

Briefing Paper 3 | June 2023

The Cannabis Industry in Jersey

Overview

This Briefing Paper sets out an introduction and background to the developing cannabis industry in Jersey



What is cannabis?

Cannabis is a controlled drug in Class B of the [Misuse of Drugs \(Jersey\) Law 1978](#). Hemp and marijuana are both varieties of cannabis – one of the key differences between them relates to the content of cannabinoids found in each. Cannabinoids are naturally occurring compounds with the most widely known being tetrahydrocannabinol (THC) and cannabidiol (CBD). TBC is the cannabinoid that has psychoactive properties whereas CBD does not.

Extracts (extracted using a selection of techniques) from the cannabis plant are used to produce a variety of products which include products for the pharmaceutical (medical) industry and for industrial and horticultural purposes. Furthermore, these extracts can be taken from various parts of the plant e.g. the leaves, stems, roots and flowers.

Terminology surrounding the cannabis industry can be confusing. For example, the terms “medicinal cannabis” and “medical cannabis” are interchangeable and refer to products derived from marijuana.

The re-emergence of the Cannabis Industry

Hemp cultivation in Jersey has a long history dating back to the shipbuilding era when hemp was used in sails and for rope-making. The naming of the Vingtaine des Quennevais in St Brelade is testament to this, given that word “Quennevais” is derived from the French “*cheneviere*” or “*chaneviere*” meaning an area where hemp is grown¹.

The cannabis industry in Jersey has, in recent years, seen a re-emergence. The demand for therapeutic cannabis products has increased worldwide which has coincided with the need for an “alternative crop” strategy and diversification within the arable industry in Jersey. This has been highlighted/raised in recent years in –

- The [Rural Economy Strategy 2011-2015](#) referred to the Jersey Royal potato as the “backbone” of the arable industry with a heavy reliance on a single crop.

¹ P.112 The Bailiwick of Jersey by G. R. Balleine [1970 edition]

- Part of the aim of Policy GSA 25 in [Rural Economy Strategy 2017](#) for alternative crops: *“To identify high value, low volume crops that complement the Jersey Royal rotation as a viable option for reducing PCN and nitrogen levels.”*
- The [Economic Framework for the Rural Environment 2022](#) introduced Policy RE2c for Alternative Crops which, *inter alia*, stated that *“For a crop rotation to be successful it is essential to investigate other high value, niche market produce such as pharmaceutical crops or plant-made pharmaceuticals (PMPs) which might maintain farm incomes and cover high land rentals allowing improved rotational practices”*.

In March 2015 Bioeconomy Consultants NFFCC, commissioned by the Department of Environment, presented a report on [Non-Food Options for Jersey](#) in relation to the identification of non-food crops that could be grown in Jersey.

Point 3.4 (p.29) of the [Alternative Crop Options for Jersey \(Part 3\) Final Report](#) (“the Report”) (dated December 2016) reviewed various possible crops including hemp and marijuana and their potential cultivation in Jersey. The Report examined, in depth, Hemp, Hemp with High CBD content and High-THC Cannabis (Marijuana) and their potential for cultivation in Jersey.

Regulation in Jersey

Cannabis is a controlled drug in Class B of the [Misuse of Drugs \(Jersey\) Law 1978](#) and its cultivation is regulated by Article 10 of the [Misuse of Drugs \(General Provisions\) \(Jersey\) Order, 2009](#). A licence is required which is specific for the type of cultivation undertaken – this will include whatever accompanying conditions considered appropriate. The level of THC content in the cannabis variety determines the type of licence as high-THC content requires a licence under Home Office rules (see below).

In the first instance an import licence is required to bring plants into the Island in order to cultivate cannabis. Once imported, a separate licence is required to allow the cultivation of cannabis for medicinal purposes.

The fee for a licence to cultivate, produce, supply and possess cannabis (other than industrial hemp) at a specified site is £7,500 per site plus any fee levied by the Home Office. Further information on licensing fees can be found in the [Misuse of Drugs \(Licence Fees\) \(Jersey\) Order 2020](#).

Where a cannabis product is to be refined into a medicine in Jersey, a licence is required under the [Medicines \(Jersey\) Law 1995](#).

The effect of the United Nation (“UN”) Single Convention on Narcotic Drugs 1961

The United Kingdom (“UK”) is a signatory to the UN Single Convention on Narcotic Drugs 1961 (“the Convention”), as amended in 1972 and is the State Party to the Convention in respect of the Channel Islands [[Territorial Application](#) 20th June 1978].

One of the main aims of the Convention is to combat drug abuse by co-ordinated international action by seeking to limit the possession, use, trade in, distribution, import, export, manufacture of drugs exclusively for medical and scientific purposes. This is achieved by establishing a regulatory framework (e.g. licences) and, where necessary, introducing domestic legislation for the cultivation of cannabis for these purposes.

Under the Convention all signatories must establish a national cannabis agency and the UK Home Office designated that role to the Drugs and Firearms Licensing Unit (“DFLU”). Jersey and the UK Home Office entered into a Memorandum of Agreement (“MoU”) in October 2020 which allowed Jersey to establish the Jersey Cannabis Agency (“JCA”). The Minister for Health and Social Services is designated as the JCA for the purposes of the MoU and issues licenses for the cultivation, production, possession and supply of cannabis under the provisions of [Misuse of Drugs \(General Provisions\) \(Jersey\) Order 2009](#) and import/export licences under the provisions of the [Misuse of Drugs \(Jersey\) Law 1978](#).

The first licences for the commercial cultivation of cannabis (marijuana) in Jersey were issued in December 2020 and number of licences have been issued since then.

The Licensing Application

The application process is outlined on p.25 of the Scrutiny Report (S.R.1/2022) [Regulations for the licensing production and export of Medicinal Cannabis in Jersey](#) as follows –

- Once an application is received it is shared with the UK Home Office for assessment as part of the MoU with them.
- The Home Office reverts with any questions of clarification and, together with the Chief Pharmacist, arranges to undertake a joint site inspection visit and meeting with the applicants to discuss the application and their plans and test their understanding of what is involved.
- The Home Office then produces a report for the Minister for Health and Social Services detailing their observations in relation to the application and confirming whether or not the application would be compliant with the provisions of the 1961 UN Single Convention on Narcotic Drugs.

This report and the application are reviewed by the Minister and a decision on whether or not to grant a licence is made together with any conditions which might be attached to that licence. Licensing Application Guidance is available from the Chief Pharmacist and early versions are provided as attachments to [Written Question 317/2021](#) explaining in depth what the applicant must consider and provide including references to the different type of licences required dependent on the intended activity.

Details of the site and proposed site security form part of the application and questions in relation to the sites themselves have been the subject of questions in the States.

Planning aspects

It is to be noted that the cannabis licensing process and the planning process are entirely separate which has been clarified by questions in the States.

- The response to [Written Question 319/2021](#) referenced the planning process in relation to sites confirming that “... *formal considerations and consultation relating to siting of medicinal cannabis facilities fall within the planning process. This process is robust and provides for adequate consultation with neighbours on developments that require planning permission.*”
- [Oral Question 179/2021](#) raised the potential non-compliance to planning legislation regarding development of sites for cannabis production and how this might be addressed.

- Security arrangements are bespoke to each site as confirmed in the response to [Written Question 326/2021](#). The dimensions, for example, of a security fence will be determined through the planning process.

Important Legislative changes

Certain legislation changes have been introduced to support/encourage/enable the development of the industry –

Proceeds of Crime (Jersey) Law 1999 (“POCL”)

The [Proceeds of Crime \(Amendment of Law\)\(No.2\) \(Jersey\) Regulations 2021](#) amended the definition of criminal conduct to provide that “*the production, supply, use, export or import of cannabis or any of its derivatives is no longer considered criminal conduct provided that: (a) it is lawful where and when it occurs; and (b) it occurs in a jurisdiction outside of Jersey that the Minister for External Relations and Financial Services may specify by order.*”

The [Proceeds of Crime \(Cannabis Exemptions – List of Jurisdictions\) \(Jersey\) Order 2021](#) provides the list of jurisdictions included in the above Regulations. “*The policy intention of the Order is to ensure Jersey only deals in proceeds where the origin of those proceeds is in a country which applies suitably equivalent money laundering controls to Jersey. Financial services businesses will need to check when dealing with proceeds of cannabis production in Jersey that the jurisdiction in which the cultivation took place is on the list.*” ([P.45/2021](#))

Income Tax

The [Income Tax \(Amendment of Law - Taxation of Cannabis Companies\) \(Jersey\) Regulations 2021](#) came into force on 1st January 2022. The main purpose behind these Regulations was to provide for the taxation of profits of cannabis companies at 20% as opposed to being subject to the standard rate of corporate income tax at 0%.

Miscellaneous legislation

[Poisons \(Removal of Cannabis from List\) \(Jersey\) Order 2019](#) – to remove outdated references to cannabis and cannabinol derivatives from the poisons list.

[Misuse of Drugs \(Miscellaneous Amendments\) \(No. 8\) \(Jersey\) Order 2019](#) – to classify certain substances as controlled drugs under the Misuse of Drugs (Jersey) Law 1978 and to exempt trace amounts of cannabinol, when contained in a preparation of cannabidiol, from certain provisions of the Law (amended the 1989/2009 Order).

[Misuse of Drugs \(Miscellaneous Amendments\) \(No. 9\) \(Jersey\) Order 2021](#) – amends the schedule to [Misuse of Drugs \(Designation\) \(Jersey\) Order 1989](#) to remove cannabis and cannabis derivatives.

Oversight of the Industry

The Government has established the Cannabis Coordination Group (“CCG”) to oversee the development of the industry. The CCG comprises a cross-Government team of officers, representing Departments whose policy or regulatory functions are relevant to the development of the sector².

² P.3 [S.R.1/2022 res.pdf \(gov.je\)](#)

An independent industry representative body, the Jersey Cannabis Advisory Board (formerly referred to as the Jersey Cannabis Advisory Group) has been established which provides the Government with a view on commercial industry development issues. Officers periodically meet with the Board to facilitate information exchange and discussion around how best to develop this emerging sector (from [FOI dated 18 August 2021](#)).

Chronology of Cannabis Cultivation

- The first licence for a trial of hemp cultivation was issued in May 2017 [Misuse of Drugs \(Jersey\) Law 1978: Application for Licence to Cultivate Industrial Hemp \(gov.je\)](#) Article 10 2009 Order – low THC cannabis
- [Misuse of Drugs \(Jersey\) Law 1978: Application for Licence to Cultivate Industrial Hemp \(gov.je\)](#) Ministerial Decision – Under the provisions of Article 10 of the Misuse of Drugs (General Provisions) (Jersey) Order 2009 a licence may be issued authorising cultivation of low THC cannabis grown for the commercial production of industrial hemp fibre or the pressing of seed for oil. Licence for 1 season only - licence issued 2017/2018/2019 under Ministerial Decision
- [Licences for cultivation of high-THC medicinal cannabis early next year? - Jersey Evening Post](#) 12 November 2019 mentions licences for cultivation of hemp and use of non-controlled parts of plant for seed and fibre/cultivation of hemp and use of the flowers for CBD extraction and soon licences to cultivate high THC cannabis for use in medicinal products (to be issued in 2020) – speech at Canadian conference.
- Northern Leaf granted licence to grow marijuana ...in 2020...under Home Office rules [UK grants second only licence to grow medical marijuana | Financial Times \(ft.com\)](#)
- The first licence for high-THC cannabis cultivation issued in December 2020 – Class B (intermediate category) controlled drug and requires a Home Office Licence.

An Opportunity for Jersey

In June 2019 the Minister for Economic Development, Tourism, Sport and Culture took part in the [Medicinal Cannabis Conference](#) and said “*Jersey offers distinct advantages over other jurisdictions to companies wishing to engage in the cultivation, processing, and extraction of pharmaceutical precursors from cannabis.*”

We wish to position ourselves as a centre of excellence in production, research, genetics and intellectual property in the sector,...”

Scott Meadows, Head of Plant Health and lead officer for Jersey’s Alternative Crop Strategy, said:

“This is an interesting and exciting activity for Jersey. Cultivation and secondary processing of pharmaceutical crops will provide high value, low volume export products, broaden our cropping portfolio and create skilled high value jobs”.



Further reading:

- Scrutiny Report [S.R. 1/2022](#)
- [Ministerial Response to S.r.1/2022 form Min ETSC \(26.04.22\)](#)

Miscellaneous Articles

- [Alternative-crop growers come back from tough start - Jersey Evening Post](#) 20 August 2020
- [\(399\) Dep Grouville to ENV re pharmaceutical crops.pdf \(gov.je\)](#) -
- [Island of Jersey betting big on cannabis industry to boost economy \(mmjdaily.com\)](#)
- Cannabis production in Jersey: a guide on YouTube 23 Nov 2021