



# U.S. Market Update

Presented by Eric Steenstra  
at the EIHA Conference 2014



# High Level of U.S. Activity in 2013 & 2014



Ryan Loflin plants hemp without a license in  
Springfield, CO in 2013.





# Congress Passes the Farm Bill of 2014 Includes Section 7606. Legitimacy of Industrial Hemp Research

698

1 **SEC. 7606. LEGITIMACY OF INDUSTRIAL HEMP RESEARCH.**

2 (a) IN GENERAL.—Notwithstanding the Controlled  
3 Substances Act (21 U.S.C. 801 et seq.), the Safe and  
4 Drug-Free Schools and Communities Act (20 U.S.C. 7101  
5 et seq.), chapter 81 of title 41, United States Code, or  
6 any other Federal law, an institution of higher education  
7 (as defined in section 101 of the Higher Education Act  
8 of 1965 (20 U.S.C. 1001)) or a State department of agri-  
9 culture may grow or cultivate industrial hemp if—

10 (1) the industrial hemp is grown or cultivated  
11 for purposes of research conducted under an agricul-  
12 tural pilot program or other agricultural or academic  
13 research; and

14 (2) the growing or cultivating of industrial  
15 hemp is allowed under the laws of the State in which  
16 such institution of higher education or State depart-  
17 ment of agriculture is located and such research oc-



# Hemp Amendment Passed The House With Strong Bipartisan Support

- Introduced by Rep. Polis (D-CO)
- 63 Republican's voted for the hemp amendment
- 162 Democrat's voted for the hemp amendment
- Final vote was 225-200
- Sen. McConnell (R-KY) worked to expand bill



# Strong Support for Hemp From Senate Minority Leader Sen. McConnell (R-KY)

## Mitch McConnell high on hemp provision in farm bill

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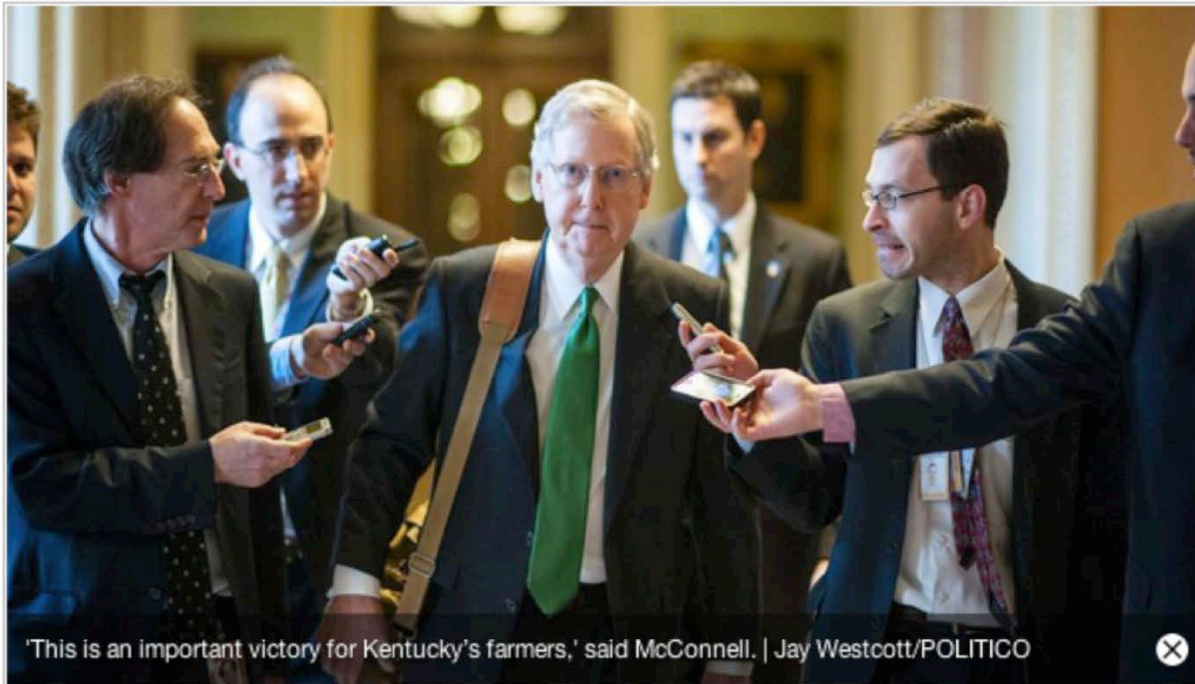
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'This is an important victory for Kentucky's farmers,' said McConnell. | Jay Westcott/POLITICO



By **JENNY HOPKINSON** | 1/29/14 10:00 AM EST

The cannabis universities and colleges across the country could soon start growing isn't the kind that tie-dye clad, 4/20-observing coeds might have hoped for.

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# Farm Bill Signed Into Law



President Obama signs Farm Bill on Feb. 7

# Hemp Amendment Accomplishes Two Things

1. Defines industrial hemp as distinct from marijuana under federal law for the first time: *The term “industrial hemp” means the plant Cannabis sativa L. and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.*
2. Allows a college, university or State department of agriculture to grow hemp for research or under a pilot program in states where it is legal to grow industrial hemp.

# Hemp Research is Needed

Because hemp has not been grown in the United States since 1957, there is a strong need for research to develop new varieties of hemp that grow well in various states and meet the current market demands.

The market has changed significantly since 1950's when focus was only on fiber.





# Fifteen States Allow Hemp Farming

Fifteen states have laws making industrial hemp farming legal: California, Colorado, Hawaii, Indiana, Kentucky, Maine, Montana, Nebraska, North Dakota, Oregon, Tennessee, Utah, Vermont, Washington, and West Virginia.

Five of these have legalized hemp farming after the Farm Bill was signed into law: Hawaii, Indiana, Nebraska, Tennessee and Utah.

We expect farmers in several states including Colorado, Kentucky and Vermont to plant hemp in 2014.



# Where Will Seed Come From?

- Hemp has not been grown in the U.S. since the 1950's and there are no sources of <0.3% THC hemp seed.
- Farmers are trying to import hemp seed from Canada, Europe, Australia and China.
- Several hemp seed shipments have arrived but were not released by U.S. Customs/DEA

# DEA Decides Not to Follow New Law and Refuses to Cooperate



U. S. Department of Justice  
Drug Enforcement Administration

[www.dea.gov](http://www.dea.gov)

Springfield, Virginia 22152

MAY 13 2014

Luke Morgan  
Counsel for Kentucky Department of  
Agriculture  
111 Corporate Drive  
Frankfort, KY 40601

Via Fax: 502-573-0046

Dear Mr. Morgan:

This is to follow up on our telephone conversation earlier today. As we discussed, the Drug Enforcement Administration (DEA) is offering a proposed *expedited* process by which the Kentucky Department of Agriculture (KDA) may lawfully (i) import into the United States the viable cannabis seeds that are currently being detained by the U.S. Customs and Border Protection (CBP) and (ii) distribute the seeds to other entities that are authorized to grow and cultivate industrial hemp under Section 7606 of the Agricultural Act of 2014, Pub. L. No. 113-79 (Section 7606).

We appreciate that recently enacted Section 7606 has created some confusion about the process for importing cannabis seeds. DEA's position is that, although Section 7606 states that "an institution of higher education . . . or a State department of agriculture may *grow or cultivate* industrial hemp if [certain conditions are met]" (emphasis added), the *importation* of cannabis seeds continues to be subject to the Controlled Substances Import and Export Act (CSIEA). Our position is based on the well-settled principle that repeals of existing statutes by implication are not favored.

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# DEA Makes Demands

- Insists on forcing ALL applicants to apply for a DEA license in direct conflict with the specific intent of the law
- Advises that private farmers may NOT grow hemp on behalf of State departments of agriculture
- Insists that KY Dept. of Ag. must have MOU's with each applicant
- NONE of these are specified under new federal law

# Kentucky Dept. of Agriculture Sues DEA

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF KENTUCKY  
LOUISVILLE DIVISION

CIVIL ACTION NO. \_\_\_\_\_

*Electronically Filed*

KENTUCKY DEPARTMENT OF AGRICULTURE

PLAINTIFF

v.

U.S. DRUG ENFORCEMENT AGENCY, and  
U.S. CUSTOMS AND BORDER PROTECTION, and  
U.S. DEPARTMENT OF JUSTICE, and  
ERIC HOLDER

DEFENDANTS

Serve: David J. Hale  
U.S. Attorney for the Western District of Kentucky  
717 West Broadway  
Louisville, Kentucky 40202

Eric Holder  
Attorney General of the United States  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530-0001

VERIFIED PETITION FOR INJUNCTIVE AND DECLARATORY RELIEF

Comes the Plaintiff, Kentucky Department of Agriculture ("KDA"), by counsel, and for

**VH**  
Vote Hemp™  
www.VoteHemp.com

# Judge Rules That DEA Must Release Seed

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF KENTUCKY  
AT LOUISVILLE

KENTUCKY DEPARTMENT OF AGRICULTURE

PLAINTIFF(S)

VS

CIVIL ACTION NO. 3:14CV-372-H

U.S. DRUG ENFORCEMENT AGENCY, et al.

DEFENDANT(S)

**ORDER**

The above-styled action came before the undersigned for a preliminary motion conference on May 16, 2014 regarding the motion for temporary restraining order/preliminary injunction. On behalf of the plaintiff, Mr. Daniel Luke Morgan, Ms. Holly Harris-General Counsel for Kentucky Department of Agriculture, Ms. Amy D. Cabbage, Mr. Robert Watson, and Mr. Douglas Logsdon. On behalf of the defendants, Mr. Ben Schecter, Ms. Regina Edwards, and participating telephonically, Mr. Arthur Goldberg and Ms. Michelle Bennett with the Department of Justice. Also appearing in person, Mr. Jonathan Miller, representing the Kentucky Hemp Industry Council.

Discussions and arguments having been held. The Court being sufficiently advised;

**IT IS HEREBY ORDERED** the plaintiff may proceed with the application and registration process that was discussed during this conference. The plaintiff shall provide the





# District Judge Meeting DEA & Kentucky Officials Again Today

- US District Senior Judge John G. Heyburn met with the parties on Friday, May 16<sup>th</sup>.
- Plans to meet with parties again today (May 21<sup>st</sup>) to resolve issues and ensure the release of seed being held by DEA in Louisville
- "We just need someone to settle the law so no other state has to deal with what Kentucky has been through," said Holly Harris, Chief of Staff for Commissioner Comer. "Right now, the law is whatever the DEA says it is."

# Ag. Secretary Vilsack Supports Hemp Farming



## Agriculture secretary says he's working to allow hemp production



**AP**

By NICHOLAS RICCARDI

DENVER (AP) — Agriculture Secretary Tom Vilsack said Tuesday he's working with the Department of Justice to permit the importation of hemp seeds for cultivation.

The farm bill signed into law by President Obama allows the industrial production of hemp, marijuana's non-intoxicating cousin.

But the federal government has effectively prevented the two states that want to grow the crop from obtaining seeds to start production. Kentucky has sued the federal government to force it to release hemp seeds. Colorado is waiting on Vilsack's go-ahead to get seeds from Canada.

At a news conference in Denver on the upcoming wildfire season, Vilsack said his agency is trying to resolve a conflict between what the farm bill permits and what federal drug laws prohibit.

"We're going to figure it out," he pledged, adding the crop could be an "extraordinary income opportunity." He said he's discussed the issue with Attorney General Eric Holder and passed onto him a law-review article that outlined one way the seeds could legally get to the states.

Hemp is the non-intoxicating agricultural cousin of marijuana. Recreational use of that drug is legal in Colorado and Washington state but still banned under federal law.

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# Ag. Secretary Vilsack: “We’re going to figure it out”

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# HR 525 The Industrial Hemp Farming Act of 2013

- HR 525, the Industrial Hemp Farming Act of 2013 introduced February 6<sup>th</sup> by Rep. Thomas Massie (R-KY).
- In House since 2005. Originally sponsored by Rep. Ron Paul (R-TX). Simple 2 page bill, states rights focus.
- This year, H.R. 525 was introduced with with 28 original cosponsors. This was the most support we have ever had.
- As of today we have 49 cosponsors signed on.

# Senate Companion Bill

## S. 359 Industrial Hemp Farming Act

- Sen. Wyden (D-OR) is lead sponsor
- Sen. Paul (R-KY) is lead Republican
- Senate Minority Leader Mitch McConnell signed on as an original cosponsor
- We also have Sen. Merkley (D-OR) and Sen. Sanders (I-VT)



# 2013 Hemp Product Sales Growth

## **FOR IMMEDIATE RELEASE**

March 3, 2014



## **CONTACT:**

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[erics@thehia.org](mailto:erics@thehia.org)

## **2013 Annual Retail Sales for Hemp Products Exceeds \$581 Million**

### ***Hemp Retail Market in U.S. Achieves 24% Growth in 2013***

**WASHINGTON, D.C.** — The Hemp Industries Association (HIA), a non-profit trade association consisting of hundreds of hemp businesses, has released final estimates of the size of the 2013 U.S. retail market for hemp products. Data from market research supports an estimate of total retail sales of hemp food and body care products in the United States at \$184 million. Sales of popular hemp items like non-dairy milk, shelled seed, soaps and lotions have continued to skyrocket against the backdrop of the new hemp research provision in the Farm Bill, and increasing grassroots pressure to allow hemp to be grown domestically on a commercial scale once again for U.S. processors and manufacturers. The HIA has also reviewed sales of clothing, paper, auto parts, building materials and various other products, and it estimates the total retail value of hemp products sold in the U.S. in 2013 to be at least \$581 million.

The sales data on hemp foods and body care collected by market research firm SPINS, a leading information provider for the Natural and Specialty Products Industry, was obtained from natural and conventional food retailers, excluding Whole Foods Market, Costco and certain other key establishments, who do not provide sales data — and thus it underestimates actual sales by a factor of at least three. According to the SPINS data, combined U.S. hemp food and body care sales grew in the sampled stores by 24% or \$11.89 million, over the previous year ending December 23, 2012 to a total of just over \$61.4 million. According to SPINS figures, sales in conventional retailers grew by 26.5% in





# Hemp Product Sales Growth

- According to SPINS, scanned retail sales of hemp food and body care products in monitored stores **grew by 24% in 2013** as compared to the previous year.
- SPINS data showed total sales of \$61.4 million in scanned natural and conventional channel stores.
- Due to significant under reporting (does not include Whole Foods Market, Body Shop, Wal Mart etc), actual sales are approximately 3 times higher. **Sales of all hemp foods and body care are estimated by the HIA to be \$184 million in 2013.**



# So What is Driving This Growth?

- Sales of hemp food and body care products are up
- Strong interest in hemp and cannabis due to recent policy shifts and media coverage of hemp
- Hemp industry has launched successful marketing program that helps to drive sales called *Hemp History Week*



# What is *Hemp History Week*?

Largest retailer and grass-roots marketing and public education campaign to renew hemp farming in America.

Our objectives are to:

- Celebrate America's rich history with industrial hemp and educate the public about the barriers to hemp farming in the United States.
- Advocate for a federal policy change while sending a strong, positive message to President Barack Obama and Congress to remove barriers to hemp farming and let farmers grow the versatile and profitable crop.
- Engage consumers by showcasing the range of hemp products available and the nutritional as well as environmental benefits that they provide.





# It's Time to Grow

National Retailer Program

National Event Program

- Grass-roots
- Restaurant
- Spring plantings?

Media Program

- Endorsers
- Press events and outreach

Letter Writing

Farmer Outreach Program



# National Retailer Program





# End Cap Displays



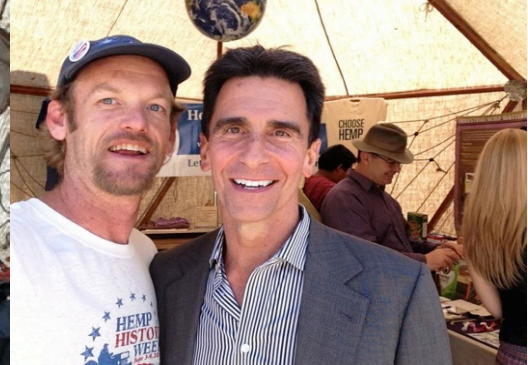


# National Events Program





# College Roadshow





# BRINGING IT HOME Premieres





# Endorser Program



Campaign Media Impressions – 43+ million



# Opportunity for Europe?

- The Hemp History Week marketing program has been hugely successful.
- In 2013 (our 5<sup>th</sup> year), we will have 1,000+ retailers and 265 events nationwide

**It's Time to Grow**

