



LAHT 

The Latin America
Hemp Trading

Industrial Hemp in South America

Uruguay A gateway to Mercosur

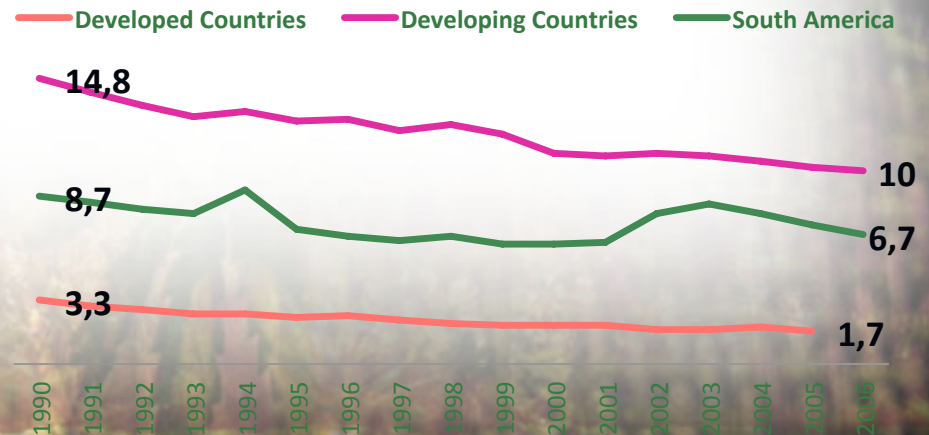


>> Mercosur free trade area, with a GDP of US\$ 2.5 trillion and more than 240 million citizens, comprising Argentina, Brazil, Paraguay and Uruguay.

>> Mercosur accounts represents more than three-quarters of the economic activity of the continent.

>> Mercosur is the fourth largest trade bloc in the world.

>> Agricultural GDP of South America shows an economy based on this sector.



Industrial Hemp in South America

Uruguay **A** gateway to Mercosur



Strategic Objectives to introduce hemp in South America

A >> Introduce changes in the Legal Framework.

B >> Industrial Hemp Research & Development :
adapt to soil and weather conditions, crop technology
& markets.

C >> Inform the government, politicians, the
industrial sector and the society about the difference
between Industrial Hemp and cannabis for drug
purposes. Image of the product.

Industrial Hemp in South America

Uruguay A gateway to
Mercosur

Strategic Partners



Ecofibre Industries



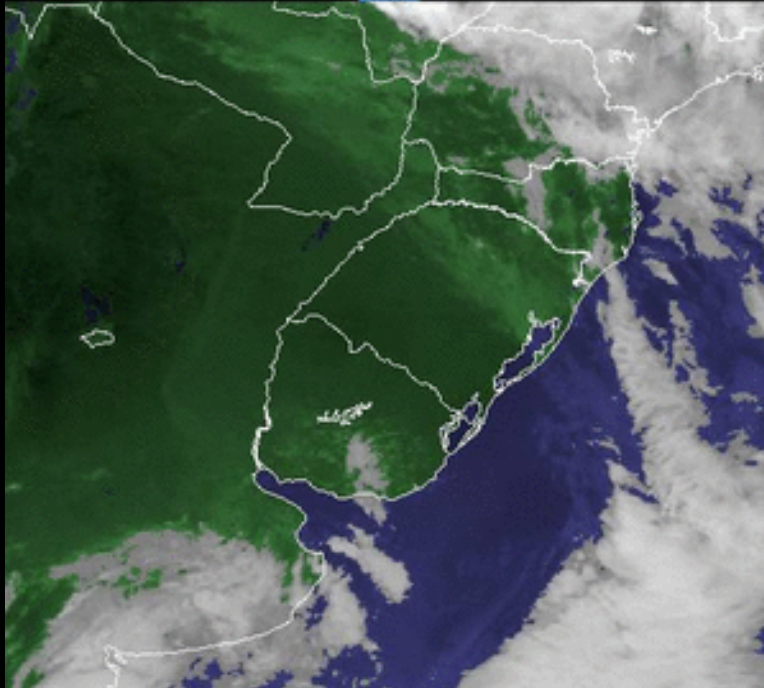
Instituto Nacional de Investigación Agropecuaria
U R U G U A Y



INFINITE FIBRE™

Kane's Yellow Jacket (Fms)

INPE/CPTEC/DSA NOAA  GOES12 201010301845

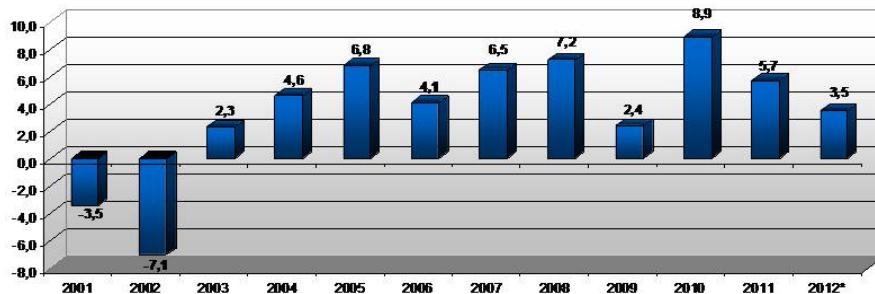


Creditratings in Southamerica

| Land | MOODY'S RATING | MOODY'S OUTLOOK | FITCH RATING | FITCH OUTLOOK | S and P RATING | S and P OUTLOOK |
|-----------|----------------|-----------------|--------------|---------------|----------------|-----------------|
| Bolivia | B1 | POSITIVE | B+ | STABLE | B+ | POSITIVE |
| Peru | Baa3 | POSITIVE | BBB | STABLE | BBB | STABLE |
| Uruguay | Ba1 | STABLE | BB+ | POSITIVE | BBB- | STABLE |
| Columbia | Baa3 | STABLE | BBB- | STABLE | BBB- | STABLE |
| Brazil | Baa2 | POSITIVE | BBB | STABLE | BBB | STABLE |
| Ecuador | Caa2 | STABLE | B- | STABLE | B- | POSITIVE |
| Chile | Aa3 | STABLE | A+ | STABLE | A+ | POSITIVE |
| Venezuela | B2 | STABLE | B+ | STABLE | B+ | STABLE |
| Argentina | B3 | STABLE | B | STABLE | B | STABLE |
| Paraguay | B1 | STABLE | k.A. | k.A. | BB- | STABLE |

Source: Guardian, April 2012

Economic growth in Uruguay (Real GDP in %)



*Prediction IMF
Source: IMF April 2012

Foreign Investments

- 1.- Strong democracy, political and social stability.
- 2.- Liberal investment policies, up to 100% reimbursement of investments.
- 3.- Free foreign exchange, no restrictions on capital transfers or profit sharing on foreign investments.
- 4.- No restriction on foreign capital in national company shares.
- 5.- Taxes levied only to domestic activities.
- 6.- 12 free trade zones, and more in the near future.
- 7.- Agreements with several countries to avoid double taxation.

Source: Report prepared by

| FACTOR | Uruguay in South America | Uruguay in the world |
|--|--------------------------|----------------------|
| Low Corruption (Transparency International 2010) | 2 | 25 |
| Democracy Index (The Economist Intelligence Unit 2010) | 1 | 17 |
| Economic Freedom Index (Heritage Foundation 2011) | 2 | 29 |
| Quality of Living (Mercer Eco-City Ranking 2010) | 1 | 29 |

Source: Report prepared by

Industrial Hemp in South America

Uruguay: A Productive Country

An opportunity to introduce hemp in South America

- >> Specialization Strategy, marketing niches, highly competitive.
- >> Productive flexibility, market adaptability.
- >> Suitable soils.
- >> Enormous network of rivers and streams. Irrigation capacity.
- >> Know-how & agricultural tradition.
- >> State-of-the art agricultural machinery.
- >> Institutional stability.



Industrial Hemp in South America

A >> Introduce a change in the Legal Framework.



The request submitted by LAHT, will be granted by the government this year. They will be passing a bill at the Parliament.

>> Introduce the industrial hemp concept.

>> Allow the hemp crop, its harvest and industrialization.

Expected: 2012/2013 season the third hemp trial crops will be harvested.
2013/2014 season could be the first commercial crop for industrial hemp.



The request made by LAHT asking to allow hemp food & cosmetics is under study of the government.

Expected: 2013 could be the beginning of hemp grain & oil market in Uruguay.

Industrial Hemp in South America

B >> Industrial Hemp Research & Development: adapt to soil and climate conditions, crop technology & markets. (Study how yields are expected to be profitable).



2012 - Second consecutive year LAHT conducted trial crops in Uruguay.



Research and development of Industrial Hemp trial crops, were the first ones approved by a government in South America.

>> Objectives for the Research:



Cannabis sativa L. crop adaptation, as an industrial crop for fiber, grain/seed and oil purposes.



Know and develop the crop production technology in our conditions.



Identify the best cultivars for grain, oil and fiber production to begin with the commercial seeding.

LAHT strategic research partner



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Hemp field trials conducted in Uruguay – INIA “La Estanzuela”



>> Highly adaptable & agronomically viable

>> yields: grain 1.225 kg/h & fiber 6.099 kg/h (dry)

>>yields: oil 32,8% (fat %, dry basis)

>> Forecast for 2nd research exceeded the 1st one

4 ECOFIBRE cultivars (2 fiber/2 grain); Plots of 8 rows, 6 m; irrigation & fertilization.

The experimental design was an incomplete block (alpha- lattice) with 3 replications on each plot

Industrial Hemp in South America

Communication Activities – politician & industrial sector and public opinion



Industrial Hemp in South America

>> Identify starter markets. Healthy Growth



Hemp grain/seed purpose.

>> Participate in the seed & grain international market to produce in **counter season** to the northern hemisphere.

>> Participate in the oil international market to supply the actual companies.

>> Develop MERCOSUR domestic markets for final uses. Import Cosmetics & food



Hemp fiber purpose.

>> Guarantee quality and quantity to manufacturers to adapt machineries and processes.



Industrial Hemp in South America

Special Thanks to people & companies that collaborate, cooperate & support this challenge in any way.

Our strategic & research partner & friend Phil Warner and all the staff of Ecofibre Industries

Our research partner Evgeny Skigin - Infinite Fibre Company

Our research partner INIA "La Estanzuela" (National Agricultural Research Institute) & all the researchers involved.

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Ing. Agr. José Planel, agronomist in charge & all LAHT collaborators

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The collaboration of Alfredo Dupetit – Dupetit Natural Products

The collaboration of Michael Carus, The Nova Institute and The EIHA Directos & staff

The collaboration of Anndrea Hermann – Hemp Industries Association

Uruguayan government officials who understood the country's suitability for the development of Industrial Hemp

**The cooperation of Joachim Vallenias – Chamber of Industry of Uruguay ; and Tobias Winter- AHK Uruguay
Germany Chamber of Commerce & Industry ; and our colleagues**

THANKYOU FORYOUR ATTENTION

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