

A Breakdown of Ontario's New Pot Plans

Description

Ontario announced this week that its pot laws will be a bit looser as the province is moving away from the [restrictive model](#) that it announced last year, where government-run stores would be the only option for cannabis users looking to purchase marijuana.

It's a relief for both consumers and growers of marijuana, as the model would have not been conducive for growth in an industry that's counting on lots of it. With the biggest province now on board with privatized marijuana sales, it gives the cannabis industry a fighting chance to achieve the astronomical growth many investors expect it to realize.

Privatization won't happen until next year

While it's good news that the province will allow private stores to sell cannabis, it won't be until April of next year that the retail model, which is going to be heavily regulated, will be available. In the meantime, consumers will have to go through the Ontario Cannabis Store and order pot online.

It's a bit of a mixed bag when it comes to the implementation, as although recreational pot will be legal come October, it won't be easy to get ahold of it, meaning that it won't be until next April that we really see the potential start to be realized in the province. It underlines just how big of an impact a change in leadership can have on a province's plan for pot, and how drastically it can affect the industry's growth prospects.

Ontario-based **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) is one company that will undoubtedly look forward to being able to have the opportunity to set up shop in its home province and sell directly to consumers. That's because branding is going to be a challenge for many companies as the industry has lots of competition, and many [restrictions](#) when it comes to advertising. Setting up pot shops will allow Canopy Growth and other cannabis companies will have a way to differentiate from one another.

Not all good news

While the news that Ontario would allow private sales is definitely a positive, it came with a caveat. Municipalities will be given a one-time opportunity to opt-out and refuse to allow cannabis stores within their city limits. It's yet another example of how messy this implementation of legalized marijuana has become. There is so much inconsistency in how things are already run province to province, and with municipalities potentially varying from one to the other, that will only serve to confuse consumers in what's been a very complex process.

In addition, many municipalities may not be ready to make such a decision just yet, as the impact that pot shops may have on their cities may not be known until well after implementation.

Takeaway for investors

What this announcement highlights to me is that even though pot is going to be available for sale come October, the real date may as well be April 2019, at least when it comes to Ontario. We've seen what privatization has been able to accomplish south of the border, and until we see that happen here, I'd be skeptical as to how much success can be achieved in the industry if pot sales in Canada's largest province are going to be dependent on online sales.

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Author

djagielski

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