

Voluntary Report – Voluntary - Public Distribution

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Report Name: Legislative turmoil curbs the growth of the French CBD market

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Report Highlights:

On January 24, 2022 the French State Council provisionally overruled the December 2021 ministerial order banning the sale of raw CBD hemp flowers and leaves. The court noted that the flowers and leaves of cannabis sativa L. with a THC content of less than 0.3 percent were “devoid of narcotic properties” and could therefore be marketed in France. As France’s convoluted history with CBD continues, many French hemp producers remain in limbo. French regulations continue to discourage local production and the emergence of a sustainable and competitive French industry is compromised.

CBD (cannabidiol) is the natural chemical found in the cannabis sativa plant, known commonly as hemp. Unlike THC (tetrahydrocannabinol), the major psychoactive ingredient in marijuana, CBD is believed to have therapeutic properties without risks of addiction or psychotropic effects.

CBD comes in many forms, including oils, extracts, capsules, and topical preparations. Following the 2020 decision by the European Court of Justice, which recognized that CBD was not a narcotic, the CBD industry has grown significantly in France and across Europe.

While CBD production has reached full industrial scale in some neighboring countries, legal uncertainties in France have constrained the emergence of a sustainable and competitive French industry. French regulatory institutions have not yet found a cohesive approach to CBD legislation to provide stability for the sale of hemp flowers and leaves.

On June 23, 2021, France's Court of Appeals aligned with the European Court of Justice in ruling that the sale of CBD could not be illegal if the CBD is produced legally in another EU Member State. On December 30, 2021, the French Government authorized by decree "the cultivation, import, export and industrial and commercial use of only those varieties of cannabis sativa L. with a delta-9-tetrahydrocannabinol (THC) content of no more than 0.3 percent" while paradoxically prohibiting the sale to consumers of flowers and leaves in the raw state of the same varieties. Following the publication of the decree, the hemp industry decided to appeal to the State Council, the highest administrative court in France, to overrule this order.

On January 24, 2022, the State Council temporarily overturned the ban and ruled in favor of the hemp industry ([CE, January 24, 2022, No. 460055](#)), concluding that hemp flowers and leaves whose content of THC is not higher than 0,3 percent would not have "a degree of harmfulness for the health justifying a measure of general and absolute prohibition of their sale to the consumers and their consumption". The State Council noted in a press release that the suspension applies "as a provisional measure".

The Minister of the Interior, Gérald Darmanin, disapproving of the decision of the State Council, stated that "in general, all substances that fall under the heading of cannabis, drugs, are very bad for your health". The French CBD industry is in a quandary. Even if Gérald Darmanin's opinion is not widely shared by political leaders, public policy makers are very conflicted on what to do. For the industry, the direct consequence of this confusion is the challenge of financing new business, and this is limiting the mechanization of CBD cultivation and investment in new extraction equipment. On the retail side, the French State Council ruling is a big relief. More than 1,800 stores have already opened in France and 70 percent of turnover depends on the sale of raw flowers, even if they are not grown in France.

700 farms were growing hemp for CBD at the beginning of 2022. Most of this production is dedicated to flowers, which are sold directly to consumers. Only 10 percent of the crops are dedicated to the extraction of CBD molecules for the manufacture of products like oils, cosmetics, and food. Given the rapid expansion of these products in the market, French producers are eager to scale up production domestically. Ninety percent of the processed products sold in CBD shops in France are manufactured abroad, in extracting countries such as the United States, the Czech Republic, Poland and Germany. According to the French hemp trade organization Interchanvre, there were 7 million regular or occasional French CBD consumers in 2021. The French cannabidiol market is estimated to be worth

nearly 700 million euros by the end of 2022. France, the first hemp producing country in Europe and third in the world, has the capacity to become one of the world leaders in the hemp extracts sector if regulations enable development of the sector.

On November 17, 2022, the French Senate voted in favor of a motion for a resolution on the economic development of the hemp industry in France and the improvement of the regulation of hemp products, including CBD products.

For more information on hemp cultivation in France, please consult the report [Industrial Hemp in France](#).

Attachments:

No Attachments.