

Agriculture, Aquaculture & Fishing

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SOUTH AFRICA

The case for cannabis commercialisation
and regulatory reform



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The case for cannabis commercialisation and regulatory reform

South Africa stands at a critical crossroads in its relationship with cannabis, a plant interwoven into its social, cultural and economic fabric for generations. With the global cannabis economy booming, the question confronting South Africa is no longer if it should engage in cannabis commercialisation, but **how to do so in a way that is legally sound, economically empowering and socially inclusive.**

Our team attended the 2025 International Cannabis Symposium at the Sandton Convention Centre on 30 May 2025. Below are some notable observations from the expert speakers, along with some of our own sentiments on the potential reform.

The policy lag following decriminalisation

A 2018 Constitutional Court ruling decriminalised the private use and cultivation of cannabis for adults, anchoring this right in the Constitutional protection of personal privacy. This landmark moment offered hope for a more progressive cannabis framework. However, the resultant legislation, being the Cannabis for Private Purposes Act 7 of 2024 (Act), which notably only followed several years later, leave many issues unaddressed. To date, the Act has not yet been promulgated, and the supporting regulations that will set out the prescribed allowable quantities for possession have not yet been published. South Africa finds itself stuck in a legal grey zone, where cannabis can be privately enjoyed (although the extent of this has not yet been clarified) but not commercially harnessed.

Entrepreneurs, farmers, investors and traditional growers are stuck behind bureaucratic walls, facing the paradox of legal use but illegal enterprise.

The cost of inaction

Globally, cannabis is no longer a fringe commercial product. It's big business, projected to surpass USD 100 billion globally by 2030. And yet, South Africa, with its ideal climate, world-renowned cannabis genetics and a deep cultural heritage, is lagging. This is because:

- Limited access to capital and banking barriers persists due to criminalisation.
- Traditional growers remain excluded, facing high barriers to formalisation.
- Export licensing bottlenecks delay global competitiveness.
- Private sector investors find little incentive to scale operations under regulatory ambiguity.

Removing criminal penalties and establishing a well-regulated cannabis economy have proven to benefit economies globally.

Building a functional cannabis industry

To move from policy paralysis to economic productivity, South Africa must construct a tiered and rational cannabis regulation framework tailored to specific use cases: medicinal, industrial (hemp), nutritional and recreational. To guide responsible production and consumption, staggered taxation based on THC potency could be introduced. Much like alcohol and tobacco, cannabis products with



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higher THC concentrations could attract higher tax rates, thereby discouraging excessive potency while incentivising the production of lower-THC, wellness-oriented or therapeutic products. This approach would not only align public health objectives with regulatory policy but also generate additional revenue that could be reinvested into community development, education and substance abuse prevention programmes.

Below we outline a possible roadmap.

1. Segment cannabis regulations by use case

A 'one-size-fits-all' policy for cannabis is both unrealistic and counterproductive. Rather:

- Medicinal cannabis must meet strict standards like European Union Good Manufacturing Practice (GMP) and South African Health Products Regulatory Authority registration, with research and development incentives.
- Hemp should be governed by agriculture and industrial regulations, allowing open-field cultivation with lower barriers.
- Recreational use should be safely integrated into policy via retail licensing and adult-use models.
- Nutraceuticals and food regulations must clarify how cannabis derivatives can be sold legally.

2. Create an inclusive licensing ecosystem

- Design tiered licenses for small-scale traditional growers and large-scale commercial operators.
- Simplify application processes and remove capital-intensive barriers for entry-level participants.
- Support transitional pathways for informal growers to join the legal market, supported by co-ops and incubation funds.

3. Encourage public-private collaboration

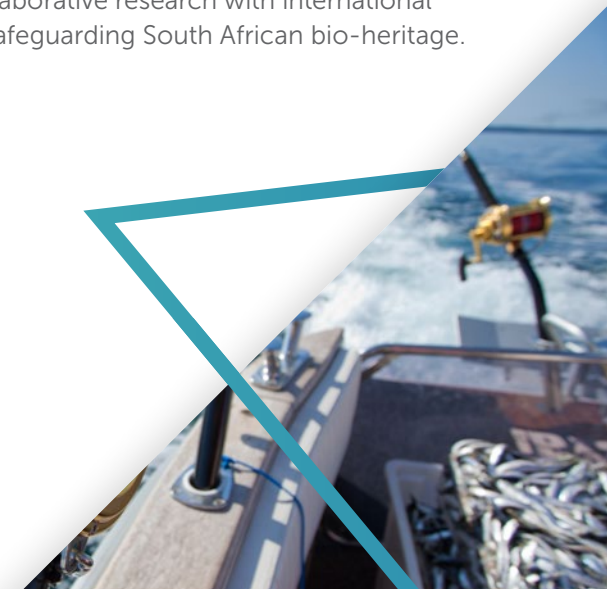
A successful cannabis economy requires trust and partnership:

- Government must offer enabling policy, research and development grants and infrastructure support.
- Private sector can drive innovation, scale and international market access.
- Local communities must be integrated as stakeholders, not sidelined as passive beneficiaries.

4. Promote protection of intellectual property and local genetics

South Africa is home to some of the world's most prized cannabis landraces. The risk of genetic piracy by international firms is real. To mitigate this, it should:

- Develop a national cannabis genetic registry.
- Offer plant breeder's rights and intellectual property protection for cultivars developed locally.
- Encourage collaborative research with international entities while safeguarding South African bio-heritage.



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5. Shift focus from raw export to value addition

South Africa cannot afford to be a raw exporter in a value-added world. Countries like Germany, the UK and Switzerland are demanding processed cannabis products, not just the plant. This can be achieved by:

- Incentivising local GMP facilities, oil extractors and product innovators.
- Building supply chains that transition cannabis from field to final product.
- Prioritising branding and storytelling that links cannabis to South Africa's natural and cultural assets.

6. Embrace outdoor cultivation as a sustainability edge

In a world turning against energy-intensive indoor grows, South Africa's sun-drenched fields are its greatest comparative advantage.

Outdoor cannabis is cheaper, more sustainable, and climate-resilient and South Africa can enhance these advantages by developing sustainable cultivation certifications and promoting organically grown branding. It would also be beneficial to educate global buyers on the benefits of sun-grown cannabis, especially for non-pharmaceutical markets.

7. Tap into cannabis tourism

Why just export the plant when we can invite the world to experience its roots? Cannabis tourism could position South Africa as 'The Napa Valley of Cannabis'. This would include:

- Developing cannabis heritage tours, eco-farms and experiential retreats.

- Ensuring community ownership of tourism initiatives to spread economic benefits.
- Integrating cannabis into broader tourism strategies like wine routes, cultural villages and wellness tourism.

8. Harmonise locally and collaborate continentally

Locally, South Africa needs fit-for-purpose standards that reflect its unique realities. But it must also align with international benchmarks like the Generally Accepted Compliance Practice, GMP and International Organization for Standardization.

At a regional level, a pan-African cannabis trade framework is vital. This would require:

- Creating continental seed banks, intellectual property registries and mutual recognition of licenses.
- Avoiding a 'race to the bottom' in price wars; instead focusing on quality, heritage and value.
- Building a unified African voice in the global cannabis discourse.

Conclusion

South Africa's cannabis potential is not hypothetical, it's abundant, proven and export-ready. If we can implement progressive, inclusive and purpose-built cannabis policies, it will not only unlock a multi-billion-rand industry, but it will also light a path for rural revitalisation, public health access, international trade and social justice.

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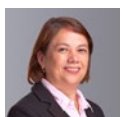
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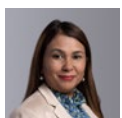
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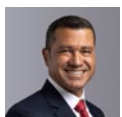
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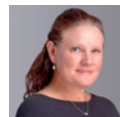
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Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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