

3 Reasons Marijuana Legalization Could Be Delayed

Description

As we inch closer and closer to the day that marijuana becomes legalized, provinces will have to work out the logistics of how the industry will be governed. There are issues around impairment and advertising, among many others, that still need to be sorted out before legalization can occur.

Current drug-testing methods are not reliable

The Canadian Mental Health Association (CMHA) of Ontario recently came out in support of strong restrictions on marijuana, including a “zero tolerance” policy on driving under the influence. The problem with such a strong restriction on marijuana use is the difficulty in testing for it accurately. Current drug tests can show marijuana in a person’s system even days or weeks after the usage occurred.

Unless the province can obtain more accurate way of testing for marijuana, proving someone is impaired while operating a vehicle will be difficult, if not impossible. However, it is crucial that a reliable test can be administered to test for impairment or else a law enforcing it may be rendered useless.

The inevitable battle on advertising

The CMHA is also pushing for packing to be even more restrictive than tobacco with plain packaging that will make it difficult for consumers to easily be able to differentiate one brand from another.

This again is likely to be challenged by cannabis companies like **Canopy Growth Corp.** ([TSX:WEED](#)) that have spent a great deal of resources to acquire marijuana producers, so the company can extend its reach. However, if the company is unable to advertise on its own packaging or make its brand stand out from others like **Aphria Inc.** (TSX:APH) or **MedReleaf Corp.** (TSX:LEAF) then that will definitely be a big hurdle in obtaining strong market share in the industry.

Too much uncertainty still remains

The recommendations for cannabis regulation set out by the CMHA are just that: recommendations. The legislation put in place to govern the industry remains to be seen, although provincial bodies will certainly take input from the healthcare industry. Legislation of marijuana can also vary from one province to another, and if there is no consistency, that can also complicate matters for users and companies to keep track of what is and isn’t legal from one province to the next.

How cannabis producers will be taxed and how much are also not small considerations that are yet to be resolved. The amount of taxation is going to ultimately impact the profitability of a company like Canopy and the industry as a whole.

Bottom line

It may be best to wait on the sidelines while all of these issues get sorted out, since legislation will have a big impact on how much the industry can grow, and when. Some of the issues remaining are not

small and may take time to iron out, since healthcare providers will be at odds with companies trying to turn profits. There is a lot of excitement in the cannabis industry and how much it can grow, but that needs to be tempered by a more careful analysis of the risks involved as well.

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