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Big rise in clients seeking advice on Portuguese cannabis industry

Lawyers report substantial increase in applications for cannabis production, but warn that specialised, in-depth expertise is needed due to the sensitivities involved



The Portuguese parliament's approval of the use of marijuana-based medicines in June this year has led to law firms in Lisbon receiving a significant increase in enquiries from businesses seeking permission to plant and produce cannabis in the country.

The global market for medical cannabis is expect to explode in the coming years, with some projections indicating that it could triple in size in the next two years. Eduardo Nogueira Pinto, partner at PLMJ, believes that the market presents significant opportunities, although determining its size is a complex exercise.

"It's difficult to estimate with certainty the potential size of this market," he says. "Some numbers signal that the medical cannabis market was worth \$17 billion globally in 2016, with estimates that it will grow to over \$50 billion by 2020 – these are mere projections, but it is a

fast-growing market." The potential of the Portuguese market was highlighted earlier this year when it was announced that medical cannabis research business Tilray had raised \$60 million in funding for cannabis production in Portugal and Canada.

The use of cannabis-based medicines in Portugal will be restricted to prescription-only, pharmacy-sold preparations, after proposals to allow patients to grow the drug at home were rejected. In addition, a prescription can only be issued when conventional medicines are not having the desired effect. Filipa Névoa, a consultant at Anselmo Vaz, Afra & Associados, one of the leading life sciences law firms in Portugal, says "the most interesting development [in the new regulations] is the provision on the participation of the state in the development of the cannabis market in Portugal, including the promotion of medical research in this area".

However, as one Lisbon-based lawyer points out, at present there are only "general principles and rules applicable to the medical use of cannabis, and complementary regulation is yet to be approved". Consequently, lawyers and clients are currently working with a degree of uncertainty. Despite this, Portuguese law firms have begun to see the effects of the new legislation. "We've seen a substantial increase in applications for production since July, and we know of at least six new applications for the planting and production of cannabis in the country," says Petra Fernandes, associate at Baptista, Monteverde & Associados. Meanwhile, another legal market source says: "We've observed an increase in requests for advice from companies in the consumer goods and other industries, and also from private and sophisticated capital investors."

'Socially sensitive'

Fernanda Matoso, partner at MLGTS, highlights a number of factors that could enable the Portuguese cannabis market to grow. "Portugal has the right weather conditions for the cultivation of cannabis sativa L, and a geographic position that the industry frequently cites as excellent for use as an export platform to other countries," she says. "In addition, the growth in the number of jurisdictions that allow the use of cannabis sativa L for medical purposes is also a factor to be considered."

Clients looking to enter the market will need access to specialised, in-depth expertise, says

\$50bn

Estimated value of the global medical cannabis market in 2020

Nogueira Pinto. “This is an emergent and highly regulated, socially sensitive industry,” he explains. The need for legal advisers with a high level of specialism will be crucial as licensing processes are complex and require multidisciplinary expertise covering regulatory, pharmaceutical, agricultural, economic, real estate and employment issues. Knowing the fundamentals of the business and understanding the characteristics of the products involved is also vital, says Nogueira Pinto. Regulatory expertise will be particularly important, according

to Fernanda Matoso. He adds: “Corporate, commercial and tax advice is also in demand – everything relating to the incorporation of companies and future activity. Labour and planning issues are also important, including the assessment of permitted uses of the land for agricultural or industrial purposes.”

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