



Hemp Industry Rebounding



Industrial Hemp Production: History and Current Comeback

History of industrial hemp production in Canada

Industrial hemp (*Cannabis sativa*) is one of the oldest cultivated plants in the world. The species was banned in North America in the late 1930s because its leaves and flowers contain a hallucinogenic drug known as delta-9 tetrahydrocannabinol (THC). It was banned internationally in 1961 under the United Nations Single Convention on Narcotic Drugs. Hemp does suffer from the "snicker factor", largely because of its hippy-dippy image and close association with marijuana, its consciousness-altering cousin.

Health Canada authorization and licensing for commercial production

Effective March 12, 1998, the commercial production (including cultivation) of industrial hemp is now permitted in Canada, under licenses and authorization issued by Health Canada. This action was prompted by several years of field research and lobbying by the agricultural and business community. Prior to 1998, there were only a handful of licenses issued to grow industrial hemp in Canada.

In 1998, the first year after Health Canada opened the licensing process, 241 licenses were issued. These licensees grew almost 2,370 hectares (5,857 acres) of hemp for industrial use. In 1999, the number of applications to grow hemp jumped dramatically to 545 with the area of hemp production increasing six-fold to nearly 14,000 hectares (34,657 acres). It looked as though the industrial hemp was well on its way to becoming the "Cinderella" crop in Canada. However, events in the summer of 1999 (i.e., the demise of the perspective hemp processing company in Manitoba), changed the outlook for hemp production in Canada.

Production of hemp 1998 - 2004

The number of licensees decreased by over 53 per cent to 255 and area by almost 63 per cent to 5,487 hectares (13,553 acres) in 2000. In 2001, industrial hemp acreage further decreased very dramatically to 1,316 hectares (3,250 acres). In 2002, production of industrial hemp showed an increase of 16 per cent to 1,530 hectares (3,778 acres). Then in 2003, the area licensed to produce industrial hemp again increased by almost 79 per cent to 2,733 hectares (6,750 acres) but this was still nowhere near the 1999 level. (See Table 1).

Table 1. History of Commercial Hemp Production in Alberta and Canada, 1998 - 2004

	Alberta	Alberta	Canada	Canada	% in
Year	Hectares	Acres	Hectares	Acres	Alberta
1998	38	93	2,371	5,857	1.59
1999	745	1,840	14,031	34,657	5.31
2000	306	756	5,487	13,553	5.58
2001	113	279	1,316	3,250	8.59
2002	123	304	1,530	3,780	8.04
2003	153	379	2,733	6,750	5.61
2004	639	1,577	3,531	8,721	18.09

Source: Health Canada

Historical difficulties with contractual obligations

The industrial hemp production received a lot of attention in the early years. Advocates of hemp production painted a rather rosy picture for growth potential. However, the sudden demise of Consolidated Growers and Processors (CGP) Inc. of California left a large number of hemp growers in Manitoba sitting with a huge crop and nowhere to market it. This company was largely responsible for the rapid increase in acres in 1999 and the fallout in 2000. The company created a lot of interest and hype for hemp among producers, particularly in

Manitoba. The CGP contracted an estimated 40 per cent of the total industrial hemp area licensed in Canada in 1999. However, the company went into receivership after failing to meet contractual obligations. This left the hemp producers with a huge surplus of hemp seed and fiber hanging over the market. This surplus was stored in warehouses and farmers' bins, awaiting bankruptcy settlement. A considerable portion of the hemp crop did not get sold and producers had to absorb the losses. Thus, the negative events of 1999 have brought a lot of skepticism and fear for the future growth potential of hemp industry in Canada. However, the downturn in hemp cultivation during the last three to four years is buoyed by a steady increase in the processing of hemp, and the development of many small businesses engaged in developing new products and marketing of these products.

Interest in hemp production increasing

It appears that interest in producing industrial hemp is coming back. In 2004, the area licensed for industrial hemp production increased by 28 per cent over 2003 to 3,531 hectares (8,721 acres). In Alberta, increase in the area for hemp production more than quadrupled in 2004. There is a renewed interest in hemp being used for medicinal, pulp and fiber purposes. In Alberta, work is well underway at Alberta Research Council (ARC) and Alberta Agriculture, Food and Rural Development (AAFRD) to evaluate hemp as a potential source of producing pulp and fiber.

Diverse range of hemp products and processing

Many of these companies have strong regional distribution but there is no clear national leader yet. Most companies are involved in hemp seed processing and producing a wide range of products: snack foods, hemp meal and flour, edible oil, shampoo and conditioners, moisturizers, commercial oil paints, beer, and aromatherapy and cosmetic products. The majority are reporting good growth. Another trend worth noting is that much of the hemp food industry has switched to certified organic production because of strong demand. A few industry experts estimate about a third of Canadian hemp seed production is certified organic.

Canadian companies currently involved in hemp production or processing

There are a number of Canadian companies involved in hemp production or processing including the following:

- Thompson Valley Farms
- Hempola Valley Farms
- Fresh Hemp Foods
- Ruth's Hemp Foods
- HMF Sales and Marketing
- Hemp Oil Canada
- Cool Hemp
- Hemptown Clothing Inc.
- Nature's Path and others

Research undertaken to study feasibility of hemp uniforms for Canada's 2010 olympic team

An interesting collaboration between the National Research Council Canada (NRC) and Hemptown Clothing Inc. has recently developed. The latter is a manufacturer of hemp clothing promoting use of hemp fabric for the uniforms of Canada's 2010 Olympic team. Under this partnership, Hemptown will work with the NRC Institute for Biological Sciences (NRC-IBS) to commercialize NRC- developed enzyme technology for processing hemp fabric. Enzymes are used widely in industrial applications for everything from pulp bleaching to meat tenderizers. The technology promises dramatically improved fiber quality (softer, whiter fabric) using environmentally friendly processing methods.

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