



PRIVUS CAPITAL

## *Cannabis in Mexico Report*

### **Legislative Action Delayed Due to COVID-19**

**June 1, 2020**

#### **Legislative Deadline Postponed**

In light of the COVID-19 pandemic, the Mexican Congress suspended its activities on March 25 without having met the April 30 deadline established by the Mexican Supreme Court for adoption of legislation to regularize the possession and sale of cannabis (see [Issue 1](#) of this newsletter for background details). On April 17, the Supreme Court officially [extended its deadline](#) to December 15, 2020, when the next congressional session is scheduled to conclude.

#### **Impact**

The delay in the completion of legislative action will likely also delay establishment of the Mexican Cannabis Institute, which, under the pre-coronavirus timeline, was to be established not later than January 1, 2021. The institute will be charged with development of the extensive regulatory framework that will be required to create and regulate the nascent cannabis sector. We anticipate that the final legislation would amend the establishment date by 6 to 12 months, though no decisions have been made. We will continue to monitor closely legislative developments in Mexico including potential congressional hearings during the summer recess or when Congress reconvenes in September.

#### **Views of a Prominent Mexican Politician**

On May 14, 2020, Porfirio Muñoz Ledo, one of the elder statesman of Mexican politics, and a long-time ally of AMLO despite being an occasional critic of his administration, as well as being a former Cabinet secretary, Senator, ambassador and Speaker of the

Chamber of Deputies, declared himself very much in favor of the legalization of cannabis currently under discussion in the Mexican Congress. He stated that the sector should be regularized/controlled but permitted, that the legalization framework adopted by Uruguay seemed a good model for Mexico, that there needs to be an amnesty program for the “small” people (i.e. *campesinos* etc.) who have suffered from past prohibition and that it could be preferable to have coordinated state-operated points of sale for cannabis products. Muñoz Ledo also praised the leadership on the cannabis issue demonstrated by Olga Sánchez Cordero Dávila, Secretary of the Interior (*Secretaría de Gobernación*), and noted that she brings a highly skilled sense of jurisprudence from her days as a senior judge who has also long been an advocate of the regularization of cannabis use; that process could not be in better hands. For Muñoz Ledo, cannabis is very distinct from other drugs, like synthetics, and should be treated differently. He summarized, “no one dies from cannabis, never. More people die from smoking cigarettes.”

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## Monarch Global Strategies and Privus Capital

The steadily increasing commercial interest in cannabis, its derivatives, and ancillary products and services (for recreational and medicinal use) across North America creates business opportunities. Yet rapidly evolving legal and regulatory frameworks, which differ among jurisdictions, together with the associated complex domestic and cross-border politics, warrant careful analysis and well-planned strategies for entry into any aspect of the sector, especially for firms seeking cross-border partnerships, distribution channels, or investment opportunities.

Monarch Global Strategies LLC and Privus Capital, Inc. work together to help clients navigate this complex environment, offering unique skills, experience, and relationships to successfully expand into the legalized cannabis sector across North America.

Services include:

- Market entry support
- Risk analysis and strategic planning
- Match making for strategic partnerships, distribution agreements, start-ups, and M&A
- Private equity and corporate strategic investment
- Regulatory filings and trademark registrations
- Government relations, advocacy, and stakeholder engagement

To discuss business matters related to the emergent cannabis space in Mexico, contact us at:

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