

# Canadian Medical Cannabis Exports Soar Amid Domestic Sales Decline: A Market Analysis

In a significant shift in the Canadian cannabis industry, exports of medical marijuana have reached unprecedented levels, signaling a growing trend among licensed producers to tap into international markets. Here's a closer look at this development:

## Record-Breaking Exports

Last year, Canada exported approximately CA\$218 million (\$189 million) worth of medical cannabis products for commercial and scientific purposes, marking a substantial increase of over 36% from the previous fiscal year's exports of CA\$160 million. This data, sourced from Health Canada, underscores the robust growth trajectory of the export sector.

## Steady Growth Over the Years

The surge in exports reflects a consistent pattern of expansion in Canada's medical cannabis export market. Over the past few years, licensed producers reported the following revenues from cannabis exports:

- CA\$8 million in 2019-20
- CA\$39 million in 2020-21
- CA\$107 million in 2021-22

Health Canada notes that the data for 2023 is subject to revision as ongoing validation efforts continue.

## Navigating Domestic Challenges

Facing challenges in the domestic market, including burdensome excise taxes and distribution hurdles, Canadian cannabis companies have increasingly turned their focus to international opportunities. Deepak Anand, principal of ASDA Consultancy Services, highlights Canada's reputation for producing high-quality cannabis products at competitive prices, giving it a strategic advantage in global markets.

## Global Advantage for Canadian Producers

Canada's early adoption of cannabis legalization provided its producers with a first-mover advantage. While other countries, such as Australia, Colombia, Israel, Jamaica, and Portugal, have declared intentions to become net exporters of cannabis, regulatory hurdles and slow developments have limited their competitiveness. This dynamic has further bolstered Canada's position as a leading supplier in the global cannabis market.

## Contrasting Domestic Trends

In stark contrast to the booming export sector, Canada's domestic cannabis market has experienced a notable decline in recent years. Statistics Canada data reveals a 13% decrease in medical marijuana spending in the

2023-24 fiscal year, amounting to CA\$355 million, down from CA\$409 million the previous year. This decline reflects a broader trend of falling domestic sales, with medical cannabis spending plummeting by 41% since its peak in 2019-20.

### **Challenges in the Domestic Landscape**

Mitchell Osak, president of Quanta Consulting, highlights systemic challenges facing the domestic medical cannabis industry, including excessive taxes, low insurance reimbursement, and limited access to products through traditional pharmacies. Additionally, competition from the adult-use market, where products are often cheaper, further exacerbates the decline in medical cannabis sales.

### **Pursuing International Growth Opportunities**

Amidst these challenges, Canadian licensed producers are increasingly leveraging medical cannabis exports as a lucrative avenue for growth and profitability. Osak emphasizes that exporting medical cannabis offers a promising alternative for producers amidst a challenging domestic landscape.

As the Canadian cannabis industry continues to evolve, the surge in medical cannabis exports underscores the resilience and adaptability of licensed producers in navigating shifting market dynamics both domestically and internationally.

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