

# HEMP UPDATE

IRRC Webinar April 14<sup>th</sup>- 2020

**IRRC HEMP Webinar**



**irrc**  
Identification & Recruitment  
Rapid Response Consortium

# HEMP

Understanding how it is grown, processed, and eligible for MEP

Slide 1 / 43:23



### Please Mark Your Calendar

Due to privacy concerns we are now only adding to those who are on our list serve two more people to the list serve or need information: [jcastanedaidr@gmail.com](mailto:jcastanedaidr@gmail.com).

We have space for 500 people on each webinar and listen. We always record our webinars. If you need to be added to the list serve, please contact:



### Archived Webinars

Recording: [Creating Google Maps](#)  
Presentation Files

Recording: [What Recruiters Can Do Now](#)  
Presentation Files

IRRC H2a Webinar- [iCert Changes](#)  
[Qualifying Moves Webinar](#)

[Hemp Production and MEP Eligibility](#)

### HEMP Production and MEP Eligibility

During this webinar we will share what various laws impact where it is grown and processed. We will also cover a lot of other topics over the next few years. We will also share ways for you to get involved in your own state.

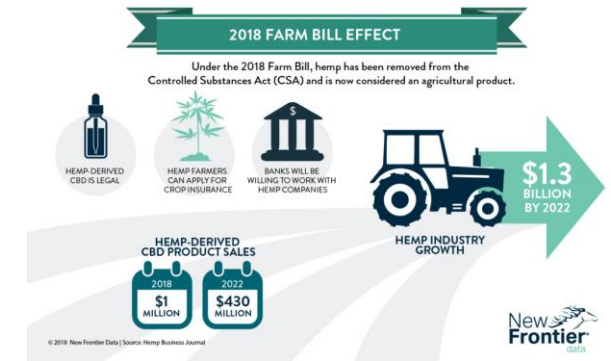
# BRIEF HISTORY- FARM BILL 2014



- With the passage of the 2014 Farm Bill, Congress took a small step toward changing hemp policy.
- First, it clarified that notwithstanding the Controlled Substances Act or any other federal law, an institution of higher education or a state department of agriculture may grow or cultivate "industrial hemp" as part of an agricultural pilot program, provided that the growth and cultivation is allowed under the laws of the state in which the program is located.
- Second, the 2014 Farm Bill drew a distinction between hemp and marijuana by defining industrial hemp as "the plant *Cannabis sativa* L. and any such part of such plant ... with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent ..." Because the primary goal of the 2014 Farm Bill was to generate hemp research and protect its cultivation, the law did not expressly address the processing of hemp or the manufacture, distribution and sale of products made from hemp.

<https://www.natlawreview.com/article/2018-farm-bill-legalizes-hemp-obstacles-to-sale-cbd-products-remain>

# BRIEF HISTORY- FARM BILL 2018



- **2018 Farm Bill**

- The 2018 Farm Bill fills in the gaps left by the 2014 Farm Bill and clarifies that hemp and hemp products are legal. Passed by a wide bipartisan majority (386-47 in the House and 87-13 in the Senate), the legislation is a gargantuan 641-page document in which just a few provisions concerning hemp are buried among many others that address farm subsidies, food stamps, crop exports, conservation practices, crop insurance, rural development, animal health, specialty and organic crops, and assistance to beginning farmers and ranchers.
- While the hemp provisions may be short, they are nonetheless mighty.
- **Section 12619 of the 2018 Farm Bill amends the Controlled Substances Act in two ways:**
- It removes hemp from the definition of marijuana in section 102(16) of the Controlled Substances Act, 21 U.S.C. § 802(16).
- In listing THC as a Schedule I controlled substance in section 202(c) of the Controlled Substances Act, 21 U.S.C. § 812(c), it creates an exception for tetrahydrocannabinols in hemp.
- Section 10113 of the 2018 Farm Bill defines hemp more broadly than the 2014 Farm Bill defined "industrial hemp" thus eliminating any question that both the plants and products derived from the plants are legal, so long as the THC concentration does not exceed 0.3 percent. In that regard, section 10113 provides that "the term 'hemp' means the plant *Cannabis sativa L.* and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis." Any cannabis plant or product that contains more than 0.3 percent THC will still be considered marijuana under federal law.
- The newly enacted legislation does not mean that hemp will immediately become a cash crop or that farmers can grow it as freely as they do corn, soybeans, wheat or tobacco. Before hemp can be grown outside of a pilot program conducted by an institution of higher education or a state department of agriculture, the state in which it is grown must first create – and the U.S. Department of Agriculture (USDA) must approve – a plan under which the state will monitor and regulate production.

<https://www.natlawreview.com/article/2018-farm-bill-legalizes-hemp-obstacles-to-sale-cbd-products-remain>

## Hemp vs. marijuana

*While hemp and marijuana are both part of the cannabis species, each has unique properties that distinguish its use.*

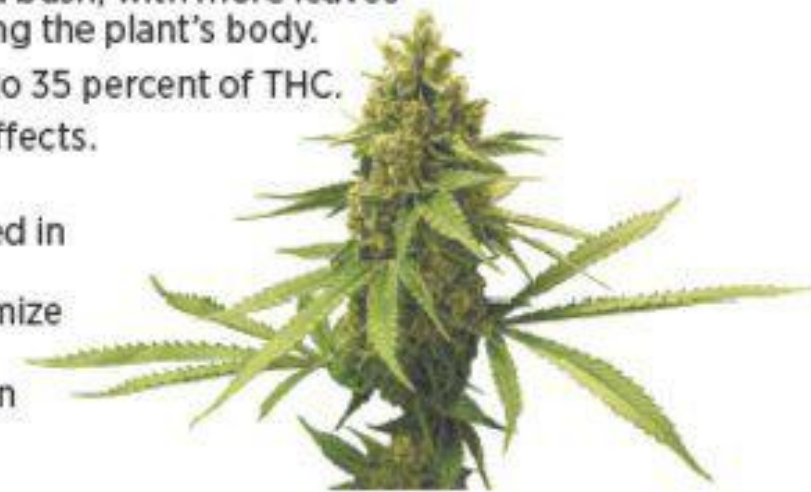
### Hemp

- ▶ Can grow as high as 20 feet, with leaves bunched near the top of the stem.
- ▶ Contains 0.3 percent or less of tetrahydrocannabinol (THC).
- ▶ No psychoactive properties.
- ▶ Can grow in most climates, bunched together with other plants; requires little care.



### Marijuana

- ▶ Shorter, resembles a bush, with more leaves and buds surrounding the plant's body.
- ▶ Contains 5 percent to 35 percent of THC.
- ▶ Psychoactive side effects.
- ▶ Growth is carefully monitored, controlled in an isolated, warm, humid area to maximize psychoactive uses. Cross-pollination can ruin THC content.



Sources: Purdue University Hemp Project, Ministry of Hemp



# THE VERY USEFUL INDUSTRIAL HEMP

with over **50,000** different uses...

Hemp cultivation requires no chemicals, pesticides or herbicides.

## HEMP SEEDS

## HEMP STALKS

Harvest

Intermediate processing

Further processing

### HULLING

### PRESSING / CRUSHING

### DECORTICATING

#### HEMP MEAT

#### HEMP SHELL

#### HEMP OIL

#### HEMP CAKE

#### HEMP FIBER

#### HEMP HURDS

### HEMP is a RESOURCE

**20** vs **4**  
years for trees to mature | months for hemp

Hemp can yield 3-8 dry tons of fiber per acre, **FOUR** times what an average forest can yield.



Paper, fertilizers, soil nutrients and animal bedding can be made from leftover waste when processing hemp.

This means all parts of the plant are being used, or put back into the earth.

**HEMP FIBER**

Hacking <b>PRIMARY (Lino) Fiber</b>	Hacking <b>SECONDARY</b>	Scutching <b>TOW</b>
Fabric	Cordage	Cordage
Insulation	Pulp	Bagging
Carpeting	Recycling Additive	Fiber Board
Paneling		

Anything made out of cotton, timber or petroleum can be made out of hemp

Hemp fiber is the **strongest** natural fiber in the world

**HEMP HURDS**

Scutching

Fiber board  
Compost  
Mortar  
Paper filler  
Absorbent bedding  
Chemical feedstocks - Plastics / Paint / Sealant

Hemp hurds can be **cleanly** converted into **Gasoline!**

Through a Four Process called **PYROLYSIS** Hemp Biomass can also make Ethanol, Methanol & Methane Gas

**HEMP MEAT**

Food

Dairy products

**HEMP SHELL**

Flour

Bakery Products

**HEMP OIL**

Personal Care Products

Cooking Oil

Fuel / Paint

**HEMP CAKE**

Food Beer

Feed

Hemp seeds contains nutritious, **Polyunsaturated Fatty Acids (PUFAs)** 80% the highest amount found within the plant kingdom. **Highly nutritious** of humans and animals.

# CANNABIS, MARIJUANA & HEMP

What's the difference?

## HEMP

*Cannabis sativa*

Grows taller and skinnier than Marijuana, skinny leaves concentrated towards the top of the plant, few branches beneath its upper portion

Adaptable to grow in most climates

High in CBD  
Low in THC (< 0.2%)\*

Extremely versatile use:  
Beauty and skincare,  
clothing, cars, construction,  
food, plastic, etc.

Non-psychoactive

## MARIJUANA

*Cannabis sativa, Cannabis indica*

Broad leaves, dense buds, short, bushy appearance

Grown in carefully controlled atmosphere

High in THC (5%-35%)

Psychoactive

Medical and recreational use

\*Due to differences in legal regulations of hemp cultivation, European plants contain <0.2% THC while US plants contain <0.3%. All the products you find on The Chillery have THC levels <0.2%.

# INDUSTRIAL HEMP IS THE FASTEST GROWING CROP IN US AGRICULTURE.



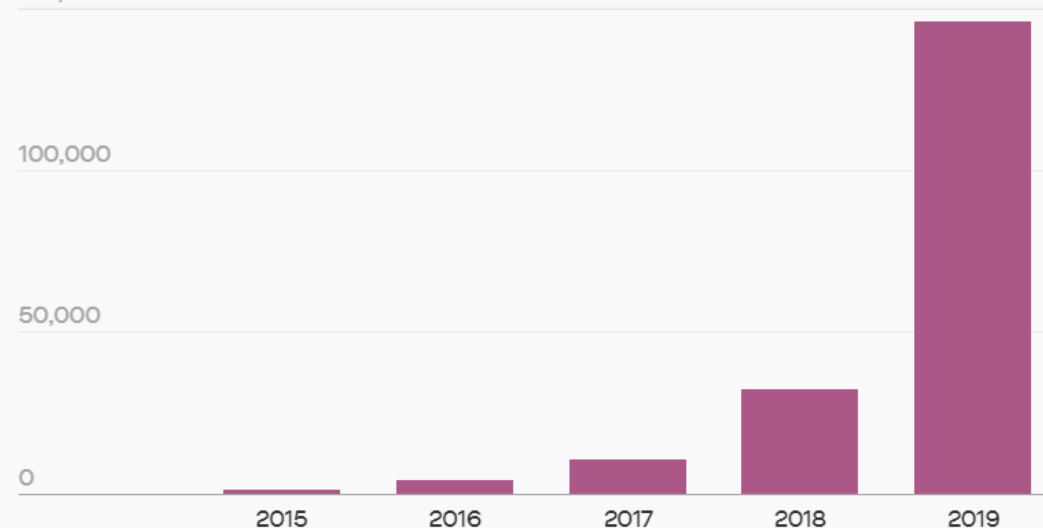
- Before 2015, hemp was virtually nonexistent in terms of US agriculture, because the Controlled Substances Act lumped it along with all cannabis plants (also known as marijuana) in 1970 as a Schedule I substance with “no currently accepted medical use and a high potential for abuse.”
- Then, in 2014, a new farm bill opened up industrial hemp cultivation to state-controlled pilot programs. The following year, 1,500 acres of hemp were planted in the US. Today, nearly 100 times that many acres of US farmland are covered in the stuff—146,000, according to new data from the US Department of Agriculture (USDA).



# GROWTH OF INDUSTRIAL HEMP

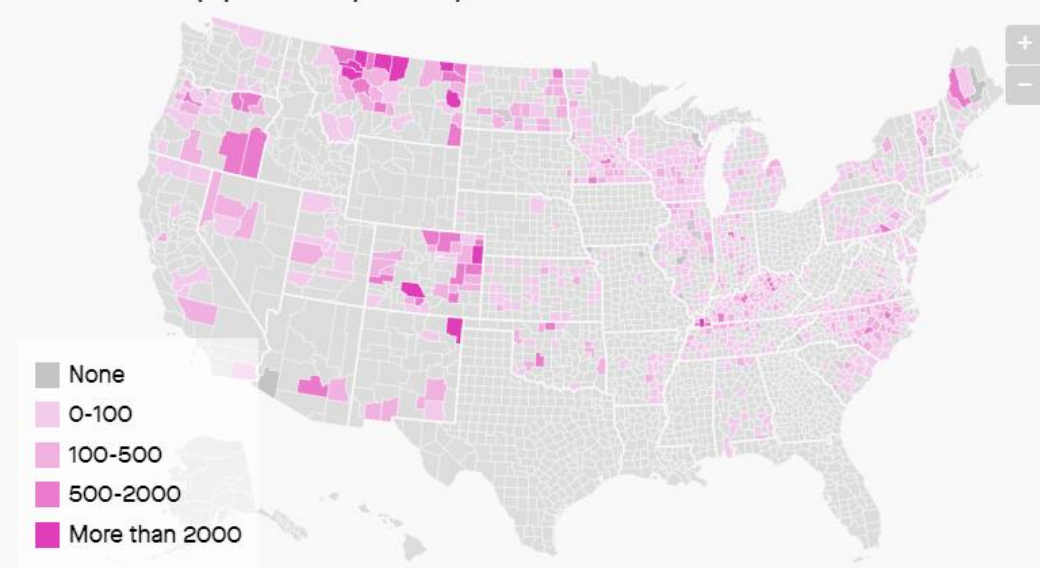
Industrial hemp planted in the US

150,000 acres



Quartz | qz.com | Data: USDA Note: | As of December of each year

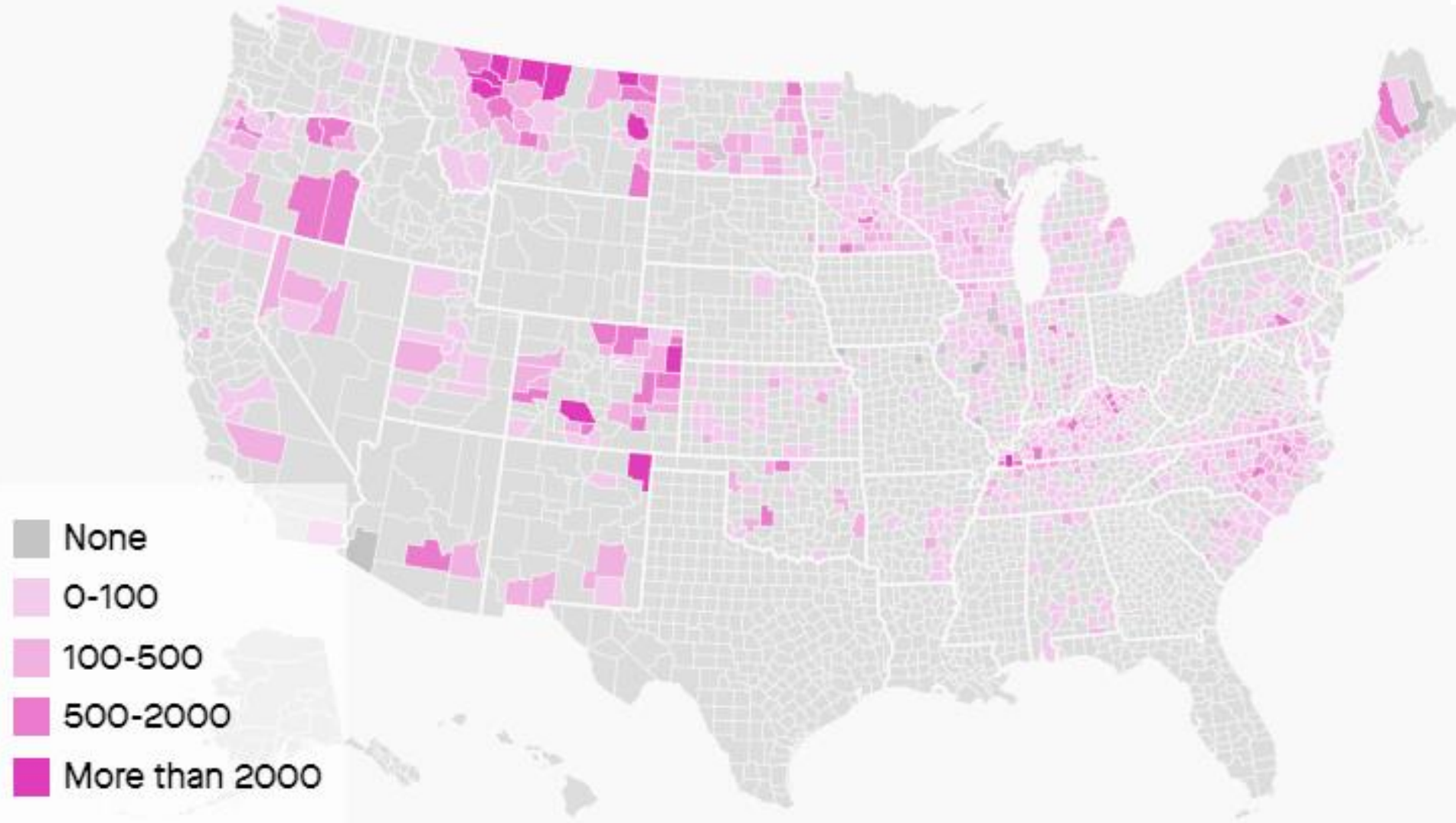
Acres of hemp planted by county in 2019



Quartz | qz.com | Data: USDA | Note: As of December

<https://qz.com/1777341/how-much-hemp-is-grown-in-the-us-2/>

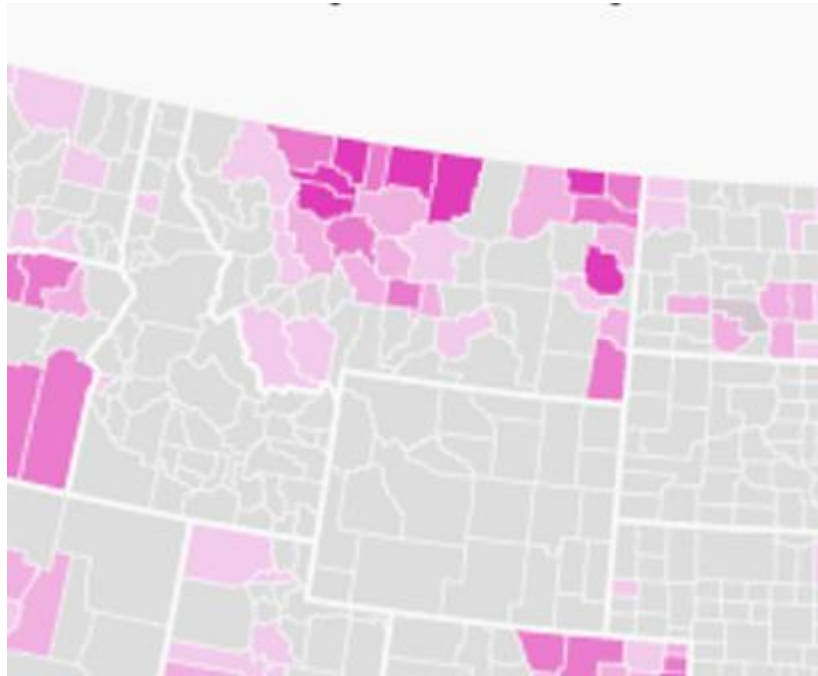
# Acres of hemp planted by county in 2019



Quartz | qz.com | Data: USDA | Note: As of December

# GROWING HEMP BECAUSE OTHER COMMODITIES ARE ALL THE DUMPS....

- Leading the charge is Montana, which has more than twice the acreage of the second-place state—Colorado—when it comes to hemp cultivation.



- “There’s a lot of good land and a lot of good farmers,” said Colby Johnson of the state, whose family farm has around 1,500 acres of varying crops about 60 miles from Glacier National Park, adding that relatively low humidity means plants are less vulnerable to mold. Johnson’s farm sits in a region known as the Golden Triangle because of the abundance of wheat farms. Johnson said the 600 acres of hemp he planted in 2019—up from 300 the previous year—might otherwise have been covered in wheat or barley, but tanking commodity prices make hemp an appealing alternative.
- “Farmers are growing hemp only because all the other commodities—you know, wheat, barley, corn, soybeans, whatever it is, they’re all the dumps,” he said.

# HEMP GROWTH CHALLENGES

- **Poor First Year Yields Make It Difficult For Farmers To Be Profitable**
- **Thieves Are Stealing Hemp Plants Thinking It Is Marijuana**
- **Growing Hemp Is More Labor Intensive Than Traditional Crops**
- **Too Much Hemp Being Produced And No New Markets For Farmers To Unload It**
- **Some Of The Hemp Seed Being Sold For CBD-Rich Plants Is A Rip Off**

# HEMP GROWTH CHALLENGES



(Jim West/agefotostock/Newscom)

## · Growing Hemp Is More Labor Intensive Than Traditional Crops

· Growing hemp is a laborious affair, especially since many farmers do not presently have the proper equipment to efficiently see the process through from seed to harvest.

· Although some hemp croppers say they have been able to use modern machinery to get the job done, others have had to invest tens of thousands of dollars in new equipment and retrofits. And because certain types of hemp plants must be put in the ground as seedlings, a lot of the work that goes into producing it must be done by hand. It's dirty work, but someone has to do it.

# LIFE CYCLE *of a cannabis plant*

1



## Germination/Seed 1-2 weeks

Seeds ready for germination are dark brown, hard, and dry. Encourage sprouting by watering seeds in a paper towel.

2



## Seedling 2-3 weeks

Move seeds into growing medium. Plants need the maximum light at this stage, and appropriate water levels. Cotyledon (seed leaves) and iconic fan leaves will grow.

3



## Vegetative 2-8 weeks

Plants need flowing dry air, fresh warm water, and increased nutrients – especially nitrogen.

4



## Flowering 6-8 weeks

Gradually reduce light exposure to produce medicinal qualities. Increase phosphorous levels and decrease nitrogen. Fertilizers can help stimulate bud formation.

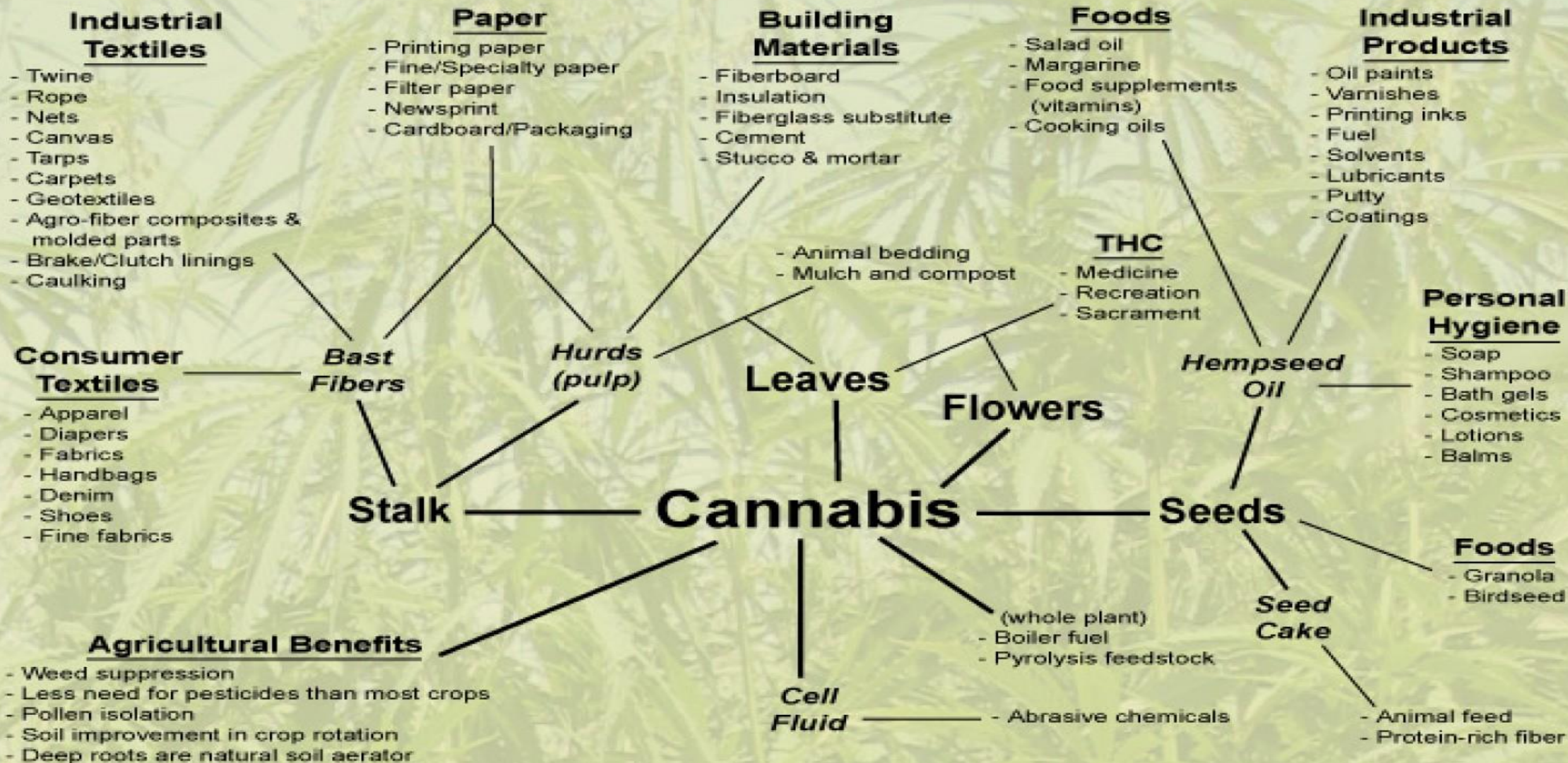
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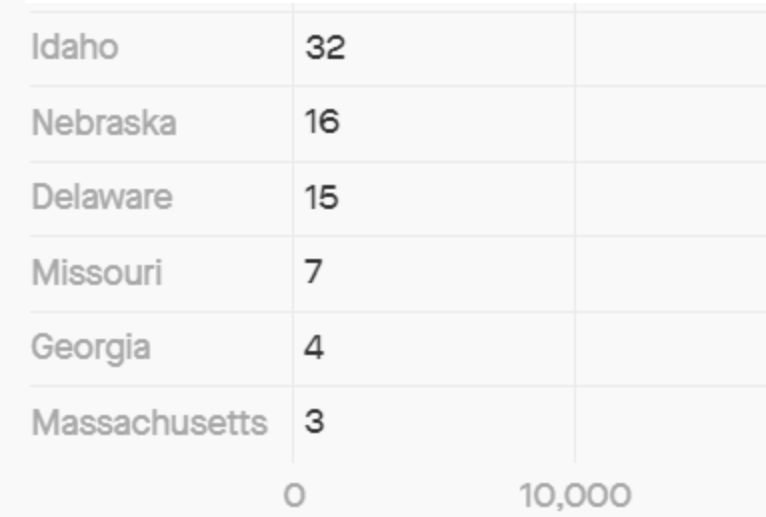
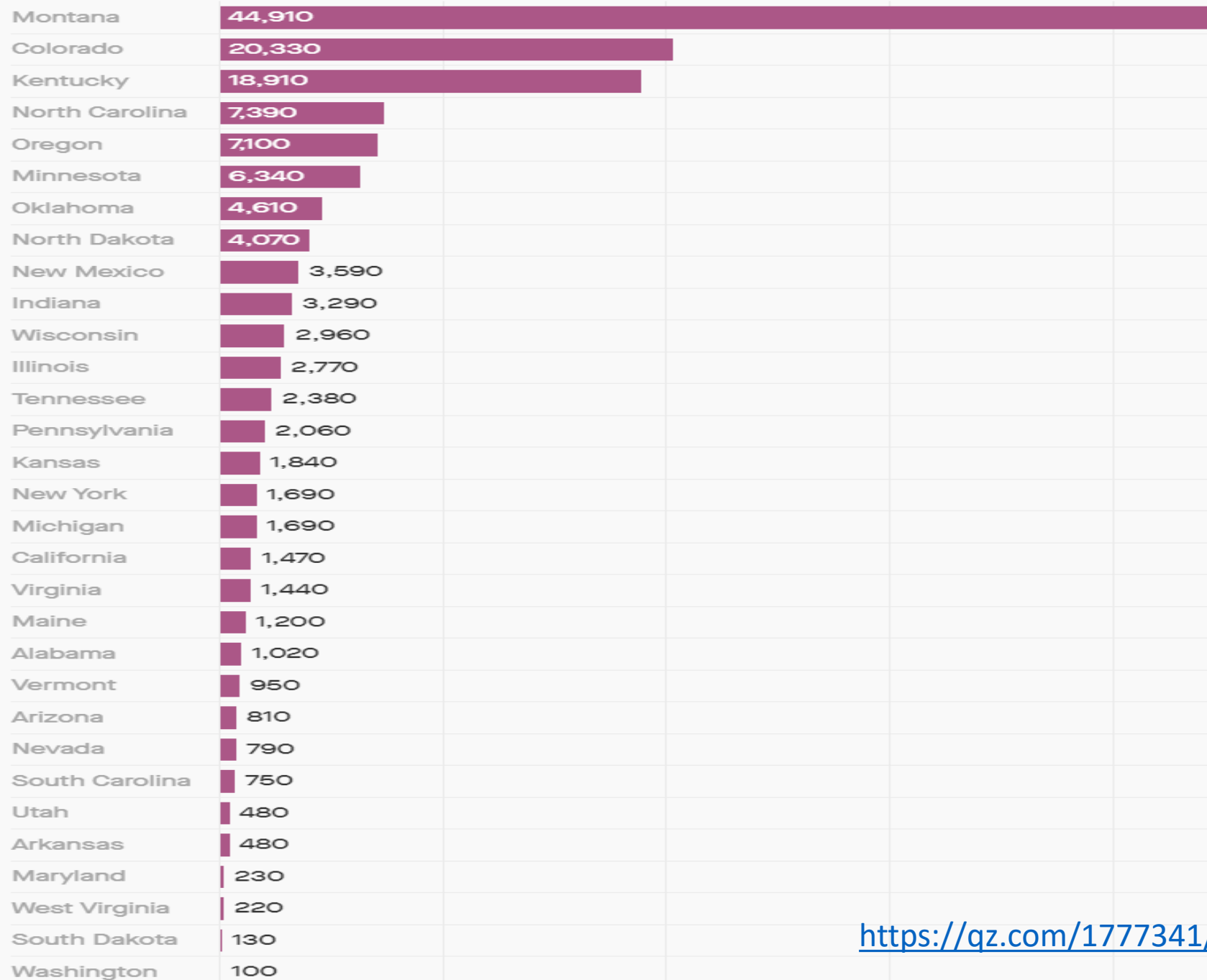
## Harvesting

Trim and dry the buds – plant is ripe when buds turn from milky white to reddish orange. Harvest once 70-90% of pistils are browned for maximized taste and effect.

# Modern Uses for the Cannabis Plant



## Acres of hemp planted in 2019



Quartz | qz.com | Data: USDA

<https://qz.com/1777341/how-much-hemp-is-grown-in-the-us-2/>



# HEMP FARMING IN 2019 QUADRUPLED

- U.S. farmers have been licensed to grow 511,442 acres of marijuana's non-intoxicating cannabis cousin this year—a 455 percent increase over 2018 levels—according to Vote Hemp's annual survey of state agriculture departments.
- That's up from 78,176 acres grown last year, 25,713 acres in 2017 and 9,770 acres in 2016, the group reported.

<https://www.forbes.com/sites/tomangell/2019/09/05/hemp-farming-quadrupled-in-the-u-s-this-year-new-report-shows/#2bdd5ac9487d>

# 13 STATES ENACTED NEW HEMP LEGALIZATION LAWS

- Thirteen states enacted new hemp legalization laws this year following the removal of hemp from the federal Controlled Substances Act via the 2018 Farm Bill—with the only states not yet on board being Idaho, Mississippi, New Hampshire and South Dakota.



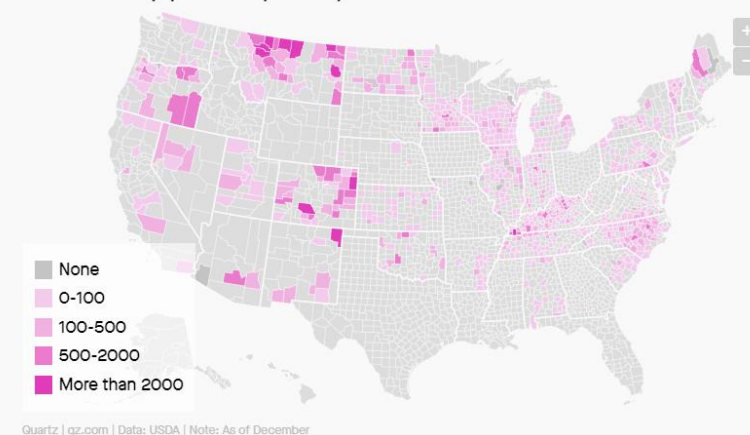
# 2019 SIGNIFICANT GROWTH- BIG STATES GETTING BIGGER

- Colorado projections have the state at roughly [50,000 acres of hemp](#) by the end of 2019, The Colorado Sun reports.
- [Oregon](#) has 25% more growers licensed for the 2019 season over the 2018 total, with an expected 25,414 acres in production, according to the Portland Business Journal. Hemp as a crop in Oregon may be [more lucrative](#) than the state's current No. 2 commodity, cattle and calves, which were worth nearly \$820 million in 2017, according to The (Bend) Bulletin.
- Kentucky Agriculture Commissioner Ryan Quarles said there will be five times more hemp farmers (1,047) and triple the approved acreage ([more than 50,000 acres](#)) in his state than in 2018. Kentucky has approved more than 6 million square feet of greenhouse hemp cultivation.
- Tennessee's Department of Agriculture is reporting [more than 12 times](#) the 226 growers who produced hemp in 2018, Nashville TV station WKRN-TV reported.

# 2019 SIGNIFICANT GROWTH- BIG STATES GETTING BIGGER

- Montana, the top-producing hemp state in 2018 with 22,000 acres planted, is taking new applications until May 1. Farmers there have until the end of May to decide how many acres they will plant, Montana Farmers Union lobbyist Chris Christiaens told *Hemp Industry Daily*.

Acres of hemp planted by county in 2019



# 2019 SIGNIFICANT GROWTH- OTHER STATE GROWTH

- North Carolina, where the state has licensed 634 growers on 7,922 acres, as well as 3.5 million square feet of greenhouse space.
- Vermont, which has granted 427 registrations to produce roughly 2,711 acres of hemp.
- Alabama, where its first hemp season in 2019 has attracted [180 farmers](#) and 70 processors, according to AL.com.
-

# WHERE IS IT LEGAL TO GROW HEMP

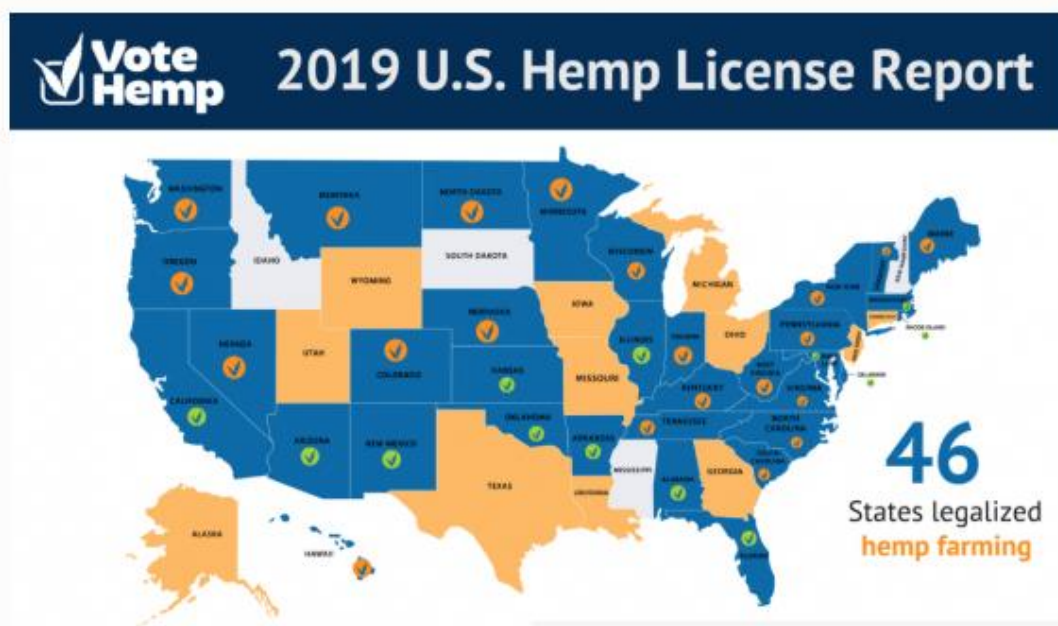


Photo courtesy of Vote Hemp. PHOTO COURTESY OF VOTE HEMP.



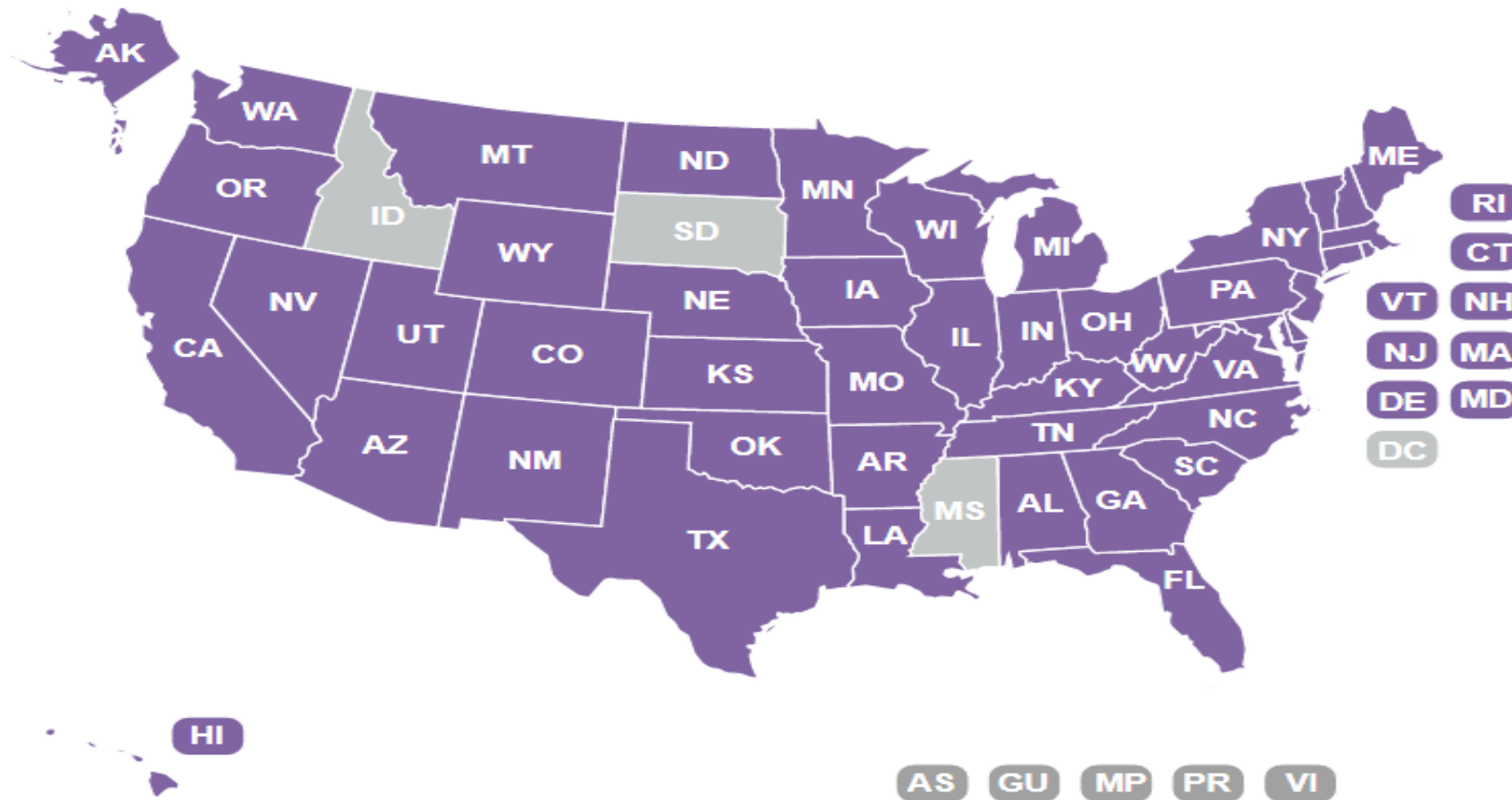
# State Laws Related to Industrial Hemp

For a summary of state laws related to industrial hemp, click on the states in the map below or see the chart for a complete list of state statutes.



Allows cultivation of hemp for commercial, research or pilot programs

Does not allow cultivation of hemp.



# LOTS OF CHANGES IN 2019

- New USDA Ag Rules on Hemp legalization regulations
- Hemp Farmers were eligible for federal crop insurance
- The Federal Credit Union Administration clarified that credit unions were allowed to maintain accounts for hemp businesses
- EPA announced reviewing application for pesticides to be used on hemp crops.
- FDA is considering ways in which hemp-derived CBD can be allowed in food products and nutritional supplements.



# PROGRESS IS BEING MADE- RULES REQUIRED

- Since the 2018 Farm Bill passed in December 2018, regulators have been working to develop federal and state rules for the industry. Hemp production rules from the USDA should come soon, and states will be required to modify their own processes and rules to comply.
- Take note, the USDA rules might change between the time they're released and the time they're required to be final in 2020. That means state and local laws are likely to change more than once as well.

# PROGRESS IS BEING MADE- RULES REQUIRED

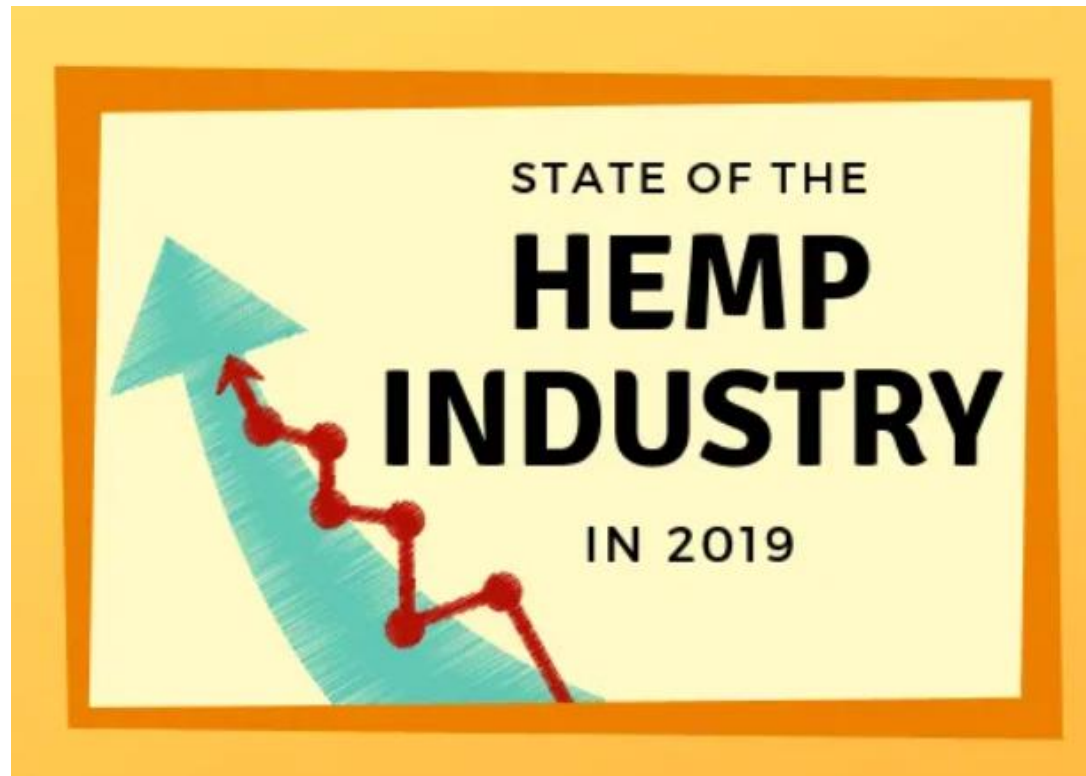
- The good news is that hemp license holders are starting to see some positive changes across the supply chain. For example, the Drug Enforcement Agency (DEA) sent a notice in August 2019 reminding law enforcement that [hemp is not a controlled substance](#) and DEA registration is not required to grow or manufacture it. This should help hemp businesses that have had to defend themselves against legal confusion since the 2018 Farm Bill passed.

# CROP INSURANCE WAS MADE AVAILABLE

- In addition, the USDA made crop insurance available to hemp growers that produce hemp for fiber, flower, or seeds for the 2020 season. The insurance provides coverage under the Whole-Farm Revenue Protection (WFRP) program and cultivators who are part of state or university research programs will have access to it. According to Vote Hemp's 2018 U.S. Hemp Crop Report, 40 universities conducted hemp-related research in 2018, and that number has gone up in 2019.

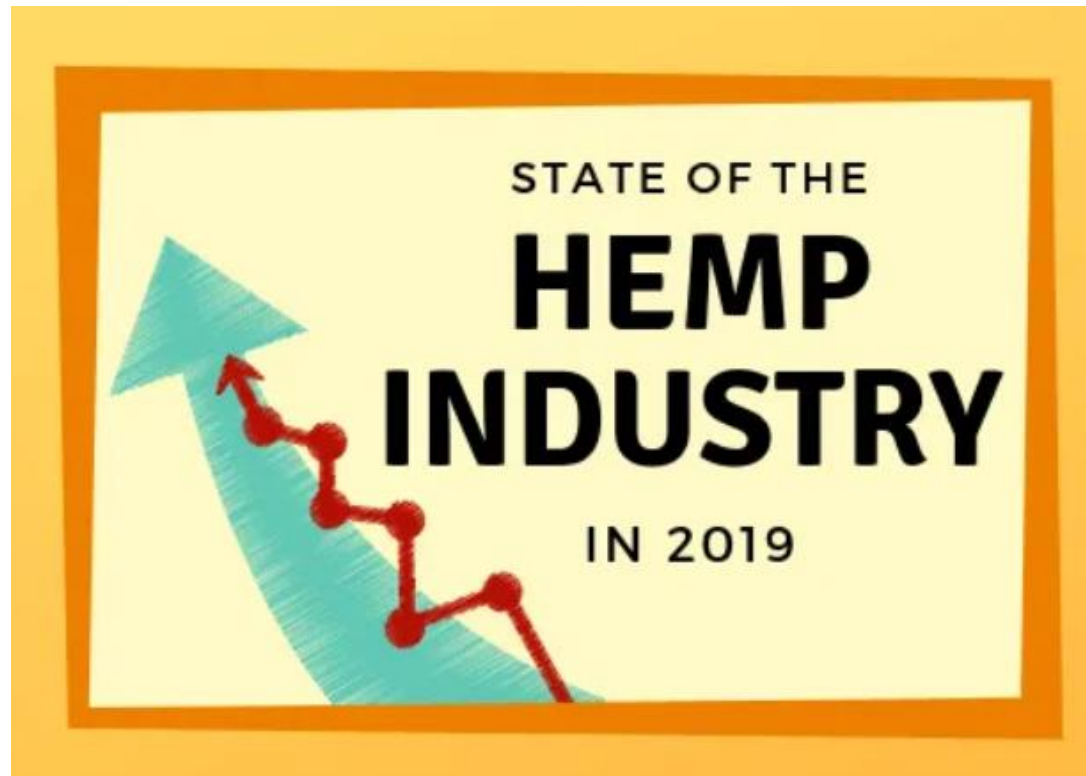
<https://cannabiz.media/state-of-the-hemp-industry-in-2019/>

# WHO HAS THE HIGHEST NUMBER OF LICENSES?



- The [2018 U.S. Hemp Crop Report](#) from Vote Hemp found that 23 states grew (or started to grow) a total of 78,175 acres of hemp in 2018. Among those states, the five leaders were:
- **Montana:** 22,000 acres
- **Colorado:** 21,578 acres
- **Oregon:** 7,808 acres
- **Kentucky:** 6,700 acres
- **Tennessee:** 3,338 acres

# WHO HAS THE HIGHEST NUMBER OF LICENSES?



- According to data in the Cannabiz Media License Database, the 10 states with the highest number of hemp cultivator licenses as of September 1, 2019 are:
- **Tennessee: 2,913**
- **Oregon: 2,534**
- **Kentucky: 972**
- **Colorado: 759**
- **New York: 422**
- **North Carolina: 396**
- **Pennsylvania: 328**
- **Vermont: 311**
- **California: 291**
- **Montana: 258**

# BEWARE OF AND PREPARE FOR POTENTIAL PROBLEMS IN THE FUTURE

- Consumer demand for hemp-derived CBD and other products continues to rise, but there will come a point in time when supply will outweigh that demand. The result will be a significant drop in price.
- U.S. Secretary of Agriculture, Sonny Perdue, gave the following [warning about hemp overproduction](#) during an interview with Cheddar back in March 2018, “Farmers in the United States are so productive, they could crash this market before it gets off the ground.”
- Bottom-line, basic economics always prevail, but what will be the tipping point in the hemp market? Only time will tell.

# GROWING HEMP IS GRUELING

- In Sperryville, Va., "there's more cows than people," Elizabeth Melson says. In the distance shadows lift off the Blue Ridge Mountains. Golden, crimson and scarlet ash and birch trees hiss in the wind, lining the Thornton River. Melson surveys a quarter-acre plot of hemp — the dense, Christmas-tree-looking plants shimmer in the morning light.
- Melson started farming seven years ago. Now, she manages a small farm for Sperryville eatery Off The Grid. But this is the first time Melson has grown hemp.
- "We're all in the green rush, we wanna grow for CBD," Melson says. "It's the most amazing, you know, hyped-up, nutraceutical on the market right now, and [I] didn't realize how labor-intensive it was."

<https://www.npr.org/2019/11/16/779758160/budding-hemp-farmers-struggle-to-find-success-in-the-green-rush>

# GROWING HEMP IS GRUELING

- Growing hemp for CBD is particularly grueling. Melson and her farmhand do everything by hand: cutting, picking and curing. They finished their harvest of 220 plants last week. To cure the hemp, the team hangs the plants from strips of neon-orange plastic safety fence on ceiling rafters and walls in a converted garage.
- Still, Melson doesn't have the space or the equipment to process the plant into CBD oil. There are companies that can process Melson's hemp, but they're maxed out. One company was supposed to come to the farm and pick up her harvest, cure it and broker it.
- "And then they call back and they said, 'We're booked; we're completely booked,' " Melson says.

<https://www.npr.org/2019/11/16/779758160/budding-hemp-farmers-struggle-to-find-success-in-the-green-rush>



# YOUNG INDUSTRY IS HAVING GROWING PAINS

- Melson's not alone. Hemp farmers across the U.S. are grappling with harvest challenges: erratic weather, a spike in hemp production and a dearth of processors and buyers.
- "We really haven't seen any type of production since the '40s and '50s in the U.S., so this crop is almost like starting brand new," says Tyler Mark, a production economics professor at the University of Kentucky who researches hemp.
- The young industry is going through growing pains. And it's expanding quickly, Mark says.

# YOUNG INDUSTRY IS HAVING GROWING PAINS

- Mark estimates about 250,000 acres of hemp was planted this year — an increase of around 220% [from last year](#). Up to 90% of this year's harvest will be processed into CBD products, he says.
- That much hemp makes for a competitive market.
- "So since we don't have enough people to process it all," Mark says, "you've got a glut, you've got an oversupply of [hemp] biomass in the market right now."

<https://www.npr.org/2019/11/16/779758160/budding-hemp-farmers-struggle-to-find-success-in-the-green-rush>

# YOUNG INDUSTRY IS HAVING GROWING PAINS

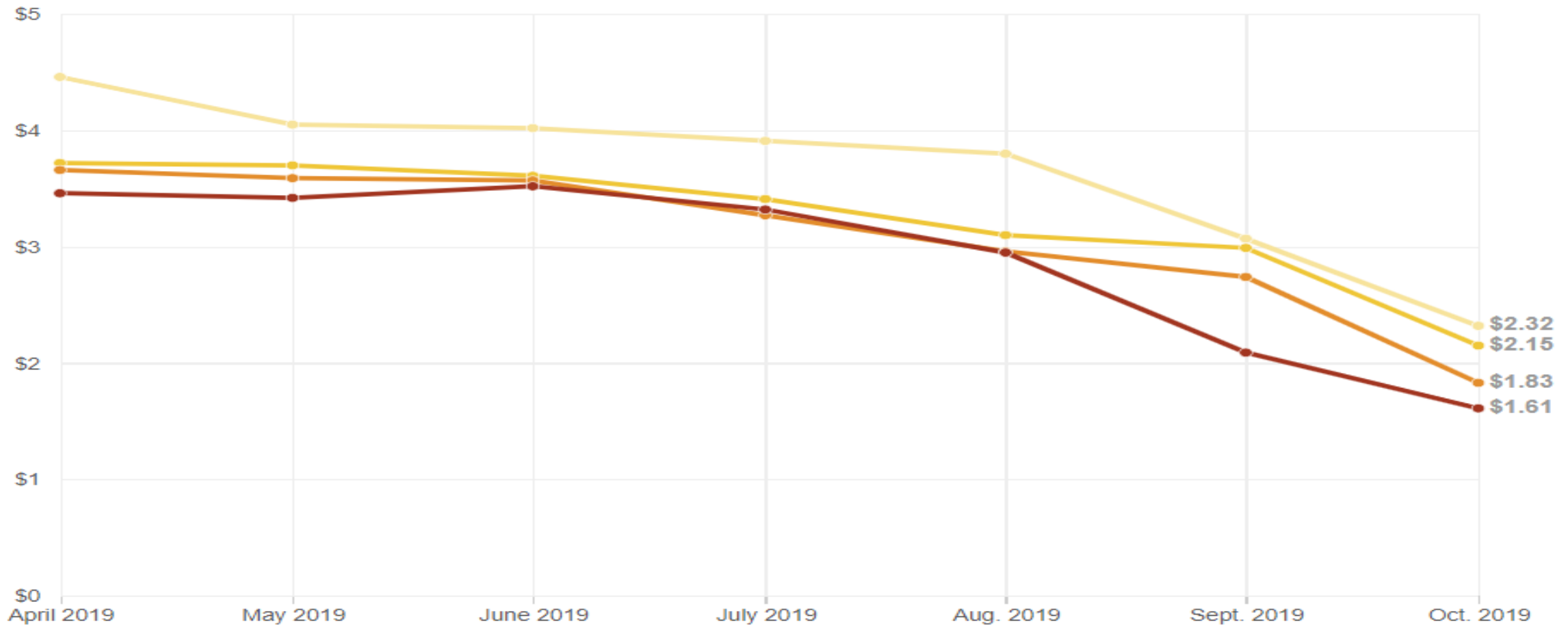
- Since May, the average price of harvested CBD flowers and leaves has gone down by around 50%, according to a report by Hemp Benchmarks, an industry publication. But at places such as CVS and gas stations, "we haven't seen those CBD prices fall in those stores as much as we've seen the biomass price fall at the farm level," Mark says.

<https://www.npr.org/2019/11/16/779758160/budding-hemp-farmers-struggle-to-find-success-in-the-green-rush>

# Wholesale CBD Prices Down As Much As 53% Since April

CBD is priced according to the concentration per pound of hemp biomass. The chart below shows the price for each percentage point of CBD per pound in an order.

0-25K lb. orders    25K-100K lb. orders    100K-1M lb. orders    1M+ lb. orders



Source: Hemp Benchmarks

Credit: Daniel Wood/NPR

# MARKETS BOTTOM OUT QUICKLY

- Jane Kolodinsky, an applied economics professor at the University of Vermont, puts it more bluntly: "[Hemp farmers'] markets have bottomed out, and they don't have buyers for their products."
- Many farmers who jumped into the industry after the farm bill passed are inexperienced, she says.
- "It's the farmers who just came in and decided, 'Oh, there's a CBD market — I'll plant hemp,' who really didn't have a business plan," Kolodinsky says. "They're probably going to be hurt the most."

# OVER THE LIMIT

- Wisconsin hemp farmer Phillip Scott struggled to find a balance with his crop this season. Scott switched to being a full-time farmer in 2018. The former UPS worker started farming after he was injured on the job. Nerve damage left him with a limp, and Scott found relief for his pain using high-potency CBD tincture.
- "It was that or opioids," he says.
- Scott grew 37 acres of hemp this season, which he is processing into tinctures. But Scott had to burn 10 of those acres to the ground: They tested 0.1% over the acceptable limit for THC.
- "Even if I lose one plant it's a big deal," Scott says. "It's frustrating that we have to destroy any of those crops, but we have to comply."
- He estimates burning those 10 acres means a loss of between \$150,000 and \$1 million.

# Thousands Began Farming Hemp This Year. It Hasn't Gone How They Hoped.

By Dan Nosowitz ON NOVEMBER 7, 2019

The rush to farm industrial hemp has left some farmers without a buyer.



<https://modernfarmer.com/2019/11/thousands-began-farming-hemp-this-year-it-hasnt-gone-how-they-hoped/>

# CHALLENGES FOR HEMP FARMERS

- About 65% of U.S. hemp farmers lack a buyer for their crop this season, leaving them few alternatives, according to a July survey by Whitney Economics. Hemp has less infrastructure than other crops, so farmers cannot rely on selling their crop to a local grain elevator.



<https://www.reuters.com/article/us-usa-hemp-farmers/for-many-u-s-farmers-who-planted-hemp-cbd-boom-leaves-bitter-taste-idUSKBN1XD0GE?>



# ENTERING IN ON SPECULATION

- “People entered in on speculation,” said Chase Hubbard, hemp commodities analyst at The Jacobsen, a price reporting agency. “The results could be tragic for some small farmers.”
- The 2018 Farm Bill coincided with a boom in the market for food, drink and cosmetic products laced with CBD, an industry that Wall Street firm Cowen & Co has estimated to grow to \$16 billion by 2025.



<https://www.reuters.com/article/us-usa-hemp-farmers/for-many-u-s-farmers-who-planted-hemp-cbd-boom-leaves-bitter-taste-idUSKBN1XD0GE?>

# ENTERING IN ON SPECULATION

- Enticed by projections that hemp would bring \$750 in profits per acre - well above the \$150 or less from a typical acre of soybeans - farmers placed their bets on a crop that had been illegal for most of their lifetimes.
- Last April, as farmers planted, a pound of hemp biomass sold for about \$40. Now, as farmers harvest and take their crops to market, the same amount sells for \$18-\$25, according to PanXchange, a commodities platform.



<https://www.reuters.com/article/us-usa-hemp-farmers/for-many-u-s-farmers-who-planted-hemp-cbd-boom-leaves-bitter-taste-idUSKBN1XD0GE?>

# WHAT TO DO IN THE END

- Sam Baker, a fifth-generation tobacco farmer from North Carolina, grows tobacco seed, hemp and hemp seedlings. After selling millions of seedlings to growers this year, about 400 people have called him, asking him how to sell their crop.
- “Crews planted 75, 80, 90 acres and didn’t know what to do with it in the end,” he said.



<https://www.reuters.com/article/us-usa-hemp-farmers/for-many-u-s-farmers-who-planted-hemp-cbd-boom-leaves-bitter-taste-idUSKBN1XD0GE?>

# WHEN THE CROP IS TOO HOT

- Some farmers are discovering that the crop is more labor intensive and comes with more risks than many hemp-backers claimed. As a consequence, many are exposed to everything from mold to the danger that cultivated crops contain higher-than- allowed levels of the psychoactive chemical THC, which give users a high, and have to be destroyed.
- Some of Maclure's plants tested "hot" for THC this year, so his crew had to cut the offending plants and crush them outdoors.

<https://www.reuters.com/article/us-usa-hemp-farmers/for-many-u-s-farmers-who-planted-hemp-cbd-boom-leaves-bitter-taste-idUSKBN1XD0GE?>

# MORE LIKE CANOLA THAN CRAFT BREWING

- As hemp becomes a commodity, small farms cannot keep up with larger operations that can sell their crops in bulk at lower prices, wholesale buyers say.
- “Mom and pop are not going to be able to compete on this playing field,” said Michael Gordon, co-CEO of Kush.com, a major hemp wholesale marketplace. “The hemp industry is more like canola oil than craft brewing.”

<https://www.reuters.com/article/us-usa-hemp-farmers/for-many-u-s-farmers-who-planted-hemp-cbd-boom-leaves-bitter-taste-idUSKBN1XD0GE?>

# MORE LIKE CANOLA THAN CRAFT BREWING

- Despite the difficulties, some farmers remain optimistic about the budding industry. Farmers with established supply chains and experience report that they are turning a profit this season.
- Meanwhile, industry professionals predict that many first-time hemp farmers will leave after this disappointing first harvest.

<https://www.reuters.com/article/us-usa-hemp-farmers/for-many-u-s-farmers-who-planted-hemp-cbd-boom-leaves-bitter-taste-idUSKBN1XD0GE?>

# CBD CRAZE

- Though many of the traditional uses of the versatile hemp plant, for textiles, papers, and rope, have yet to prove particularly profitable, a craze for cannabidiol, or CBD, provoked a frenzy for planting the crop. Cannabidiol is a legal but almost entirely unregulated extraction from industrial hemp, taken as a supplement.



<https://modernfarmer.com/2019/11/thousands-began-farming-hemp-this-year-it-hasnt-gone-how-they-hoped/>

# CBD

- CBD is FDA-approved for an epilepsy treatment but more commonly used recreationally to theoretically treat everything from anxiety to gluten intolerance, and is likely already a billion-dollar industry. Some estimates suggest it'll skyrocket in the next few years; [one study predicts](#) it'll be a \$20 billion industry within a few years.



<https://modernfarmer.com/2019/11/thousands-began-farming-hemp-this-year-it-hasnt-gone-how-they-hoped/>



# EASY TO GROW?



- Given the demand, some in the hemp industry predicted that good-quality hemp would fetch around \$750 an acre, several times more than row crops like corn and soy. And hemp was presented as an easy-to-grow crop: naturally resistant to pests, able to tolerate wide variances in climate and soil quality.

<https://modernfarmer.com/2019/11/thousands-began-farming-hemp-this-year-it-hasnt-gone-how-they-hoped/>

# EASY TO GROW?



- Hemp has also proven a little more tricky to grow than expected. The process of growing cannabis without THC in it—the legal limit is 0.3 percent—is inexact and based on cross-breeding. Some farmers accidentally grew hemp that tested above that limit, which makes that hemp illegal to sell in most states. Those farmers had no choice but to destroy any offending plants. There’s also a recurring issue with mold; [some farmers](#) have lost nearly half their crop to mold, which renders the plant unsellable.

<https://modernfarmer.com/2019/11/thousands-began-farming-hemp-this-year-it-hasnt-gone-how-they-hoped/>

# EASY TO GROW?



- Another issue is that hemp, despite its vibe, is not particularly well-suited for small acreage cultivation. It takes an awful lot of raw plant material to extract CBD; a hemp marketplace CEO told Reuters that the crop is more like canola than a small-batch artisanal crop. Volume is key, and many farmers simply experimented this year with a few acres.
- In some ways, this issue is to be expected; the market is brand new and has yet to stabilize. Farmers didn't know what the buyers would want, and sellers have capitalized. Some of that will be fixed in time, but many farmers will certainly be scared off of trying hemp next year, based on this first harvest.

<https://modernfarmer.com/2019/11/thousands-began-farming-hemp-this-year-it-hasnt-gone-how-they-hoped/>

# DROP IN CBD PRICES

- Likely the biggest story of 2019 was the sharp decline in CBD prices.
- The year started with prices of over \$4 per percent CBD per pound of biomass and by November those prices fell well below \$2.
- In late November, at one of first public auctions of the crop, farmers hoping for a competitive market found few buyers and prices below 50 cents. Many went home with their crop unsold.





# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- 2020 is not a year for gamblers. Rather, it will be successful only for those who are wise and prudent, fully integrated and who work with a good business model.
- I predict that while the regulations remain “nonexistent,” the industry will become even more saturated with smaller players.
- However, if and when the (U.S. Food and Drug Administration, USDA) does come in with regulations, many of these existing companies will not be able to withstand the cost of investment to keep up with regulations.
- In turn, cost of product and hemp will go back up, and the arena will have a lot less players.

**Mark Case, founder and CEO, International Hemp Auction and Market, Knoxville, Tennessee**



# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- I predict increased hemp acres in Canada, likely moving toward 200,000 acres. I also predict an increased focus on whole-plant utilization.
- The United Nations International Commission on Narcotic Drugs will remove low-THC hemp extractions from the UN 1961 Single Convention on Narcotic Drugs.
- Finally, I predict an increase in the sale of hemp protein concentrate and hemp protein isolate to large food processors.

**Ted Haney, executive director, Canadian Hemp Trade Alliance,  
Calgary, Alberta**



# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- Buckle up. We are unstoppable.
- Specifically for business development, collaborations are key. I think we're going to go beyond concerns about, "My product has to be the best."
- I think it's going to be collaboration of science, location, products and ingredients for a very effective healing experience and strong business plan in this space.

**Kim Collier, hemp consultant and wellness coach, Missoula, Montana**



# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- We've already grown this year like eight times more hemp than we needed.
- The consumer hemp market is not nearly as robust as people predicted it to be. So I see a whole lot of real cheap hemp, getting cheaper.

**James McCoy, hemp farmer and retailer, Pahrump, Nevada**





# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- The hemp industry will surely experience explosive growth in 2020 as the USDA and FDA (U.S. Food and Drug Administration) begin to release rules, take comments and eventually implement said regulations.
- Compliance and learning from others' mistakes will prove to be invaluable to 2020 hemp operators, regardless of where they sit in the supply chain.

**Ray Mazzie, executive director, Hemp Industries Association of Florida, Tallahassee**



# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- I think a lot of these farmers are going to realize that the cannabis plant is not a CBD plant.
- What we're going to see is a movement toward a trifecta or even quad-usage plant – so, something that's utilized for the hurd, for the fiber, for the flower, for the grain.
- And once we realize what those genetics are, we'll end up realizing that each region specifically has growing styles that will be differentiated by the genetics of that region.
- And we will move into a place where processing will include not just CBD. I think CBD will become the byproduct of the cannabis plant.

**Marysia Morawska, horticulture educator, University of Nevada, Las Vegas**



# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- 2020 will bring more stabilization to hemp farmers as they enter the planting season.
- Due to the extensive loss suffered by many small farmers who grew hemp this year, many will grow less acres and seek out securing purchase contracts with established processors and companies in California, Colorado and international markets, if possible.
- Many farmers that suffered an unrecoverable loss will not plant next year but wait until 2021 to ensure the regulatory kinks have been ironed out in 2020.
- Farmers of color will have more opportunities growing cannabis due to the 10-year felony restriction on hemp excluding many farmers of color out of the industry who factually have higher prior conviction rates.

**Jillian Hishaw, founding director, Family Agriculture Resource Management Services (F.A.R.M.S), Charlotte, North Carolina**



# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- We believe that the hemp industry will have a large focus on expanding infrastructure in 2020.
- Farmers will see a painful loss of both money and crops from the 2019 season due to limited access to drying, proper storage or timely processing.
- With many farmers getting burned on production contracts in 2019, we also believe there will be a slower growth rate in the number of acres grown until there is a tangible increase in demand.

**Brent Williams, managing member, Highwater Financial,  
Nashville, Tennessee**



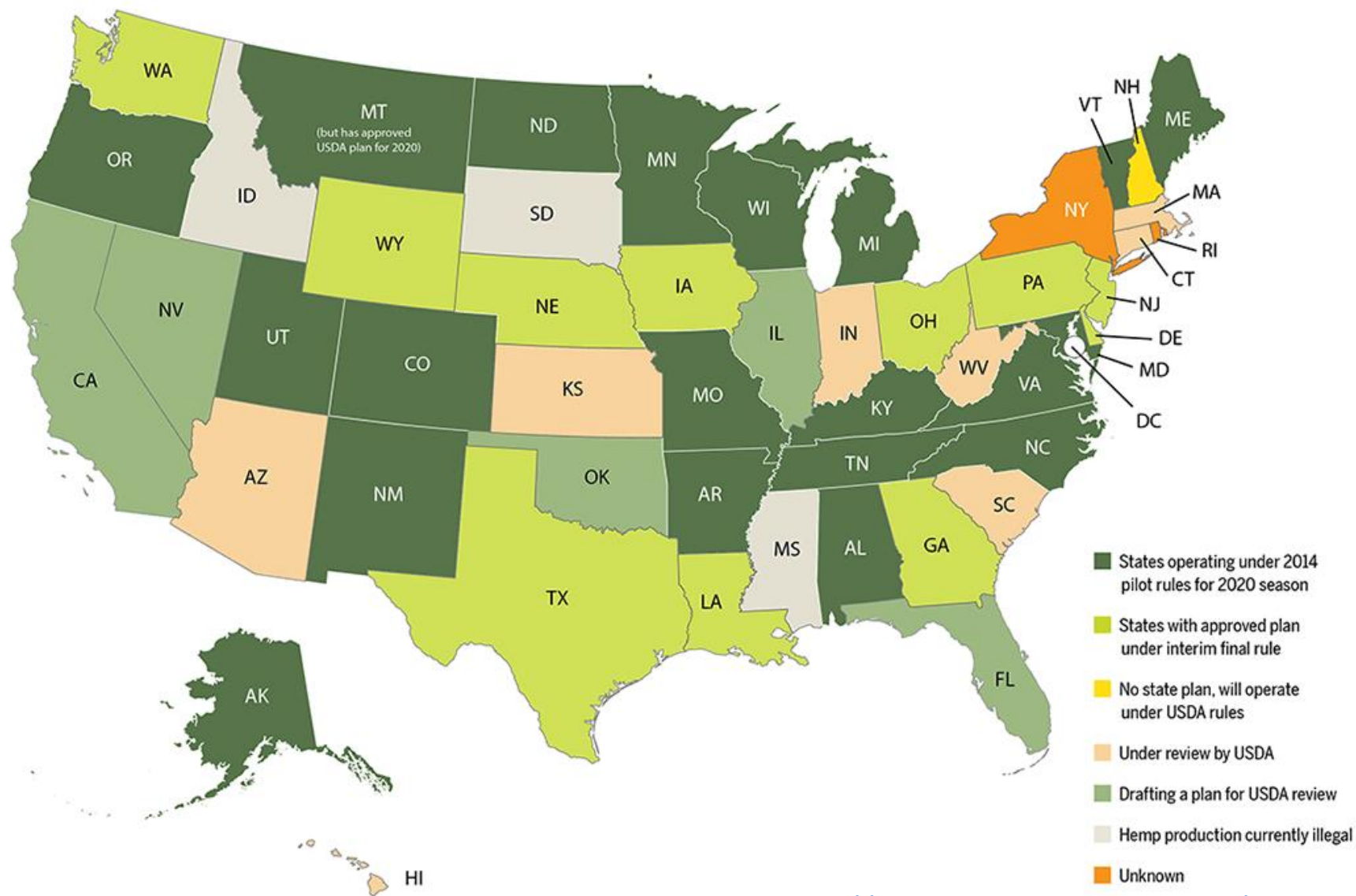
# LOOKING AT 2020

<https://hempindustrydaily.com/20-predictions-for-2020-insiders-handicap-whats-ahead-for-the-hemp-market/>

- With increased regulatory compliance on the horizon, I expect to see many of the first-wave farmers, extractors and product manufacturers exit the business.
- Those who jumped into the industry without any real experience in farming, extraction, science or CPG (consumer packaged goods) will be challenged to compete successfully in a regulatory industry and changing landscape.
- The second wave is coming in 2020, and the market will level out – but only the most qualified and advanced will be positioned to succeed to serve the market with high-quality products on a consistent basis.

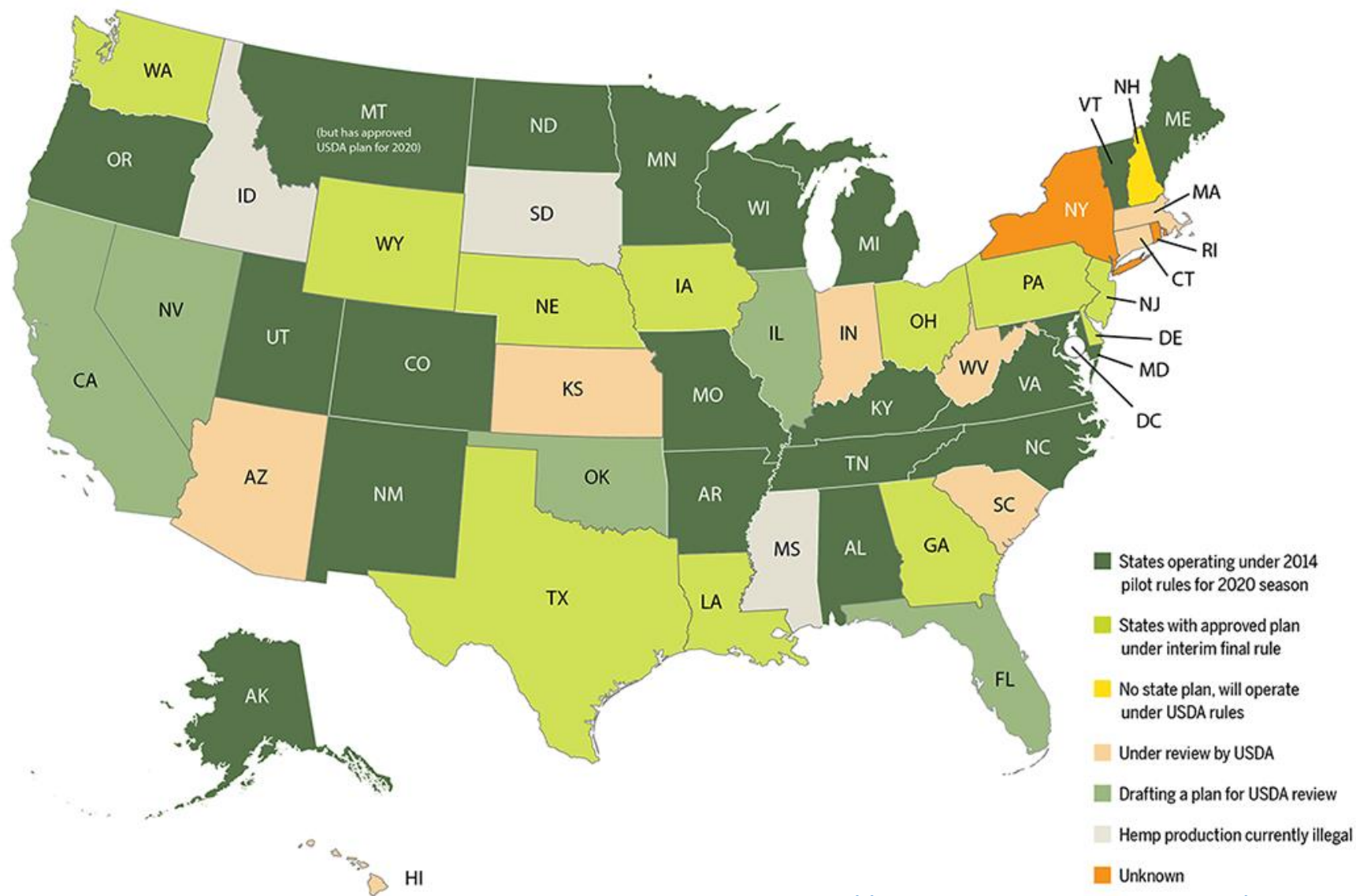
**Russ Cersosimo, co-founder, Hemp Synergistics, Pittsburgh**

## States divided on 2014 rules versus interim final rules for 2020 season



More states have declared that they're going to stick with their own rules for the 2020 hemp production season, rather than follow federal guidelines on the new crop. states can operate under the 2014 pilot rules for only one year after the federal hemp rules are final.

## States divided on 2014 rules versus interim final rules for 2020 season



Despite the continued state-by-state patchwork of rules, the USDA continues to review state and tribal plans submitted for approval for the 2020 hemp production season under the interim final rules based on the 2018 Farm Bill.

# FILING FOR BANKRUPTCY

## Leading Kentucky hemp processor GenCanna files for bankruptcy

Published: Feb. 6, 2020 at 7:39 p.m. ET

By Associated Press

National hemp industry is facing 'strong headwinds,' ag official says

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Industrial hemp plants are seen in a field in Burkesville, Ky. Bloomberg News

FRANKFORT, Ky. — A bankruptcy filing by a leading hemp processor strikes a “gut punch” to the fledgling industry as it tries to secure a foothold in Kentucky, the state’s agriculture commissioner said Thursday.

GenCanna Global USA Inc. announced it has filed a bankruptcy petition to work out a reorganization plan that could lead to debt refinancing or a potential sale. The Chapter 11 filing would allow it to continue operations during a reorganization, the company said.

“We are taking this action in order to position our business for success in a highly dynamic and rapidly evolving industry,” GenCanna CEO Matty Mangone-Miranda said in a statement.

<https://www.marketwatch.com/story/leading-kentucky-hemp-processor-gencanna-files-for-bankruptcy-2020-02-06>



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Industrial hemp plants are seen in a field in Burkesville. Kv. Bloomberg News

Kentucky Agriculture Commissioner Ryan Quarles said the bankruptcy filing was the latest sign that the national hemp industry is facing “strong headwinds.” Kentucky positioned itself at the forefront of hemp’s comeback and Quarles is an enthusiastic advocate for the crop. “Today’s announcement is a gut punch to Kentucky’s hemp industry and to many Kentucky farmers who dared to hope and risk on this crop,” Quarles said in a statement.

<https://www.marketwatch.com/story/leading-kentucky-hemp-processor-gencanna-files-for-bankruptcy-2020-02-06>

# A SECOND COMPANY FILES BANKRUPTCY


- Two high-profile Kentucky hemp companies – GenCanna Global and Sunstrand, LLC, respectively – have filed for bankruptcy this month, creating doubts about the future of the hemp industry in the state.
- Among the largest U.S. processors of hemp fiber, Sunstrand LLC filed for Chapter 7 bankruptcy a month earlier. The company styled itself as a "sustainable materials manufacturer" which converted raw hemp fiber for applications including plastics, paper, and animal bedding. Though many hemp operators expect 2020 to be a big year for fiber, Sunstrand's closure – and the lack of fiber-processing facilities nationwide – throws ominous shade on the industry.

<https://www.marketwatch.com/story/two-kentucky-bankruptcies-cast-shadow-across-hemp-industry-2020-02-13>

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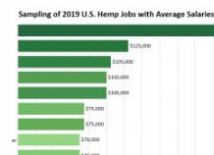
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**Exclusive: How hemp legalization changed salaries across the industry**

Published April 13, 2020 | By Kristen Nichols

(This is the first part of a weeklong series from Hemp Industry Daily examining hemp industry salaries, hiring and recruiting trends. Using

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