

Cross-Border Challenge: Canada's Cannabis Pioneers Face Threat from US Competitors

This week's announcement that the Biden Administration will move ahead to reclassify cannabis to a much less restricted drug class and ease federal restrictions could be the ray of sunshine the benighted Canadian sector has been waiting for.

Canada's Cannabis Industry: Hindered Growth

Despite becoming legal in 2018, Canada's pot industry has stalled thanks to over-regulation and the federal government's decision to avoid tweaking an onerous taxation policy or provide any substantial support to hundreds of businesses led by well-intentioned Canadian entrepreneurs willing to take on this new, green frontier. Challenging business conditions, bad financial decisions, and an unforgiving investor base have seen the space generate massive losses and layoffs.

US Rescheduling: A Game Changer

The US is now poised to reschedule cannabis to a Schedule III drug—it will no longer keep company with heroin, LSD and peyote, substances deemed to have no accepted medical use and a high potential for abuse. This will mean that cannabis will be treated like a therapeutic or even a medical drug, where research and development can now be pursued without the threat of incarceration.

Opportunity for Canada

This presents a unique opportunity that Canada's no-longer nascent cannabis industry may be well-positioned to take advantage of.

Aligning Regulations

The US will now need to follow in Canada's footsteps in establishing a medical cannabis regime to allow for cannabis products to come to market. Canadian regulations, albeit not perfect, have been carefully developed to abide by international standards and protocols, implemented and amended to foster a market that generates roughly \$5 billion annually.

Cross-Border Trade and Investment

The Canadian government needs to move rapidly to influence Washington to adopt as much from the Canadian medical regime as possible to support the flow of capital, trade, and research across the border.

Global Opportunities

Canada's market is a gateway to Europe, Israel, and Australia, with many Canadian companies investing heavily in facilities to achieve accreditation for exporting cannabis products for medical purposes. With Mexico also establishing a liberal cannabis policy, cross-border trade is now an option for cannabis products

between all three major North American markets.

Research and Development

Academic institutions can now work alongside industry with no fear of punishment to pursue more ways this plant can be processed and developed into a wide variety of therapeutic products that can easily participate in clinical trials and pursue obtaining full FDA approval.

Seizing the Moment

Positioning cannabis as a viable ingredient in the future of pharmaceutical medicine unconstrained from US federal restrictions could be the root of a multi-billion dollar industry—a promise that can now soon become reality. None of this can happen unless the Canadian government shifts from its hands-off approach to the cannabis sector, which it legalized with a stroke of a pen over five years ago and has done little since to support. With the US pot market set to explode, Canada would be wise to avoid blowing this opportunity up in smoke.

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