

## CEP Magazine – May 2020 Compliance challenges in the cannabis business

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By Sanday Chongo Kabange

**Sanday Chongo Kabange** ([sanday.kabange@redflaggroup.com](mailto:sanday.kabange@redflaggroup.com)) is a Product Marketing Coordinator at The Red Flag Group in Hong Kong Special Administrative Region of the People's Republic of China.

- Phone: +852 3185 0788
- [linkedin.com/in/sandaychongokabange](https://www.linkedin.com/in/sandaychongokabange)
- [twitter.com/sandaykc](https://twitter.com/sandaykc)

The legalization of regulated cannabis use in some countries and, although in different capacities, most of the US states<sup>[1]</sup> is presenting new compliance challenges for many stakeholders involved in the billion-dollar business. Canada and Uruguay have fully legalized regulated cannabis use for medical and recreational purposes while Australia, Germany, the Netherlands, Colombia, South Africa, Thailand, Jamaica, and Poland are some of the countries that have legalized regulated cannabis for medical use only.<sup>[2]</sup> In the US, 33 states and the District of Columbia, as well as three US territories, have legalized cannabis for medical use.<sup>[3]</sup> This means that, in these states, a qualified physician may prescribe a certain amount of cannabis to alleviate a patient's ailment. More countries around the world and states across the US are expected to legalize or decriminalize regulated cannabis use for either medical or recreational use in the near future.

The cannabis (also referred to as marijuana, weed, or pot) industry is still in its infancy, but its growth rate is moving very fast as more benefits of the controversial product are discovered. The unprecedented growth of marijuana's popularity is attracting huge investments from producers, processors, transporters, wholesalers, retailers, and consumers, including high-profile figures and celebrities. The explosion of cannabis is presenting even greater compliance challenges due to numerous unstandardized rules and regulations governing its cultivation, distribution, possession, transportation, advertising, marketing, and consumption from country to country or state to state. For instance, in certain jurisdictions, it's not a crime to grow or possess a prescribed amount of cannabis at a certain age limit. Additionally, in jurisdictions like South Africa, it is legal to cultivate and possess cannabis, but illegal to sell it. Thus, major stakeholders in this business need to tread very carefully within a complex web of rules and regulations to avoid unnecessary penalties. In an industry such as this, there is a very thin line between compliance and noncompliance, because one may comply with one rule (cultivation) and be noncompliant with another (possession or distribution).

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