



PRIVUS CAPITAL

Cannabis in Mexico Report

Legalization of Medical Use of Cannabis in Mexico Opens the Door to Opportunity

January 15, 2021

As anticipated, the Government of Mexico legalized and regulated the medical use of cannabis and its byproducts on January 13, 2021.

This is a key step in creating a new legal space for the use of cannabis in Mexico and sets the stage for the impending legalization of cannabis for recreational use, expected to be finalized and approved by April 30, 2021, at the latest during the upcoming session of the Mexican Congress. These regulations governing the medical use of cannabis are issued formally under the authority of the existing General Law on Health; the anticipated legalization of recreational use will be the subject of a new law.

We have been following closely the creation of a new cannabis economy in Mexico over the past several years and analyzed earlier in considerable detail the medical use regulations when they were in draft form (see our [Cannabis in Mexico Report](#) dated October 21, 2020). We have also highlighted over the past months that, in addition to being commercially valuable in its own right, the medical use sector presents an important opening to establish a presence in Mexico in advance of the larger opportunity to come in recreational use (see our [Cannabis in Mexico Report](#) dated December 17, 2020).

The final regulations on medical use of cannabis that were published officially on January 12, 2021, are effectively the same as those that had been out for public consultation last autumn as a working draft. The official text adds precision regarding some of the administrative procedures, especially related to the importation of raw materials, pharmacological derivatives, and medications into Mexico, and is the result of a final legal scrub of the text for clarity and presentation. The key substantive modifications include:

- the removal of references to prior certification of seeds by the *Servicio Nacional de Inspección y Certificación de Semillas* (SNICS), implying a more flexible approach to the use of different seed varieties in cultivation;
- the regulations no longer govern molecular compounds at all, implying that scientific research into this category is to be regulated elsewhere by existing and appropriate laws and regulations; and
- the final text generally reinforces further the need for defined quality control systems, phytosanitary measures, and best practices.

The regulations govern all aspects of the value chain from cultivation to point of sale for cannabis-based medications and provide a detailed explanation of the import-export regime for medical-use cannabis and its byproducts. Taken together, they provide a comprehensive roadmap for the development of and entry into this new cannabis space in Mexico.

In summary, with the passage of the medical use regulations, the time is right to enter the cannabis market in Mexico. Monarch and Privus are here to help guide you through the process.

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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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