

United Nations Conference on Trade and Development

Workshop on Industrial Hemp

18 January 2023, Palais des Nations, Geneva

Industrial hemp: Insights from the special issue of the Commodity-at-a-glance series

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

Industrial Hemp

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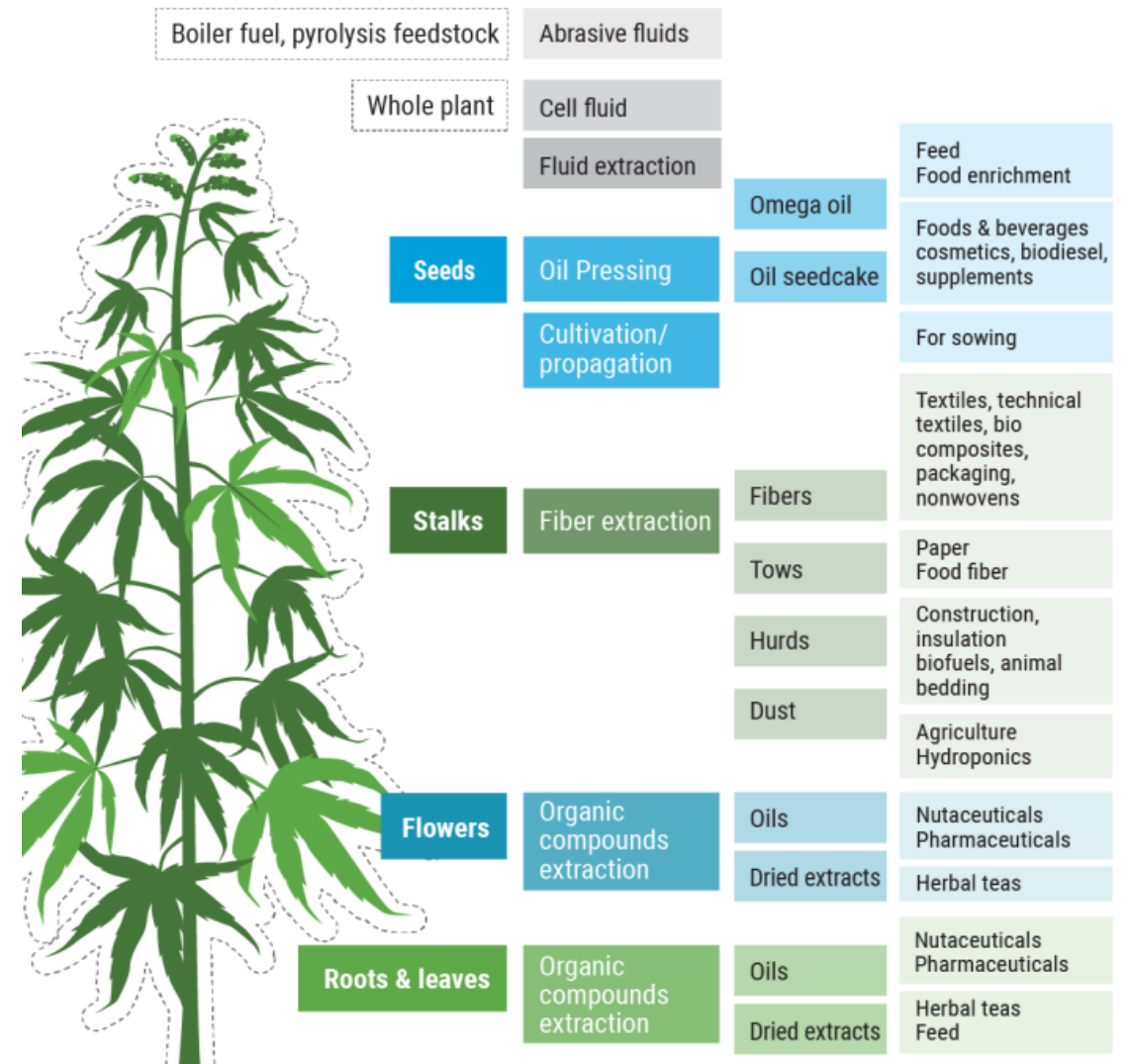
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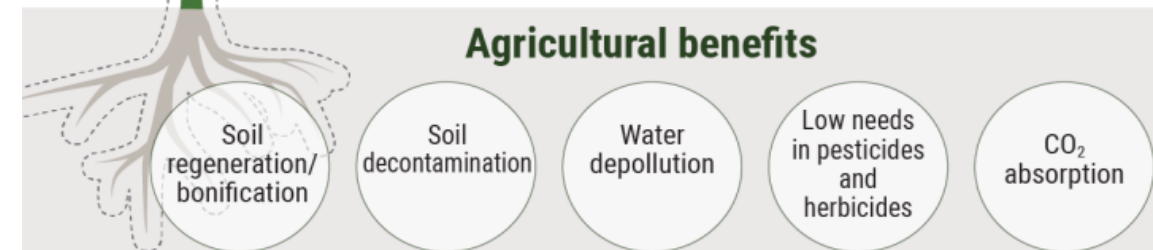
Contents



- Discusses the (botanical and regulatory) definitions and taxonomy surrounding the plants belonging to the *Cannabis* L. genus with specific reference to industrial hemp.
- Discusses the general uses of industrial hemp and how they are reflected in production and trade international statistics.
- Based on current practical experiences and empirical expertise/evidence, it also discusses the steps developing countries could take to exploit its economic and social potentials.



Agricultural benefits



Main messages



Strong economic potential

- Large set of hemp-based products: **all parts of the hemp plant** can be used/ processed
- Due to its versatility, hemp appears to be a **natural candidate for the establishment of national and regional value chains**.
- Differences in the degree of sophistication of production processes allow to adopt different sectoral development approaches depending on prevailing conditions (economic, social, environmental ...).
- Thanks to its botanical characteristics a **whole plant approach** can be considered in most parts of the world :

“An appropriate strategy would consider in the first place the development of production processes easily transferable to reduce the risk of low returns due to negative market developments “

- Thanks to its [carbon capture/sequestration properties](#), possibility to further monetize hemp cultivation:
 - integration into some carbon compensatory voluntary schemes
 - Integration into national plans (nationally determined contributions) to reduce GHG emissions
- Global awareness amongst final consumers about hemp products has been increasing in recent years.
- However, most hemp-related final goods markets remain relatively small, and most markets for hemp products can still be considered niche markets.
- This characteristic is associated with specific market dynamics that may affect price evolution significantly:
 - Risk of oversupply due to supply-side and/or demand-side shocks
 - Product quality may be either low with respect to competing products or vary across manufacturers: consumer protection issues

Constraining regulatory treatment

- The distinction between intoxicant and non-intoxicant hemp varieties is still subject to controversies:

“Even though a clear distinction is made between intoxicant and non-intoxicant *C. sativa* L. products in international treaties, the interpretation of the conventions’ scope is still subject to controversy when coming to the inclusion or not of the various parts of the plants.”

- Such controversies are often **not corroborated** by existing empirical evidence and scientific knowledge.
- Legislations in vigour in most countries **impede the full exploitation of hemp plants’** potential in their many uses:
 - A **whole-plant** approach could only be implemented if an appropriate regulatory framework is in place
 - This implies that some legal reform may need to be considered in the first place

Ideal component of sustainable agricultural strategies

- Hemp farming (outdoor) requires very **low inputs**.
- Due to the high density of hemp leaves since early stages of its development **water utilization/loss and soil erosion are reduced**.
- The processing of hemp plants **generates zero waste** as all parts of the plant can be used or further transformed.
- Hemp plants also help to **regenerate soils**:
 - They can significantly improve the advantages derived from crop rotations
 - Hemp can also be used in ecological reconstruction and related land reclamation due to its ability to remove heavy metals from the ground
- Can contribute to **food security**: seeds are rich: in essential fatty acids (omega 3 and 6) + proteins + carbohydrates + vitamins + insoluble fibre
- As hemp cultivation may help concretely to maximize the use of land, it may also contribute **to increasing farmers and rural communities' income**.

Data/Information gap in international (and national) publicly accessible datasets

- Limited product coverage (3) in international trade statistics (6 digits in the Harmonized System classification).
- Extended but still **non-exhaustive** coverage in national tariff lines (8 to 12 digits).
- Under-estimation of trade flows: “by simply accounting for trade information as reported in national statistics (of a selection of countries) the value of imports would jump from US\$ 42 million to about US\$ 291 million.”
- Possible under-estimation of cultivated areas and production of raw products.
- Limited product coverage does not allow a precise appreciation of the **prevalence and incidence of tariffs and non-tariff measures**: market access conditions can only be partially assessed.
- **Price information remains scattered** and focuses on specific high value products (e.g. CBD products).

Industrial hemp in the HS international nomenclature

HS 2 digits	HS 4 digits	HS 6 digits	Description
53			Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn
	53.02		True hemp (<i>Cannabis sativa L.</i>), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock)
		5302.10	Hemp (<i>Cannabis sativa L.</i>); raw or retted, but not spun
		5302.90	Hemp (<i>Cannabis sativa L.</i>); processed (other than retted) (but not spun), true hemp tow and waste (including yarn waste and garnetted stock)
	53.08		Yarn of other vegetable textile fibers; paper yarn:
		5308.20	Yarn; of hemp (<i>Cannabis sativa L.</i>)

Source: World Customs Organization (HS Nomenclature, 2017 edition, extract).

Thank you!

