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Germany liberalises production of medical cannabis – April 2024

MARKET INTELLIGENCE REPORT

Summary

Prepared by: New Zealand Embassy Berlin, in consultation with NZTE

- On 1 April Germany became the third EU country to legalise the private cultivation and consumption of recreational cannabis (after Malta and Luxembourg), and the ninth country to do so worldwide.

- The domestic production and marketing of medical cannabis has also been liberalised which is expected to increase domestic demand and production.

- Domestic production and marketing will no longer be restricted by centralised tenders and redistribution, but will be open to any producer who obtains a licence.

- Medical cannabis is no longer classified as a narcotic, and can now be prescribed like other pharmaceuticals.

- Imports of medical cannabis continue to grow, including from New Zealand. Exporters could benefit from the expected boost in demand, but also face increasing competition from German suppliers.

Report

This report updates developments in Germany's cannabis market since the last report in June 2023.

New legislation decriminalises recreational cannabis but does not legalise commercial cultivation

On 1 April highly-debated legislation decriminalising the private and non-commercial cultivation and consumption of recreational cannabis entered into force. However, purchasing or importing recreational cannabis remains illegal.

The legislation allows for the personal possession of cannabis (up to 25 grams in public, up to 50 grams in private) and home cultivation for adults (up to three plants per household). Consuming cannabis remains prohibited in a radius of 100 metres around schools, child care facilities, playgrounds or sports centres.

The Government is also looking at selecting pilot regions where an entire value chain involving commercial production and licensed shops could be set up for a trial period, but full legalisation is not on the cards. As a result, the medical and recreational cannabis markets remain largely separate.

Liberalisation of domestic production and marketing of medical cannabis

A dedicated Medical Cannabis Act also entered into force on 1 April. The Act incorporates existing, but now streamlined, regulations on the cultivation and distribution of medical cannabis, with two significant changes.

Firstly, medical cannabis will no longer be classified as a narcotic "due to a new risk assessment" although – given its status under international law – special provisions will continue to apply that go beyond those for other pharmaceuticals. As a result, medical cannabis can now be prescribed on a normal doctor's prescription, rather than a narcotic prescription. This removes strict documentation and other requirements for doctors and pharmacies (e.g. locking cannabis flowers in secure safes and documenting every gram). Domestic producers and importers hope this will lead to a significant increase in demand and prescriptions.

The second major change relates to the domestic commercial cultivation of medical cannabis and cannabis or industrial hemp for scientific purposes, which will be substantially liberalised. Until now, domestic production has been limited to 2.6 tonnes, and producers have had to participate in a tendering process and deliver their supplies to the national Cannabis Agency, which has been responsible for distribution. As a result, there have been only three domestic suppliers: Aurora Europe (a subsidiary of Aurora Cannabis, Canada), DEMECAN and the German branch of Tilray.

The new legislation removes both the production limit, and the tendering and redistribution process. While a cultivation or marketing licence will still be required, and subject to high standards (e.g. Good Manufacturing Practice), domestically harvested medical cannabis can now be marketed directly, without the quantity or variety limits that apply under the current tendering process. According to the Federal Ministry of Health, "the abolition will reduce barriers to market-driven cultivation in Germany and create equal opportunities for German growers in international competition. The authorisation procedure and inspections will further ensure that medical cannabis remains a safe and controlled drug." This regime change is considered to be compatible with relevant international and European law.

Overall, the changes are expected to result in more domestic producers, a significant reduction in compliance costs (for the current three major producers, the annual saving is estimated at over €1 million each) and, most importantly, an increase in domestic production. DEMECAN, the only independent German cannabis producer of medical cannabis, hailed the changes as the end of discrimination against domestic producers, saying it could quickly double production to two tonnes, and increase production much further in the longer term.

Germans' knowledge and preferences regarding medical cannabis

According to a recent nationwide survey, more than 90% of Germans are already aware of the legal availability of medical cannabis. However, less than a third know that both general practitioners and specialists can prescribe medical cannabis, while around a quarter still believe that only specialist doctors are allowed to do so. When asked about their interest in seeking medical cannabis if needed, nearly two thirds would do so if access was reasonably easy. Almost half consider price to be the most important criterion when selecting a variety, followed by tetrahydrocannabinol (THC) content and taste. The grower and brand are the least relevant criteria.

Latest German import statistics

The German cannabis market, the largest in Europe, is now in its 8th year, following legislation in 2017 to allow and regulate the use of cannabis flower and extracts for medical purposes. Imports have continued to grow, with reported volumes for the first three quarters of 2023 reaching nearly 25 tonnes, similar to imports for the entire 2022.

New Zealand exported 76 kilograms to Germany in the first nine months of last year (up from 38 kilograms in 2022) and now ranks 15th (up from 18th the previous year), but is still well behind Canada, which leads with 11.7 tonnes. German pharmacies are also continuing to increase their purchases, but they remain significantly lower, at just over 14 tonnes in the same period, compared to 15 tonnes in 2022.

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