Cannabis around the world has allowed several Latin American countries to enter the market. The proposed bill makes Costa Rica the perfect gateway for the nascent industry in Central America. Here at Dentons Muñoz, as active participants in the evolution of the cannabis market, we are positioned to assist potential investors looking into the region.