The future’s bright, the future’s green

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Green rush as investors see cash in cannabis
The huge potential for growth in the cannabis markets is attracting astute investors. As cannabis continues to become socially accepted it appears that big business is taking a keen interest.

Cannabis articles are as likely to feature in the pages of financial heavyweights such as Forbes, Barrons or the Wall Street Journal as High Times.

Much of the excitement surrounding cannabis presently comes from the US where significant changes are taking place. Many eyes are on the state of Colorado which is leading the way in choosing to regulate recreational marijuana use. Initial signs certainly look promising as they expect to pull in tax revenues from cannabis exceeding $40 million, with already a reported 10% fall in crime rates. Statistics like that are hard to ignore and the dollar signs are sure to interest investors.

Cannabis investment firm ArcView Group predict 68% growth in legal cannabis markets in 2014.

Jeffrey Miron has spent the last 20 years researching the economics of drug legalisation. In 2010 he co-published, with Katherine Waldrock, the paper *The Budgetary Impact of Ending Drug Prohibition*. Miron estimates that cannabis legalisation could yield $17.4bn a year: $8.7bn in tax revenues and a further $8.7bn from reduced enforcement costs.

Last month saw the inaugural Denver Cannabis Capital Summit, an event which promised to help attendees “learn how to succeed as an investor or entrepreneur in the budding cannabis industry.”

High Times Investment Fund aims to raise $200-300m to invest in the legal marijuana industry.

This turn of events may not sit comfortably with traditional cannabis activists however.
NORML (National Organization for the Reform of Marijuana Laws) head Allen St Pierre certainly appears uneasy: “Myself, I’ve always been much more comfortable advocating for civil rights rather than someone’s bottom line.”

But how does this affect the UK cannabis market?
Beckley Foundation have just released a report titled *Licensing and Regulation of the Cannabis Market in England and Wales*. They estimate a move to a regulated market could yield £200-300m per year.

Whilst the UK is often keen to follow in the footsteps of the US it seems that when it comes to cannabis we often tread slightly different paths.

The UK can lay claim to making strides in the medical marijuana field with GW Pharmaceuticals’ development of Sativex. However it has yet to embrace medical marijuana in quite the same way as the US.

That said, the UK cannabis market has seen a boom in the sale of seeds. Cannabis seeds are totally legal for sale, trade or possession in the UK.

As Management Today highlight in their latest edition:
“There's quite a lot going on in the UK, which has a thriving seed industry…suffice it to say the UK is something of a seed giant.”

Certainly Freedom Seeds, a UK-based seed company which has only been trading for two years, has seen a rapid growth in its business. A spokesman for the company said, “We are witnessing a sea change in social attitudes to cannabis. Looking forward we see substantial growth in this industry as this beneficial and benign plant inevitably and deservedly comes in from the cold. All of this leads to an increased contribution to this country’s exports and tax revenue”

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