

Mexico Gets on Board with Legalized Medical Marijuana

Mexico is no stranger to the illegal drug business. For years, the country has seemingly been on the losing end of the ongoing and brutal war on drugs.

With over 100,000 drug-related deaths since 2006, Mexico continues to be plagued with excessive violence and crime due to the far-reaching reign of the Mexican drug cartels. (Livni, 2016)

However, it appears that change is on the horizon for Mexico thanks to an overwhelmingly positive response to a bill proposing the legalization of medical marijuana.

Five months after Mexico's upper House of Congress, the Senate, wholeheartedly approved the bill set to legalize the use of medical marijuana for scientific and health purposes, the lower House, the Chamber of Deputies, has recently followed suit.

With an overwhelming 371 votes in favor of the bill, it appears that the Mexican government has finally recognized the urgent need for change when it comes to governing the country's war on drugs. (Worley, 2017)

Representative Arturo Alvarez of the Green Party says, "This is a step in the right direction of exploring new alternatives of regulated, legalized and supervised use, and can open up a new front for authorities to combat addictions and the violence that arises from the illicit activities of drug growing, trafficking and consumption." (Worley, 2017)

The bill will now move on to President Enrique Pena Nieto, who is fully expected to sign it, officially legalizing the use of medical marijuana throughout Mexico.

Pena Nieto has made it clear that he believes Mexico and the United States should maintain similar policies when it comes to marijuana legislation. And with 28 U.S. states now allowing the legal use of medical marijuana, it's the perfect time for Mexico to re-evaluate their stance on medical marijuana laws.

Understanding Mexico's Medical Marijuana Bill

As Mexico moves forward with the legalization of medical marijuana, it's important for patients and caretakers anxious to receive medical marijuana treatment to understand the various regulations that are specified in the recently passed bill.

Ultimately, the bill allows the cultivation and sale of cannabis plants for medical and scientific purposes. More specifically, the bill classifies a component found in cannabis, tetrahydrocannabinol (THC), the main psychoactive element, as a "therapeutic" ingredient.

The lower House released an official statement on their website offering an overview of the marijuana bill, saying, "The ruling eliminates the prohibition and criminalization of acts related to the medicinal use of marijuana and its scientific research, and those relating to the production and distribution of the plant for these purposes." (King, 2017)

The bill will also allow industrial products containing a concentration of THC at 1 percent (or less) to be bought, sold, imported, and exported. (King, 2017)

Interestingly enough, the bill does *not* allow smoking marijuana, but rather advises Mexico's Health Ministry to "design public policies to regulate the medicinal use of this plant and its derivatives," according to a statement released by the Senate. (The Associated Press, 2017)

It seems that Mexico's Health Ministry will play a significant role in the process of legalizing medical marijuana, as the bill authorizes the Ministry to design regulations for the use, import, and production of all cannabis-based pharmaceutical products.

Furthermore, the bill specifies that patients and their guardians are strictly forbidden from growing or cultivating cannabis. The production of any and all cannabis products must be left entirely up to national medical authorities.

The Effect on the Mexican Economy

The legalization of medical marijuana in Mexico has marijuana investors seeing green – and it's not just because of those brightly colored cannabis plants.

It's because of the cold, hard cash that's expected to come pouring in with the legalization of medical marijuana not only for MMJ investors but for the economy as a whole.

The legal production and sale of marijuana, both medical and recreational, has become an incredibly lucrative business in both the United States and Canada in recent years, leading many hoping that a similar economic situation will result in Mexico.

For example, Colorado, one of the first states to create a fully legal cannabis industry, enjoyed a \$2.4 billion dollar boost to their economy and the production of close to 20,000 jobs in 2015, according to the Marijuana Policy Group. (Pyke, 2016)

California is another prime example of how lucrative the legalization of medical marijuana can be, with over \$2.7 billion dollars of medical marijuana sales in 2015.

And with the recent legalization of recreational marijuana in California, the state anticipates seeing a \$6.45 billion-dollar economy boost overall thanks to both medical and recreational marijuana sales and tax revenues by 2020. Plus, that estimate doesn't even account for the anticipated money saved with the reduction in criminal justice costs due to legalization. (Gilbert, 2016)

So, what can we take away from these numbers?

Basically, the legal production and sale of medical marijuana means more money for everyone involved.

And while it's impossible to know exactly how much Mexico's economy will benefit from the legalization of medical marijuana, there are several factors that will play significant roles.

First and foremost, taxes. The tax revenues gained from medical marijuana sales have the ability to directly boost the Mexican economy without raising taxes for the general public.

Secondly, decreased government spending. Mexico has spent an estimated \$54 billion dollars since 2007 in their fight against the war on drugs. And while legalizing medical marijuana won't eliminate these costs entirely, it could certainly reduce them.

Third, legalizing medical marijuana will potentially reduce drug cartel revenues, in turn, putting the profits back into the hands of legitimate business owners and contributing members of society, who then put that money back into the economy.

And finally, job creation. An increase in jobs means a sturdier economy overall. With the production and sale of medical marijuana comes a variety of new job opportunities like horticulturists for cultivating plants, lab workers for testing the safety of marijuana products, and employees for running dispensaries.

All of these factors, plus the economic growth that various U.S. states have already experienced, all points to a positive outlook for the Mexican economy thanks to the legalization of medical marijuana.

Is Legalizing MMJ in Mexico Bad News for the Mexican Drug Cartels?

It's undeniable that medical marijuana reform in the United States has affected marijuana revenues for the Mexican cartels, but how legalizing MMJ on their home turf will affect business is largely unknown.

Cartel revenue has taken a hit since MMJ reform in the U.S. because most of the marijuana grown in Mexico is produced for exportation, with much of sent to the United States. However, since medical (and recreational) marijuana has become legal in much of the U.S., the demand for Mexican marijuana north of the border has dropped drastically.

The US Border Patrol reports that marijuana seizures at the border dropped nearly 24% once US states began legalizing medical marijuana, indicating a significant decrease in the amount of marijuana being smuggled into the states.

After all, how can the Mexican cartel compete with the expansive and fully-legal marijuana industry that the United States is experiencing?

U.S. states that have legalized medical and recreational marijuana offer marijuana users a superior product that's both affordable *and* legal, not to mention, convenient – all things that the cartel simply cannot provide.

John Walsh, a senior associate at the Washington Office on Latin America, a human rights group, says, "In the long run, as the U.S. legalizes marijuana, Mexico is going to have a tough time competing with lawful American suppliers. That doesn't mean they won't have a business plan, it's just that marijuana will be removed from it." (Malkin, Ahmed, 2015)

Which brings us back to the question, if the legalization of medical marijuana in the U.S. is impacting cartel revenues this much, what will happen when medical marijuana becomes legal in Mexico?

Unfortunately, nothing good.

Seeing as how the Mexican cartels have established themselves as prominent organizations within the country for decades, making it unlikely that they'll simply retreat and find another line of work when marijuana sales dry up.

The more likely scenario is that the cartels will ramp up their involvement in other illegal activities such as heroin and methamphetamine sales, human trafficking, and extortion.

Though some government officials in Mexico have expressed hope that legalizing medical marijuana will help decrease cartel activity, most people believe that this is merely wishful thinking.

Law professor and anti-drug advocate Samuel González says, "I do not share the simplistic idea that the legalization of drugs will end violence and organized crime." Rather, González supports fighting against impunity and corruption among police in order to reduce violence throughout the country. (Savoy, 2017)

The legalization of MMJ in Mexico may cause the basic infrastructure of the Mexican cartels to shift in focus, but just as they have done for decades, the cartels will evolve and cartel activity will persist regardless of MMJ reform in Mexico or elsewhere.

Mexico and Legal MMJ is a Good Thing

There are many people who stand to benefit from the upcoming legalization of medical marijuana in Mexico, on both sides of the border.

First and foremost, the patients in Mexico who will experience a better quality of life thanks to medical marijuana treatment. The passing of this bill is a life-changing event for thousands of patients who have been seeking legal MMJ treatment for years now.

Aside from the patients, the Mexican economy, marijuana investors, and MMJ businesses on both sides of the border stand to make incredible profits due to MMJ reform in Mexico.

Mexico can expect to see new cannabis-based businesses popping up due to recent legislation, which will give the economy a much-needed financial boost.

Plus, U.S.-based cannabis organizations will also see a boost in sales as the legalization of MMJ in Mexico offers another avenue for legally selling products outside of the 28 U.S. states. Stuart Titus, Medical Marijuana's chief executive, says that Mexico represents a "\$1 billion to \$2 billion opportunity" in terms of collective revenue over the next ten years. (Williams, 2017)

Overall, the legalization of medical marijuana in Mexico stands to benefit many and can be viewed as a big win for all those who support of marijuana reform.