

Why You Shouldn't Expect Pot to Be Legalized by July

Description

Investors who are expecting marijuana to be legalized this July may be disappointed. While cannabis stocks like **Canopy Growth Corp.** ([TSX:WEED](#)) and **Aurora Cannabis Inc.** ([TSX:ACB](#)) are ramping up in anticipation of pot legalization and the expectation that the demand will blow the doors off come July, the problem is that those doors may not open for a while.

While the July 1 date has long been the target date, Prime Minister Trudeau announced last year that the target was in fact the summer of 2018 rather than Canada Day specifically. However, even that time frame could be in jeopardy if the bill to legalize marijuana runs into issues in the Senate, which it well may.

Conservatives will put up road blocks

It's no secret that the opposition in the Senate is opposed to marijuana legalization and would like to see it delayed or even blocked entirely. Success in the Senate would mean an even later date for passing the cannabis bill, as the Conservatives will want a thorough review of the bill.

There's no shortage of issues when it comes to legalizing pot and the effects it might have on the country, including the dangers of impaired driving, [health](#), children's access to marijuana, and other concerns around what the bill will adequately address.

The longer the bill gets tied up in the Senate, the longer it'll be for pot legalization to occur. However, the Liberals can push the issue to a vote should the Conservatives try to stall.

There is much at stake for the two parties, as this was a big election promise for the Liberals. The Conservatives realize that undoing the prospective law would be very difficult, thus making it crucial for the party to do what it can today to either stop the bill completely or at least make amendments to it.

Would a new government impose additional hurdles?

If we see a new party come to power in the next election, it's possible that marijuana legalization could be impacted. Although it may not be undone, there's the danger that added restrictions could be put into place, which will limit the growth potential in the industry.

Currently, the Liberals have left it up to the provinces to decide what to do with pot and how it can be sold and distributed. If a new government decides on a different approach and decrees that all sales must follow a restrictive, government-only model similar to what we see in [Ontario](#), this could present serious problems for the industry's growth prospects.

That type of model could make render the black market a more attractive option for buyers, while making it difficult for companies to advertise and establish any distinct competitive advantage.

Provinces may take an additional two to three months to get ready

Even if marijuana is legalized by its expected date, it might take some provinces up to three months to set up their retail outlets. While this doesn't impact legalization, it will affect companies like Aurora and Canopy Growth that are unable to reach potential customers during this lead time.

Bottom line

Pot investors are expecting significant growth from the industry, but should be careful not to ignore the risks. What happens under a Liberal government is going to be the best case scenario. That should quite rightly raise concerns about what might happen over the long term.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
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