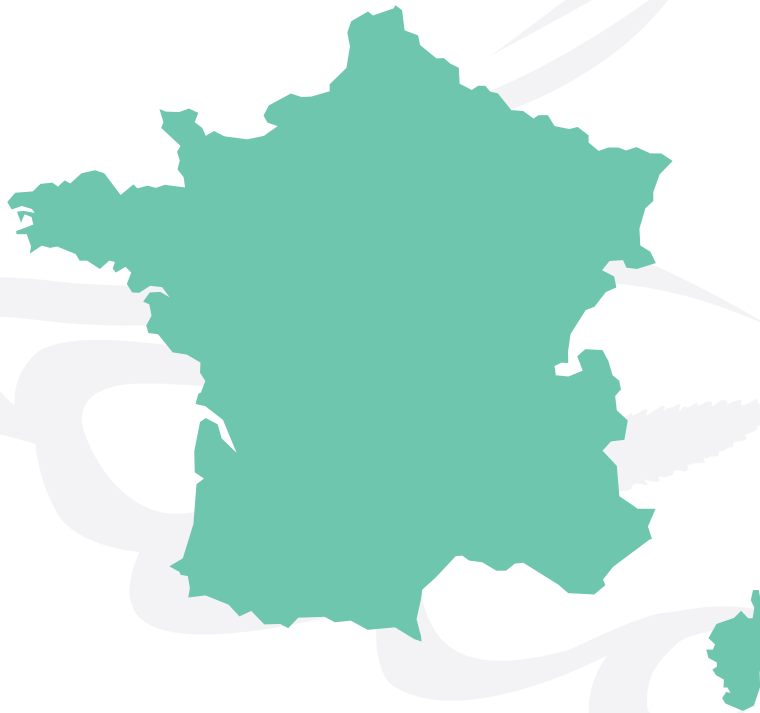


COUNTRY PROFILE

LEGAL CANNABIS
IN
FRANCE





GLOBAL EVOLUTION OF CANNABIS MARKETS

CALLS for medical and adult use cannabis laws have been gaining momentum over the past 10 years. While few countries have advanced as far in their debates as the United States, Uruguay, and Canada, calls for expanding medical cannabis access are reverberating across the globe, from North America and Latin America, to Europe and Australia.

As popular support for legal cannabis grows and leads to adoption of new cannabis laws, cannabis investors soon will have varied opportunities across several countries. While the types of opportunities will depend heavily on the regulations, level of government involvement, political climate, and market demand in each country, all those pursuing an opportunity in an emerging cannabis market must prepare for a highly competitive and dynamic business environment.

- Market participants should have a clear understanding of cultural, political, economic, and regulatory nuances specific to each international market, and must ensure proper due diligence is done through the analysis of any available data, before entering a new foreign cannabis market.

Credits & Acknowledgments:

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FRANCE

CANNABIS MARKET OVERVIEW



BACKGROUND

France is a newcomer to the medical cannabis industry. The country is surrounded by Italy, Spain and Germany, who all have recently made significant changes to their medical cannabis laws - putting pressure on France to develop its market quickly. However, France still, like most European countries, criminalizes cannabis use, possession, and trade, and currently has some of the harshest criminal sentences for cannabis in the European Union.

Despite this, the number of reported cannabis users is increasing, fueled by the abundant availability from home growers and a strong illicit market. Backlogs in the criminal system and the popularity of cannabis as a social platform have made legalization a political topic. However given the division of public and governmental support, it is not likely anytime soon.



CHALLENGES & OPPORTUNITIES

Even with one of the highest reported percentages of cannabis users in Europe, France has some of the strictest cannabis laws, and the legalization of an adult use market has yet to take form. Unlike other countries in Europe, France is equally split on the issue of adult use legalization, with roughly equal support both for and against full cannabis legalization. The lack of strong social support, strength of the illicit market, and the shift in government policies create unique challenges to full legalization in France.

On the other hand, the medical market in France is in its infancy. Cannabis-derived prescription medications have only been available from 2013. Those involved in the medical products field should watch GW Pharmaceutical's current negotiations with the French government regarding price and reimbursement amounts for Sativex.



CANNABIS TIMELINE

IN 1925, France became a member of the 1925 Geneva Convention on drugs, deeming cannabis as illegal.

IN 1953, France banned cannabis as a form of medical treatment.

UNDER THE LAW OF 1970, Public and private use of cannabis is considered a criminal offense.

ON JANUARY 17, 1986 Selling or supplying cannabis for adult use is deemed a criminal offense.

THE DECREE LAW OF FEBRUARY 22, 1990 included cannabis in List I substances along with narcotic substances such as heroin, cocaine, cannabis, methadone, opium, etc., corresponding to those in the Single Convention of 1961. THC is listed in List IV, substances not controlled at the international level.

IN 1991, France authorized temporary use authorizations (ATUs) for medicines not yet approved for use in the French medical market, such as MARINOL.

ON JUNE 8, 2013, the French Ministry of Health allowed cannabis derivative-based products, removing the prohibition on medical cannabis. Patients must have a prescription and must have exhausted all other medication alternatives for treatment.

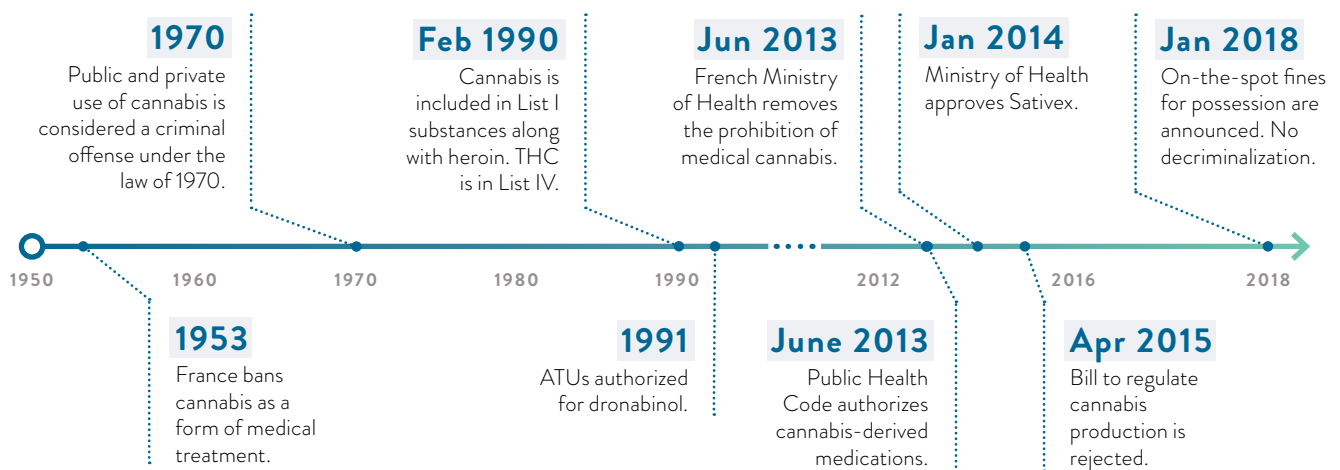
ON JUNE 2013, the Public Health Code authorized medications containing cannabis-derivatives, such as Sativex, but not medicinal cannabis in full form: such as dried cannabis flowers to be smoked, vaped, or ingested for medicinal purposes.

ON JANUARY 2014, the French Ministry of Health approved Sativex, a cannabis-based mouth spray.

ON APRIL 2015, a bill to regulate the production of cannabis products sold through tobacconists for use in private spaces was rejected.

IN JANUARY 2016, France passed the “Law of Health” allowing police officers to perform saliva tests on drivers. The crime of operating a motor vehicle under the influence of cannabis is deemed punishable by 2 years imprisonment, €4,500 (\$5,800 USD) and a 6-point license deduction.

IN JANUARY 2018, the Interior Ministry announced France would not decriminalize cannabis-related offenses. Instead, police will issue on-the-spot fines of €150-200 (\$180-240 USD). Authorities still do, however, have the option to take further action against offenders.





REGULATORY BODIES

There is one agency responsible for regulating the cannabis market:

THE MINISTRY OF HEALTH

The National Agency for the Safety of Medicines (ANSM) regulates the safety of medicines and

health products. It has jurisdiction over pharmaceuticals, biological products, medical devices, and cosmetics.



ADULT USE LAWS & REGULATIONS

USE & POSSESSION

Cannabis use and possession is illegal in France. The French criminal laws do not distinguish between cannabis and other narcotics. If convicted, cannabis-related offenses fall under the same sentencing guidelines as other “hard drugs”, such as heroin. However, the prosecutor and judge have the discretion to: 1) dismiss the charge and 2) consider the nature of the substance and the existence of previous criminal records. Recently, the government has introduced “simplified fines” for possession allowing the local police to handle the offence with the option to pursue legal action.

In 2007, France established a ‘drugs awareness course’ as a non-legislative alternative to criminal prosecution. The purpose was to apply a proportional, median alternative to the existing options: dismissal or conviction. This option was a rehabilitative response to the frequency of non-repeating, non-trafficking cannabis offenders appearing in French courts. However, its application has been modest.

Drug use and possession are punishable up to 1 year in prison and/or a €3750 (\$4500 USD).

Per a recent announcement, police will now have the ability to issue on-the-spot are fines of €150-200 (\$180-240 USD), and the discretion to pursue prosecution.

CULTIVATION

Cannabis production is illegal under French criminal law, punishable by a penalty of up to 30 years in prison or a fine of up to € 7,500,000 (\$8.9 million USD). Drug supply is punishable with imprisonment of up to 10 years (or up to life in prison for serious offenses), and a fine of up to EUR 7.5 million. Judicial authorities, namely the prosecutor and judge, have the discretion to prosecute. In practice, only offenders growing on an industrial scale are given this maximum penalty.

However, illicit cultivation for adult use is considerable. The home-grown practice is said to be the basis for the rise of cannabis users between 2010 and 2014. In 2005, the French Observatory of Drugs and Drug Addiction (OFDT) estimated that 32 tons of cannabis, equivalent to one of every nine joints, were cultivated for personal use by an estimated 150,000 French home growers.





MEDICAL CANNABIS LAWS & REGULATIONS

In France cannabis-based medicine (like pharmaceutical THC drugs) is legal, but not medicinal cannabis. In June 2013, the French Ministry of Health permitted the use of cannabis-derived medical products. Currently, France authorizes three medications containing cannabis-derivatives to be prescribed to patients: MARINOL (dronabinol) Sativex (Nabiximol) and Cesamet (Nabilone). Medical cannabis in plant form, such as cannabis flowers to be smoked, vaped or ingested, is not permitted, and personal production (cultivation) for medical purposes is also prohibited.

CANNABIS-BASED MEDICINES AVAILABLE IN FRANCE

There are only 3 cannabis-related pharmaceutical products available in France:

Marinol (Dronabinol)

Dronabinol is a synthetic form of THC, produced by Abbvie Inc., prescribed in France for chronic neuropathic pain.

Cesamet (Nabilone)

Nabilone is a synthetic form of THC, distributed by Cambridge Laboratories, as an anti-vomiting drug.

Patient Access: Physicians must make a special request to the National Agency for the Safety of Medicines for Health Products (ANSM) for patients to receive a Temporary Authorization of Use (ATU) to use to use MARINOL and Cesamet.

Sativex (Nabiximols)

Sativex is an oral spray containing THC and CBD from the cannabis plant, produced by GW Pharmaceuticals (GW), and approved for patients with multiple sclerosis.

Patient Access: Sativex is the only cannabis-based medicine to receive authorization to be sold in France in 2014. It is still not available to patients. The French High Authority of Health and GW have been unable to agree on a price and terms for insurance reimbursements.

The High Authority of Health recommended a medical reimbursement of 15% of the total drug cost, and to limit the total of patient eligible for reimbursement to 350 patients per year. GW agreed to a price of €300 per month of treatment, however had expected a patient base of 5,000. Negotiations are still pending.





FRANCE

INITIAL MARKET CONSIDERATIONS



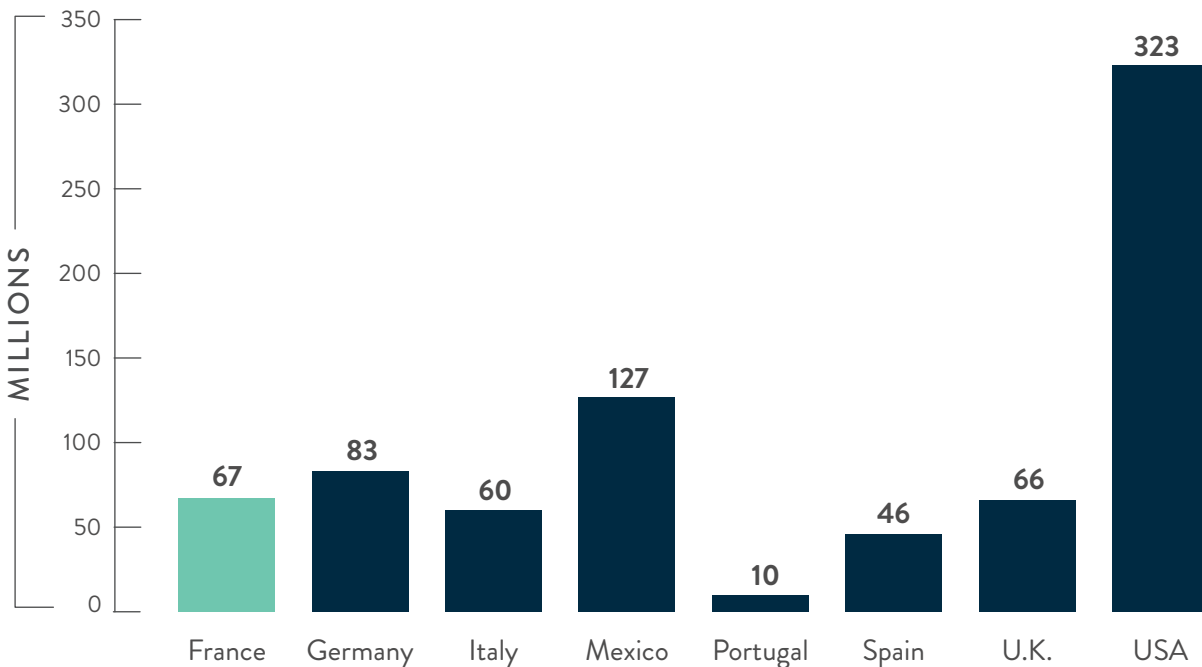
DEMOGRAPHICS

➤ France has a population of 67 million people.

Approximately 9.8% of adults ages 15-64 report using cannabis in the last year, which equates to over 6 million people. This is the second highest prevalence rate for cannabis use in Europe. Unlike many other countries in the Eurozone with user rates that are stable or decreasing, the number of cannabis users in France is rising.

According to a 2016 poll by Ipsos, around half of the French population is in support of some form of cannabis legalization, and 84% believe that the current approach is ineffective at "limiting the trafficking and consumption of cannabis".

2016 Population Comparison



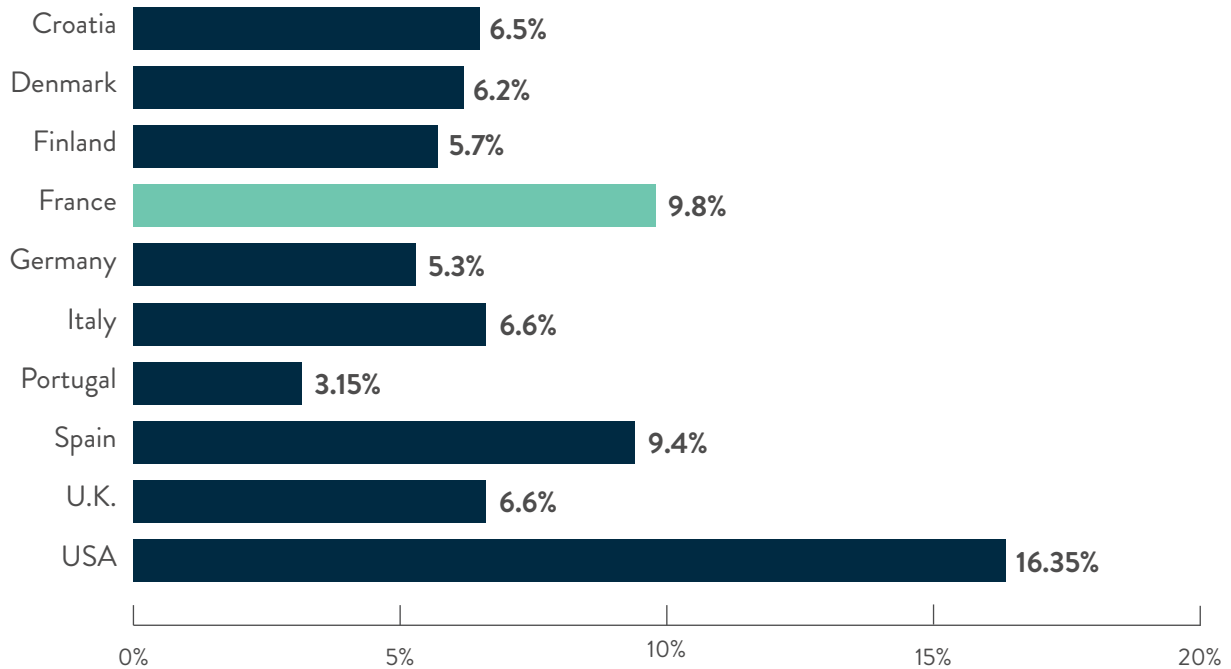
Source: The World Bank Open Database





DEMOGRAPHICS CONTINUED

Annual Prevalence Of Cannabis Use Among Adults Ages 15-64



Source: UNODC Statistics



POLITICS

France's current president, Emmanuel Macron, changed his stance on cannabis during his campaign. Previously, he was a vocal supporter of the decriminalization of small amounts of cannabis in order to relieve the court system of existing backlogs. However, during his campaign, he opposed decriminalization and supported on-the-spot fines for adult use offenders with police discretion to refer offenders to the criminal system.

Macron was elected in spring 2017. His party, Le République En Marche (REM), has control of the

National Assembly with 312 out of 577 seats. The Democratic Movement also endorsed Macron in the election, adding 47 more seats to REM's presidential majority.

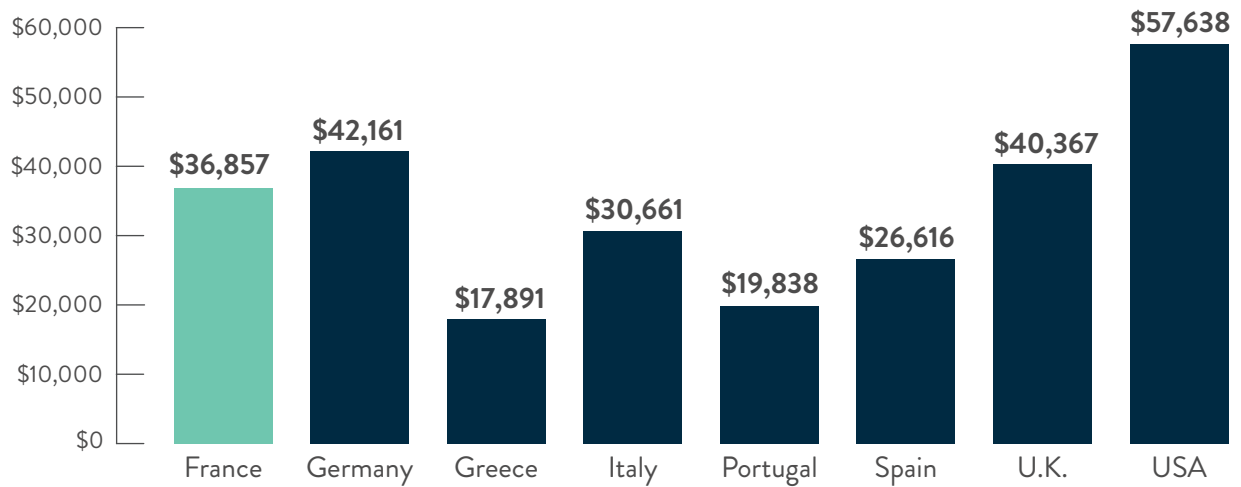
In the 2017 election, 2 parties supported the on-the-spot fines, 1 party supported legalization and 1 party opposed legalization. Macon's rival, Marine Le Pen, was opposed to cannabis legalization.



ECONOMY

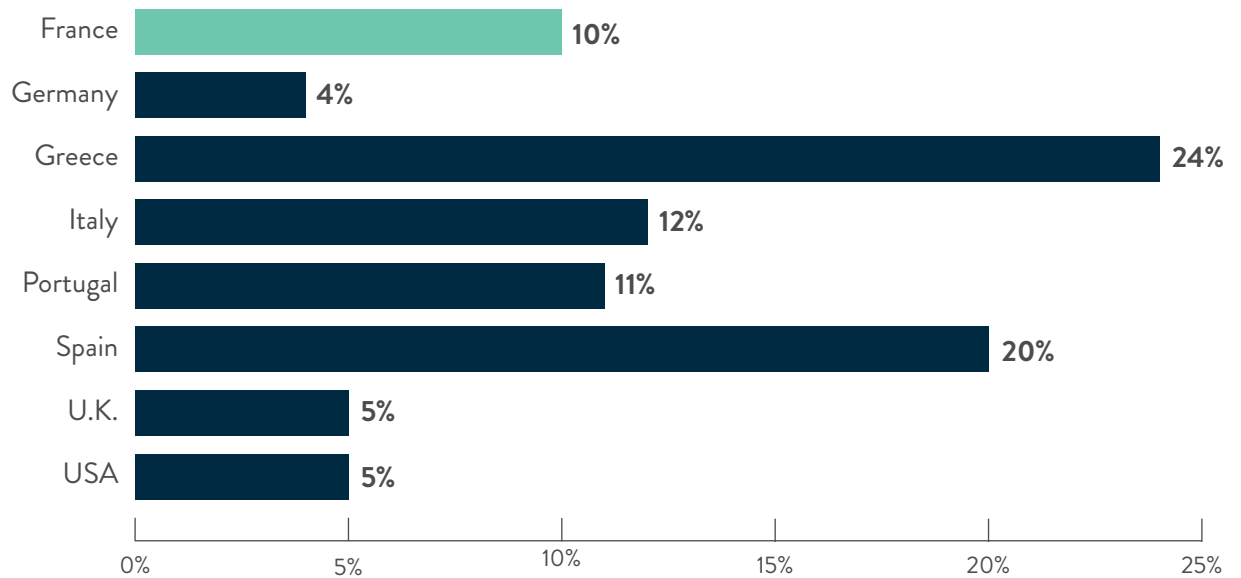
- France has a GDP per capita of USD \$ 36,857.
- The total GDP is USD \$2,465 billion.
- The unemployment rate in France in 2016 is 10.1%.
- The average wage is \$42,992.

GDP Per Capita Comparison (\$USD)



Source: The World Bank Open Database

Unemployment Rate Comparison 2016

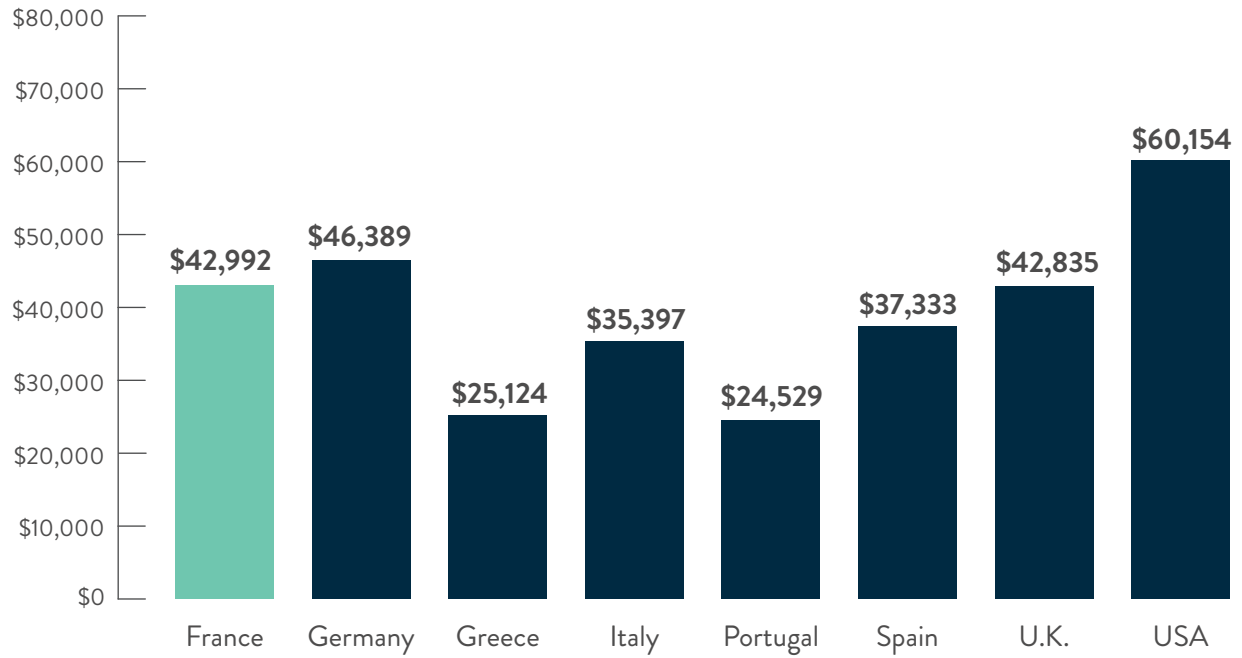


Source: The World Bank Open Database



ECONOMY CONTINUED

Average Yearly Wages (\$USD) Comparison 2013-2016



Source: Organisation for Economic Co-operation and Development





FRANCE

EXPECTED CHALLENGES

FRANCE is still far from having a fully functioning legal cannabis market. Adult use and medical cannabis are still illegal. While the country is surrounded by other countries in Europe making changes to their medical and adult use cannabis laws (meaning pressure on France to develop its market), France still, like most European countries, criminalizes cannabis use, possession, and trade, and currently has some of the harshest criminal sentences for cannabis in the European Union.

Although it appeared in 2013, that medical cannabis would legalize, the law was interpreted to mean only cannabis derivatives would be allowed for medical consumption. This only permitted 3 pharmaceutical options for patients. For those patients who can utilize these options, access still remains a major obstacle. The road to medical cannabis legalization is still full of obstacles and the goals of the public and private sectors are not aligned.

Last year, cannabis was a hot topic during the country's general election, with 4 out of 5 major candidates in favor of some type of cannabis reform. While President Macron followed through with his campaign platform to implement on-the-spot fines to deter minor offenders, the change in his political position from decriminalization to small fines reflects a resistance among French voters to accept full legalization. The issue of legalization is not expected to recede from view on the political stage, and a close watch should be kept on upcoming elections in France, where a winning candidate supporting legalization could eventually bring a functioning legal market to fruition. However, even with a liberal president, France may take longer to catch up with the rest of Europe given the split-levels of public support and strength of the illicit home-cultivation market.





FRANCE

KEY TAKEAWAYS

- Even with one of highest consumer rates in Europe, the adult use market will be slow to legalize.
- France is equally split between the supporters of and against legalization.
- Cultivation is illegal.
- Criminal policies are softening towards minor offenders.
- The medical market is still nascent.
- Only cannabis derivatives can be used for the manufacture of medicinal products.
- Patients cannot easily access medicinal products that are available.
- MARINOL(dronabinol) and Sativex (Nabiximols) and Cesamet (Nabilone) are the only 3 drugs so far.
- Watch GW Pharmaceutical's current negotiations with the French government regarding price and reimbursement amounts for Sativex.
- France may take longer to catch up with the rest of Europe.



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