



This Is the Key Factor That All Marijuana Investors Need to Pay Attention to

Description

With Canada's benchmark marijuana ETF (exchange-traded fund), the **HORIZNS MARIJUNA LF CL A UNT ETF** ([TSX:HMMJ](#)), now sitting at a market capitalization approaching \$1 billion, it should be clear to investors across the board that the market has reached a point where it's not just the Canadian market for marijuana that's under review, but that investors are now banking on international expansion.

Markets like Germany, Israel, Australia, and Chile, to name but a few, each have their own plans underway to pursue liberalization of marijuana laws either for medical or, in some cases, recreational purposes.

So, what's standing in the way of a company like **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC), **Aurora Cannabis Inc.** ([TSX:ACB](#)), or **Cronos Group Inc.** ([TSX:CRON](#))([NASDAQ:CRON](#)) from becoming dominant pot producers, not just at Canada's national level, but at the international level as well?

As Canadians who have been closely following the path toward marijuana legalization probably already understand by now, the road toward legalizing a recreational drug that has been banned internationally since the 1960s is fraught with red tape and regulatory hurdles.

One obstacle that has stood in the way of Canadian producers over the past year has been the challenge of navigating how the Canadian provinces will manage their respective jurisdiction's distribution and supply chains.

For example, the Ontario government initially announced that it wanted pot sales to be controlled by a government-appointed authority in the same way that alcohol sales are handled in that province.

Meanwhile, in some of the western provinces, governments have been more open-minded about allowing producers to remain in control of sales themselves, which has partly led to Canopy Growth's mission to build its "Tweed Main Street" online shopping platform to reach pot shoppers through direct-to-mail channels.

It also almost certainly helped lead to [Aurora Cannabis purchasing a 25% stake in Alcanna Inc.](#),

formerly Liquor Stores N.A. — a liquor store that has aspirations to branch out into retailing cannabis products.

How about what's beyond Canada's borders?

A recent move by one of Canada's pre-eminent medical producers may shed some light on where the international market is headed.

Back in April, **Aphria Inc.** (TSX:APH) spent \$525 million to acquire Brampton, Ontario-based Nuuvera.

[While the move was initially questioned by some](#), the deal will give Aphria the rights to an E.U. GMP (European Union Good Manufacturing Practices) certified factory in Malta and a Canadian GMP-certified factory named the Avanti.

Acquiring two GMP laboratories, one domestic and one international, could be a critical step to help the company gain access to international markets, namely those in Europe.

That's because GMP licensing is a critical and hard-to-obtain requirement for any pharmaceutical exports into Europe; without which, no medical marijuana may be exported to the continent.

Bottom line

At present, the United States accounts for nearly 90% of global cannabis production, but that figure is expected to drop, as Canada increasingly takes a larger role on the global stage.

And while it's true that many jurisdictions don't require a GMP certification to sell cannabis products, it's almost certain that in the future, global standards will become more homogenized and also more stringent.

Other countries are increasingly taking their cues from Canada's leadership on issues of regulation and product differentiation, and so it may be worthwhile that Foolish investors do some of their own digging to figure out which smaller Canadian — and internationally domiciled — pot producers already hold these coveted GMP-certified facilities.

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