

Executives Seek Path Forward for Hemp and Cannabis Beverages

Hemp vs. Cannabis: Can Both Coexist as Cannabis Laws Evolve?

As the cannabis industry eagerly anticipates the rescheduling of marijuana and a potential new Farm Bill, the question of how hemp and marijuana can coexist is quickly becoming a central topic of conversation. The shift in cannabis laws offers new opportunities, but it also brings challenges for producers navigating the complex landscape of hemp and marijuana regulation. The growing popularity of hemp-derived THC beverages, particularly in liquor stores and bars, presents an interesting opportunity as these products carve out a niche in the adult-beverage market.

The Rise of Hemp-Derived THC Beverages

Hemp-derived THC drinks have emerged as a growing segment within the cannabis industry, with consumers flocking to liquor stores and designated 21-plus grocery store sections to try these novel adult beverages. Hemp manufacturers have seized on the opportunity to offer a low-cost alternative to alcohol, providing a legal and accessible option for people seeking intoxicating effects without the traditional use of marijuana.

This growing market comes with significant advantages for producers. Unlike marijuana, which is still subject to stringent regulations in many states, hemp's federally legal status provides manufacturers with fewer barriers to entry and less red tape to navigate. For some, this makes hemp a more viable business opportunity compared to marijuana, especially as production costs for hemp tend to be lower than those for marijuana.

The Regulatory Divide: Hemp and Cannabis

While the market for hemp-derived THC products expands, the challenge of how hemp and marijuana can coexist remains unresolved. For companies that operate in both sectors, separating production processes has become a matter of necessity. According to **Kyle Neathery**, CEO of **Samson Extracts**, a hemp processor based in Alabama, businesses will need to make a choice between marijuana and hemp unless they can establish separate manufacturing facilities for each product.

“Most regulators are going to require a separation of the operation,” Neathery explained. “They don’t want marijuana mixing with hemp.” While this may be an operational challenge, it also reflects the broader regulatory landscape surrounding cannabis production, where marijuana remains more highly regulated than hemp.

Neathery also pointed out the economic differences between the two industries, noting that marijuana cultivation is significantly more expensive than growing hemp. This difference in production costs could make hemp a more attractive option for companies looking to reduce their financial risk in an unpredictable market.

The Economic Outlook for Hemp and Cannabis

The rapidly evolving cannabis industry has forced many businesses to reconsider their long-term strategies. As **Jonathan Miller**, general counsel for the **U.S. Hemp Roundtable**, highlighted, the path toward marijuana legalization is still uncertain, with rescheduling on the horizon but no guarantee of full federal legalization anytime soon. In the meantime, Miller said, companies will have to navigate the complex distinctions between hemp and marijuana.

Miller emphasized that with the growing interest in both hemp and marijuana, the regulations surrounding hemp products will need to be reviewed in light of changes in the cannabis market. While hemp businesses have enjoyed looser regulations, Miller cautioned that as more states legalize recreational marijuana, the industry should not be complacent. “You should behave as though you’re regulated by the FDA,” he advised, stressing the need for proper labeling, reporting adverse effects, and adhering to good manufacturing practices.

Hemp Beverages: A Sustainable Trend?

Despite the regulatory hurdles, the hemp beverage market shows no signs of slowing down. **Christopher Lackner**, founder and president of the **Hemp Beverage Alliance**, discussed how the demand for hemp-derived THC beverages is likely to remain strong, particularly among consumers seeking a legal, low-THC alternative to alcohol. As more states legalize intoxicating hemp beverages, these products are beginning to appear in restaurants and bars, allowing customers to choose between alcohol and THC-infused drinks.

“Everyone deserves a barstool,” Lackner said, quoting his friend Bob Galligan of the **Minnesota Craft Brewers Guild**, highlighting how hemp beverages are becoming an integral part of the adult-beverage category.

Hemp Companies Prepare for the Future

As cannabis laws continue to evolve, companies are planning for various potential scenarios. **Ted Whitney**, chief beverage officer at **Cheech and Chong’s Global Holding Co.**, a California-based hemp-derived THC company, discussed how they are preparing for national cannabis legalization by creating solutions that could apply to both hemp and marijuana products. Whitney believes that once federal restrictions loosen, hemp will provide a framework within which cannabis can thrive, enabling businesses to move forward with greater ease.

“Borders are going to fall,” Whitney predicted, noting that the day may come when cannabis is treated similarly to hemp and can be shipped across state lines without the same regulatory limitations.

Hemp vs. Cannabis: The Business Implications

For some companies, the business case for hemp has become clearer than that of marijuana. **Cantrip**, a Massachusetts-based company that originally focused on marijuana-infused beverages, pivoted to hemp when Minnesota launched its regulated hemp program in 2022. Now, co-founder and CEO **Adam Terry** sees hemp as the more viable option, especially given the higher costs and regulatory complexities of marijuana production.

“It’s too expensive to produce a (beverage) product for the marijuana industry,” Terry explained. For many businesses, the prospect of navigating the state-by-state complexity of marijuana legalization, including issues such as seed-to-sale tracking and the inability to transport products across state lines, makes hemp a more attractive choice.

Fable, a Denver-based company, echoed similar sentiments. The company had initially entered the marijuana-infused beverage market but switched to hemp products when the economics and regulatory burdens of marijuana became clear. **Ben Kennedy**, CEO of Fable, noted that expanding marijuana beverage operations outside of California would have required building entirely new supply chains in each state, a costly and inefficient endeavor.

“Beverages account for only 2% of most retailers’ revenue,” Kennedy said, noting that while high-dose products may make sense in certain markets, low-dose beverages like those offered by Fable are less viable in a competitive market dominated by marijuana producers.

A Changing Landscape

As the cannabis industry continues to mature, the question of how hemp and marijuana will coexist remains a key point of discussion. While hemp-derived products are carving out a significant market niche, particularly in the adult beverage sector, the path forward for both sectors is filled with regulatory complexities and business challenges. Hemp manufacturers are making strategic decisions to remain competitive, but marijuana businesses face steeper hurdles, from high production costs to state-specific regulations.

In the long run, both sectors will need to adapt to an evolving legal and regulatory landscape. However, with increasing consumer interest in hemp products and continued discussions around federal rescheduling, the cannabis industry is set to undergo significant transformations that will shape its future for years to come.

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