



**Submission to the Standing
Committee on Health (HESA)**

*C-45, An Act respecting cannabis and
to amend the Controlled Drugs and
Substances Act, the Criminal Code and
other Acts (Cannabis Act)*

AUGUST 18, 2017

1.0 Executive Summary

- As a trading nation, Canada should consider carefully the economic, employment, and trade opportunities that present as a result of the legalization of cannabis.
- As a global leader in the liberalization of the manner in which cannabis is treated, legally, Canada is also poised to develop and enhance trade and scientific partnerships with the many western nations that have subsequently endorsed similar policies, particularly with respect to medical cannabis.
- Canada should and could be a leader globally in forming trade, scientific and pharmacological alliances to promote the tremendous untapped potential of the cannabis plant.
- Legitimate concerns have been raised regarding the likelihood of there being quite severe supply shortages at the time of legalization and the implications that a shortage could have on black market activity and federal revenue streams.
- To alleviate these concerns and also stimulate global trade and research relationships, the government should consider alternative sources of cannabis through importation from other countries.

Nuuvera supports the Government of Canada’s decision to legalize cannabis for recreational purposes, and most of the reforms set out in Bill C-45.

As a Canadian company operating in the global cannabis industry, Nuuvera has suggestions with respect to the proposed importation regime set out in Bill C-45 and the negative impacts it will likely have on the broader Canadian economy and cannabis industry if implemented in its current form.

As the members of HESA assess Bill C-45, Nuuvera encourages them to consider certain probable outcomes, should the importation regime be implemented “as is”. As a mature trading nation, Canada would do well to engage in the import and export of cannabis products with appropriately regulated jurisdictions, in a more liberal manner than is contemplated in the proposed legislation. Such an approach is not only consistent with Canada’s broad trading principles, but, in the immediate future, will provide the following benefits to the cannabis industry:

- i. Significantly larger federal revenue streams;
- ii. Enhanced economic, employment, and trade opportunities;
- iii. Meeting short term and ongoing consumer demand; and,
- iv. Reduction in “black market” activity.

2.0 Economic and Innovation Opportunities

2.1 Canada as a Trading Nation

Canada is a global leader in international trade protocols and practices, with consecutive governments having placed a strong emphasis on creating the conditions and opportunities for Canadian companies to compete and succeed internationally. Many free trade and foreign investment agreements have opened significant new markets for Canadian businesses, with a particular focus on this in the last few years.

Globally, the public policy discourse with respect to cannabis is shifting rapidly, with a number of countries, as well as several jurisdictions in the United States, joining Canada in planning to either legalize or decriminalize cannabis. Many of these countries are opening up to significant reforms and, on an exception basis, permit the export and import of cannabis. This encourages cross border trade, allows for a freer flow of information and scientific collaboration, and would create incentives for Canadian companies to assume a leadership role in a sophisticated global cannabis market. For decades, cannabis was somewhat stigmatized, due to illicit recreational use. Regrettably, this precluded the potential of cannabis from being applied for medical and other purposes.

As the global cannabis industry matures, regulation, appropriately, follows. Canada has an opportunity to lead this sector internationally.

We are regarded as a very sophisticated, advanced nation. Moving forward, Canada is well placed to set the tone and to be an example for other jurisdictions.

Nuuvera encourages committee members to ensure that their review of the proposed legislation – and the current public policy discussion – takes into account Canada’s role in the world as a leading trading nation, and the strong connection between global trade and jobs and economic growth for Canadians.

2.2 Expanding the Innovation and Pharmacological Ecosystem

In addition to traditional trade opportunities, Nuuvera strongly recommends that the government continues to place an emphasis on medical and scientific collaboration amongst regulated jurisdictions. Most countries are solely focused on the legalization of cannabis for medical and scientific purposes. To create an open environment for medical and scientific collaboration necessitates import and export.

Research and development (R&D) with respect to cannabis is progressing rapidly, particularly in the areas of genetic research and growth technology. International collaboration is a critical element of this progress. R&D successes have allowed the medical community to treat millions of people suffering from various illnesses, around the world. The unrealized medical potential of this plant is huge.

As an organization with operations in Israel, Nuuvera knows first-hand the global impact of R&D. Until very recently, Israel was the only jurisdiction in the world to conduct clinical cannabis trials, with transformational successes in a wide range of medical applications, including: pediatric epilepsy; Alzheimer’s disease; PTSD; chronic pain; Parkinson’s disease and cancer, to name a few. Israel is the undisputed global leader in all aspects of the cannabis “industry”: cultivation methods; pharmaceutical derivatives and products; and clinical trials and research. As with virtually all technological and scientific innovation, Israel is a key market in which to engage. It is in Canada’s interest to leverage its excellent relationship with Israel in order to develop strategic trade, research and innovation opportunities which will enhance Canada’s stature in all sectors globally.

The discontinuation of a separate – or distinctive – medical and scientific regime could place Canada at a disadvantage and hinder its ability to innovatively collaborate with other jurisdictions. As such, Nuuvera encourages the Committee to advocate for the maintenance of the current *Access to Cannabis for Medical Purposes Regulations (ACMPR)* and to ensure that the passage of Bill C-45 is not used to undertake a review that could discontinue those regulations.

3.0 Analysis of C-45, Cannabis Act

Justice/Criminal Issues

Nuuvera commends the government for recognizing that the current system of cannabis prohibition requires significant modification and that it unnecessarily traps individuals within the criminal justice system for possessing small amounts of cannabis. Nuuvera agrees with the proposed regulations surrounding the responsible recreational use of cannabis.

Nuuvera supports the government’s commitment to restrict access to cannabis for minors, and is pleased that the proposed legislation sets out strong legal standards and punitive measures to prevent such outcomes. The Company is particularly committed to addressing consequences of inappropriate cannabis use. Nuuvera is in the midst of considering ties with strong community partners and professional organizations to be at the forefront of managing such important issues.

Import and Export-Related Concerns

While supportive of C-45 in principle, Nuuvera does have three key, related concerns with respect to the proposed importation regime:

3.1 Supply and Demand Shortage

The experience arising from the legalization of cannabis in other jurisdictions, such as Nevada, Colorado, and Washington raises legitimate concerns that there will likely not be enough supply to meet demand at the time of legalization of recreational use of cannabis in Canada. In fact, there are currently quite serious medical cannabis shortages, underscoring the likelihood that there will be a significant supply deficit. This will result in higher consumer costs and a strong “black market,” two outcomes that the government has indicated, unequivocally, that it considers to be undesirable.

3.2 Federal Revenue Implications

An important consequence of such a supply shortage is the impact on the federal revenue stream.

Conservatively, based on PBO estimates, Nuuvera estimates that the federal government could expect a significant shortfall in just GST revenue from cannabis sales: \$52 million - \$92.8 million within FY 2018-19 and \$70 million - \$123.8 million thereafter.

3.3 Increase in Black Market Activity and Youth Addiction

According to the Denver Police, supply and demand issues in that state upon legalization allowed the illegal cannabis business to thrive, with people buying the product at low cost and selling it at high cost.¹ Similar concerns have been reinforced at the provincial level, in particular by Ontario’s Minister of Finance, Charles Sousa.²

The Government of Canada has been clear that, in addition to reducing organized crime, one of its goals for the legalization of cannabis is to limit the availability of cannabis to youth. Again, Nuuvera strongly shares this commitment and has identified youth addiction as a pillar of the organization’s corporate social responsibility platform.



4.0 Conclusion and Recommendations

As an emerging leader in the global cannabis industry, Nuuvera lauds the Government of Canada’s goal to legalize the use of cannabis for recreational purposes across the country by July 1, 2018.

Nuuvera is concerned regarding the potential for supply shortages at the time of legalization, and strongly encourages Committee Members to heed negative experience in other jurisdictions when considering the import and export provisions proposed in the *Cannabis Act*.

Nuuvera believes that, in order to alleviate demand pressures, the Committee should consider legislative amendments to allow for the importation of cannabis and cannabis-related products from other jurisdictions.

Nuuvera also encourages the Committee to consider the *Cannabis Act* from an economic and financial perspective; in particular the benefits that an expanded import and export regime could provide for Canadian companies. As a global leader in trade, it is incumbent on Canada to keep in mind Canadian jobs and economic prosperity, and to create the conditions and opportunities necessary for Canadian companies to succeed.

¹ “Black market marijuana business booming in Colorado” *Fox31 News Denver*, 3 March 2017

² “Canada Ponders an Unusual Drug Problem: a Shortage of Marijuana” *Bloomberg*, 23 June 2017

Nuuvera appreciates the opportunity to provide HESA with its views on Bill C-45. If the Committee has any questions, we would be pleased to respond or elaborate.

5.0 Overview of Nuuvera Corp.

Nuuvera is a global cannabis and industrial hemp company, based in Toronto, Ontario. Operational in many countries and expanding, Nuuvera is quickly emerging as one of Canada's leading vertically-integrated cannabis companies and a Canadian-based success story in the cannabis industry.

Through its subsidiaries, ARA – Avanti Rx Analytics Inc. and Avalon Pharmaceutical Inc., Nuuvera holds a Dealer License (GMP) under the *Narcotic Control Regulations*, and Office of Controlled Substances, and is currently in the final stages of the Health Canada review process to become a Licensed Producer of medical marijuana under the ACMPR. In August 2017, Nuuvera completed an agreement with Aphria Inc. to become Nuuvera's Canadian cannabis production partner. As part of this new agreement, Nuuvera will fund the construction of a one million square foot cultivation facility in Leamington, Ontario. The facility will include an additional 350,000 square feet of ancillary support space, which will foster research and development efforts and create jobs and economic opportunities for the region.

Nuuvera believes that a global template for success lies in developing quality partnerships. We must have the agility to work with the "best in class" in every aspect of the cannabis sector; mining the world for advantage and leveraging it to Canada's benefit.

We are strongly committed to contributing to social advancement and supporting the communities in which we operate. In addition to youth addiction, Nuuvera's corporate social responsibility program will include a focus on Post-Traumatic Stress Disorder (PTSD). In fact, Nuuvera is heavily involved with the upcoming Invictus Games, to be held in Toronto at the end of September, 2017. Promoting the rehabilitation and integration of military veterans, this global initiative is co-chaired by Prince Harry and Nuuvera board member, James Eaton.

For Nuuvera to succeed, Canada must succeed.