

“Grass” Roots: The Regrowth of Hemp Globally?

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Although hemp—a cannabis plant—has been cultivated for thousands of years, the story of hemp for the past century has been about the decline of global hemp production due to the crop’s close relationship to marijuana. However, hemp production has recently reemerged in many countries where it had previously been banned, and the global commercial industry is growing. Globally, the hemp industry continues to be in a state of flux, and differences in regulations across countries may influence trade. Industry characteristics vary from country to country as briefly outlined in this Executive Briefing on Trade.

Reefer Madness Burns Hemp Market

The industrial hemp (“hemp”) plant (see box), cultivated since ancient times for its fiber and oilseeds, has been used in a variety of products ranging from folk medicines to textiles. In the 20th century, both international treaties and, in many countries, national laws on cannabis discouraged or prevented hemp production for decades.¹ As the 21st century approached and attitudes towards cannabis and cannabis products began to shift, several countries allowed hemp production to resume; such production is usually heavily regulated since hemp is a type of cannabis. In recent decades, hemp production has largely been divided into two markets—fibers and seed—both of which have numerous applications. More recently, a market for flowers—from which processors extract cannabidiols or “CBD”—has emerged.²

Country snapshots

As illustrated here, countries throughout the world have different levels of experience growing hemp and market focuses, although in most, production is heavily regulated. In some countries, production never stopped (e.g., France), while in others such as the United States, production recently restarted. The global hemp industry remains fragmented, as different countries focus on cultivation for different end uses (e.g., fiber, seed, or CBD). There are notable data limitations for hemp planted area (and production) on a global basis but, where available, this information is presented for 2020.³

France: France has a long and continuous history of hemp production, which is currently focused on the fiber market. But unlike most other western European countries, production was never outlawed although the industry shrank dramatically from its high in 1830 to the lowest levels of production in 1960. Indications are that France is one of the larger global producers of hemp, with nearly 17,000 hectares (ha)

No High with Hemp

The species *Cannabis sativa* L. (“cannabis”) yields both hemp and marijuana (including hashish). The two are distinguished by the level of delta-9-tetrahydrocannabinol (THC), the constituent chemical present that causes psychoactive effects in humans. Hemp contains far lower levels of THC than marijuana, and growers’ cultivar selection criteria include limiting the THC content within the plant. Although there is no international standard for the allowable maximum THC level for hemp, several countries appear to be converging on either 0.3 percent or 1 percent THC content by dry weight. Currently China, Canada, and the United States all legally define hemp as having a THC below 0.3 percent, while Switzerland, Thailand, and Australia define it as below 1 percent. The differing legal definitions of hemp may impact some producers’ ability to trade across borders.

¹ The United Nation (UN) International Drug Control Conventions discouraged participating parties from allowing cannabis production. The first was the 1961 UN Single Convention on Narcotic Drugs. The widespread production of synthetic textiles also contributed to the global decline in production.

² CBD is used in a range of products including supplements and lotions for its purported health benefits (e.g., pain relief), although its production and use is not universally allowed.

³ Hemp’s planted area fluctuates from year to year, yields vary based on several factors including: cultivars used (which can differ based on intended end use), weather, and market conditions such as prices.

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planted in 2020. The French primarily produce hemp for the stalks, to obtain fiber and hurd (the woody part of the stalk), representing 79 percent of the crop's economic value. Since 2004, French hemp regulations have been harmonized with the EU, with permissible THC levels of less than 0.2 percent. In 2023, this will rise to 0.3 percent, aligning with China, Canada, and the United States and increasing farmer's access to hundreds of additional varieties of hemp plants for cultivation.

United Kingdom: For many centuries hemp was a popular fiber crop in the UK, but as time passed, it became cheaper to import the crop and hemp production was eventually outlawed in 1928. Production of hemp was permitted again in 1993, but it is largely regulated by the 1971 Misuse of Drugs Act, as amended. As such, to acquire licensure, hemp producers need to define the commercial end use, limited to either fiber or seed use. At present, hemp's THC content maximum is 0.2 percent with no indication that this will soon change.

China: Chinese hemp production, which is primarily for the fiber market, has been legal throughout most of China's history. However, hemp cultivation was banned in 1985 (after China became party to the U.N. Convention on Psychotropic Substances (one of the International Drug Control Conventions), but as hemp stigmas eased, China allowed production to resume in 2010. Indications are that China is among the larger hemp producers globally. According to USDA, it is difficult to ascertain the regulatory landscape for hemp in China, which varies by province and lacks national guidelines.

Canada: Cannabis was banned in Canada in 1938 but a half century later the production (including cultivation) of hemp was re-legalized. Some producers began to look towards focusing hemp production for food products, especially seeds, which can serve as a non-dairy source of protein. By 2010, the Canadian government recognized the success of this venture and announced an investment to help the hemp industry increase production capacity and make new inroads exporting into the U.S. food product market. In 2020, hemp plantings were approximately 21,500 ha, and acreage was projected to rebound to 27,000 ha in 2021, trending back towards plantings recorded in 2019 (36,900 ha).

United States: The U.S. commercial hemp industry is nascent and initially focused on cultivating flowers for production of CBD. The industry has only recently been restarted after largely ceasing to exist in the 1950s.⁴ As such, the regulatory landscape is evolving. Pilot programs for hemp production were legalized in the 2014 Farm Bill and under the 2018 Farm Bill legal commercial production began in 2019. In 2020, there were an estimated 28,500 planted ha of hemp in the United States.⁵

Sources: Encyclopedia Britannica, [Hemp & Hashish](#), accessed Jan. 10, 2022; Penn State Extension, "[Industrial Hemp Production](#)," July 2, 2018; Johnson, [Hemp as an Agricultural Commodity](#), Jun. 22, 2018; EIHA, "[About Hemp](#)," accessed Jan. 6, 2022; Armenta and Jelsma, [The UN Drug Control Conventions](#), Oct. 8, 2015; Interchanvre, "[Our Story](#)," accessed Jan. 6, 2022; *The Guardian*, "[CBD is Not a Narcotic](#)," Nov. 19, 2020; USDA, FAS, [Industrial Hemp in France](#), Aug. 3, 2021; USDA, FAS, [China: 2019 Hemp Annual Report](#), Feb. 24, 2020; USDA, FAS, [China's Hemp and Hemp Products Import Policies](#), Sept. 22, 2021; USDA, FAS, [The German Hemp Market](#), Feb. 11, 2020; Laate, "[Industrial Hemp Production in Canada](#)," June 25, 2012; Canadian Government, "[Cannabidiol \(CBD\)](#)," July 30, 2020; Home Office (UK), "[Industrial Hemp](#)," May 12, 2021; World of Hemp UK, "History of Hemp and the Origins of CBD," accessed Jan. 21, 2022; Wallis, "[Hemp Farmers Lose Their Cool over Post-Brexit Regulations](#)," Dec. 10, 2021; FDA, "[FDA Regulation of Cannabis and Cannabis-Derived Products](#)," Jan. 22, 2021; Vote Hemp, [2020 Hemp Crop Report](#); Adam, "[Hemp Industry Looking Forward Despite Hurdles](#)," July 23, 2021; EuroStat, [Hemp](#), accessed Dec. 17, 2021; Meyers, "[China Cashes In on the Cannabis Boom](#)," May 4, 2019; Sabahi, "EU Increased THC Levels," Dec. 14, 2021.

⁴ Discouragement of U.S. hemp production included the Marihuana Tax Act of 1937 (sic) and the emerging synthetic fibers market. However, the Controlled Substances Act of 1970 essentially halted any remaining legal U.S. production.

⁵ Based on 34 reporting states.

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