

Canadian Cannabis Companies Turn to Global Markets

Canadian Cannabis Companies Expand Overseas Amid Market Saturation

Facing a saturated domestic market and intense competition, Canadian cannabis companies are turning to international markets to sustain growth. Exporting cannabis products allows businesses to diversify revenue streams while avoiding Canada's domestic excise taxes.

Medical Cannabis Demand Fuels Growth

The expansion of medical cannabis markets, particularly in Europe, has been a significant driver of this trend. Germany, one of the largest markets, saw its cannabis imports from Canada double from 16,895 kilograms in 2023 to 33,155 kilograms in 2024, according to Germany's Federal Institute for Drugs and Medical Devices (BfArM).

Regulatory Challenges and Certification Requirements

Exporting cannabis to Europe presents regulatory hurdles, particularly the requirement for European Union Good Manufacturing Practice (EU-GMP) certification. Of the 900 cannabis licenses in Canada, only 19 meet this standard. Companies that lack certification must rely on EU-GMP-certified facilities to process their products before export.

Companies Leading the International Expansion

Village Farms International, based in Canada and Florida, is among the few companies with an EU-GMP-certified facility. The company exports medical cannabis to Germany, Australia, Israel, and the United Kingdom and is expanding into new Asia-Pacific and European markets. Its exports totaled \$8.4 million in 2024, with expectations to triple sales in 2025.

Another major player, Decibel Cannabis Co., has been expanding its international footprint. In October, Decibel acquired AgMedica Bioscience, adding an EU-GMP-certified facility to its operations. This acquisition enables exports to multiple countries, including Australia, Denmark, Germany, Israel, Norway, Spain, and the United Kingdom.

Competition from Other Countries

While Canada has a strong foothold in the global cannabis supply chain, competition is increasing. Portugal has rapidly expanded its cannabis exports to Germany, growing by 318% between 2023 and 2024. Other European nations, including Denmark, Spain, North Macedonia, and the United Kingdom, are also increasing

their cannabis exports.

The Role of Excise Taxes in Export Decisions

The Canadian excise tax, which amounts to \$1 per gram or 10% of the producer's selling price, is a key factor driving exports. Unlike domestic sales, exports are not subject to this tax, making international markets more profitable. Companies can achieve higher per-gram revenues in overseas markets than in Canada.

Positioning for Long-Term Global Growth

As the domestic cannabis market stabilizes with slower growth, companies are prioritizing international expansion. With uncertainty surrounding U.S. marijuana legalization and its potential for exports, Canadian companies are leveraging their early entry into global markets to secure long-term positions in the international cannabis supply chain.

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