



## Could Aurora Cannabis Inc. Lead in Germany?

### Description

The recent announcement by **Aurora Cannabis Inc.** (TSXV:ACB) of its acquisition of Pedanios GmbH, a leading medical marijuana distributor in Germany, was a such a big news piece that trading on the stock had to be halted for almost 24 hours.

Although the newly opened German medical cannabis market has no local producers yet and is already dominated by the Netherlands and Canadian suppliers, does Aurora's acquisition of a leading importer and distributor in Germany make it an instant winner in the German cannabis market share war?

Maybe, but not yet.

There are some much bigger supply eligibility issues that still stand in Aurora's way to the throne in Germany and the European Union (E.U.) as a whole.

Firstly, the Europeans have put up some stringent conditions on what medical product qualifies to be imported and sold to local patients.

A pharmaceutical product manufacturer has to undergo the ICH Good Manufacturing Practices (GMP) quality inspection and certification before its products are allowed to be imported and distributed in Germany.

At the time of writing, only two Canadian marijuana producers, Tilray and the Peace Naturals Project (a subsidiary of **Cronos Group** (TSXV:MJN), have undergone the process and are GMP certified.

If Aurora's facilities have to be GMP certified before exporting to Europe, the process may delay its maneuvers into Germany.

As one industry analyst recently highlighted, “it is quite difficult for Canadian cannabis producers to become GMP certified — not only because of the significantly higher level of quality control required, but also because the Canadian GMP-certifying authority has refused to certify cannabis production facilities (as cannabis is not defined as a ‘drug’ in Canada).”

It’s likely that Aurora’s facilities and processes may qualify to meet the GMP standards, but inspection services may need be imported from Europe.

**Canopy Growth Corp.** ([TSX:WEED](#)) is already exporting its Tweed branded product to Germany through its subsidiary, MedCann GmbH Pharma and Nutraceuticals, but Tweed is not shown to be GMP certified.

Most noteworthy, the EudraGMDP database, which stores GMP related information, notes that “... since inspections of manufacturers of active substances are based on risk, some active substance manufacturers may not be in possession of a GMP certificate ... The absence of a GMP certificate should not be understood as meaning that the active substance manufacturer in question does not comply with GMP.”

There is a chance for Aurora to successfully negotiate with Germany authorities for its product to be accepted into the potentially blooming market and capitalize on Pedanios’s wide distribution network in the country.

### **The challenges**

There are more licensed distributors of medical cannabis in Germany than there are GMP-certified cannabis producers. Distributors are likely to be competing for approved supplies, and this could be probably why Pedanios had to pen down an exclusive supply deal with Peace Naturals in December 2016.

Moreover, the three-year Peace Naturals contract still needs to be honoured.

Aurora may therefore need to focus on making Pedanios more profitable in the short term, while completing its capital projects and getting ready to export its brands to Europe.

However, Germany is getting interested in promoting local cannabis production, and new local growers may crop up by 2019. It’s early days to tell who the leader will be, but it is almost always an advantage to be the first.

It’s good that Aurora chose Pedanios, so it can enjoy some of these advantages in Europe.

### **CATEGORY**

1. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. TSX:ACB (Aurora Cannabis)
2. TSX:WEED (Canopy Growth)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Yahoo CA

## **Category**

1. Investing

## **Tags**

1. Editor's Choice

## **Date**

2025/08/25

## **Date Created**

2017/06/16

## **Author**

brianparadza

default watermark

default watermark