

# U.S. Hemp Roundtable

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## **2020 Hemp Hindsight**

When the next history books are written, 2020 will likely get its own chapter. From the COVID-19 pandemic to criminal justice unrest to the ongoing political nightmare, it's been an ugly year for all of us.

The hemp industry had no herd immunity from this year's awfulness. While 2019 was a year of [incredible growth](#) for farmers and businesses, 2020 was often a period of disappointment, retraction and recalibration.

However, just as COVID vaccines suggest a return soon to normalcy, 2021 is poised to be a rebound year for hemp farmers and businesses. Indeed, the stars appear aligned for a return to hemp's prior pathway to dynamic progress. Here are a few lowlights of 2020, as well as the promise for a bright 2021:

### **2020: Hemp Struggles Through Regulatory Uncertainty and COVID disruption:**

The FDA's continued refusal to legally recognize and regulate CBD – the focus of more than 80% of hemp growth nationally -- cast a cloud of uncertainty over the industry. With big box retailers and Big Food companies delaying entry into the space, a dramatic oversupply of hemp biomass and derivative products resulted, deeply impairing U.S. farmers. Pandemic disruption exacerbated the economic pain, and aggregate prices for hemp CBD biomass, crude oil and seeds [declined](#) between 75-125% since June 2019. Bankruptcies ensued, and too many farmers were left with large volumes of 2019 biomass they couldn't sell. By the 2020 planting season, there was a severe retrenchment in hemp growth. In Kentucky, for example, hemp acreage [declined](#) from 26,000 in 2019 to less than 5000 in 2020, reflecting the steep decrease in demand.

### **2021: Support for Federal Regulatory Certainty Looms on the Horizon**

[HR 8179](#), federal legislation which would clear a legal and regulatory pathway for the sale of CBD as a dietary supplement, boasts the consensus support of the hemp and dietary supplement industries, and a [bipartisan roster](#) of 30 congressional co-sponsors. Movement on the bill is expected in early 2021, as well as a potential bill in the Senate that also provides a pathway for CBD as a food and beverage additive. Passage would result in an explosion in retail opportunity, commodity price stabilization, and, importantly, regulatory safeguards for consumers looking for products that they can trust.

## **2020: State Legislative Progress Limited by COVID Restrictions**

While 2018 and 2019 were banner years for legislative and regulatory progress in state capitols, the pandemic disrupted policy action nationally, with some state legislatures shutting down, and others focusing exclusively on COVID response. Many important hemp initiatives suffered from the inattention. Idaho continued to hold out as the only state not to legalize hemp farming (although South Dakota and Mississippi joined the [hemp party](#)); Louisiana was unable to fix its worst-in-the-nation hemp extract laws; and [California](#), North Carolina, and Massachusetts ran out of time to pass laws that could have opened up their hemp product marketplaces.

## **2021: States Poised for Major Action on Hemp**

With New York [recently issuing](#) some of the nation's most progressive hemp extract regulations, signs point to other states following the national pattern of states providing explicit protection for the sale of hemp products. California's General Assembly is expected to take back up its bi-partisan effort that almost crossed the finish line in September, while [Kentucky's new rules](#) - drafted in response to reports of enforcement actions taken against CBD-selling restaurants - will go into effect.

## **2020: The DEA Just Can't Quit Hemp**

While Congress intended for the 2018 Farm Bill to completely remove the DEA from the business of regulating hemp, the agency apparently did not get the message. In the fall, the agency issued a deeply controversial [Interim Final Rule](#) that suggested that in-process hemp that temporarily exceeded 0.3% THC could be considered a Schedule 1 controlled substance, akin to heroin. Further, USDA Secretary Sonny Perdue [admitted](#) in sworn congressional testimony that most of the burdensome regulations in that agency's own Interim Final Rule - giving DEA labs a monopoly on hemp testing; threatening negligence charges against farmers with slightly "hot" hemp -- were added at the instigation of the DEA. DEA to Hemp: "[I wish I knew how to quit you!](#)"

## **2021: Breaking Up is EASY to Do**

The US Hemp Roundtable, along with hundreds of others, filed passionate [comments](#), urging the DEA to retract its troublesome regulation. Congressional leaders sent their [own letters](#) to the DEA, demanding relief. Most recently, the Roundtable worked behind the scenes with congressional leaders to pass [report language](#) that urges the USDA to step in and keep DEA out of the hemp business. Meanwhile, the Hemp Industries Association has [sued the DEA](#), asking federal courts to put an end to the malign regulation.

## **2020: The USDA's Mixed Report Card**

While the USDA maintained a collaborative, open-door relationship with the Roundtable and other industry partners, progress in 2020 was mostly in half measures. After an outcry, the agency [delayed implementation](#)

of several troublesome provisions of its Interim Final Rule, such as the DEA lab requirement, but other problematic issues remain. After intense industry lobbying, the USDA finally made hemp farmers [eligible](#) for Coronavirus Food Assistance Program (CFAP) funding, but by only reimbursing farmers \$10 per acre grown in 2020, the financial support was far from sufficient in addressing deep economic challenges.

### **2021: The Biden USDA Offers True Promise**

With helpful and responsive career USDA officials remaining in their jobs, the incoming Biden/Harris Administration poses additional [opportunity](#) for the hemp industry. Transition officials have been meeting with U.S. Hemp Roundtable leaders and have indicated their strong support for hemp farmers and businesses. Meanwhile, Congress is signaling to the new Biden team that USDA should revamp its Interim Final Rule by [extending the ability](#) for states to use their authority to operate under the more flexible 2014 Farm Bill requirements, and by passing [report language](#) which urges the agency to ensure that a Final Rule is much more farmer-friendly.

### **2020: A Difficult Year for Communities of Color**

Protests against racial injustice galvanized the nation toward meaningful change, but a just and equitable society remains a shared vision, not yet a reality. In the meantime, farmers of color and minority-owned businesses struggled disproportionately during the difficult year, while disadvantaged communities remained the most vulnerable to an unregulated hemp extract product market. The 2018 Farm Bill continued to prohibit many drug felons to access hemp licenses as a means to secure a second chance in life.

### **2021: Hope is in the Air for Progress on Justice and Equity**

The U.S. Hemp Roundtable has embarked on an ambitious mission to create an equitable and impactful hemp industry, which includes repeal of the drug felon ban. (Read the full mission statement [here](#).) The organization and its member companies have also adopted and begun implementation on an ambitious [equity and inclusion framework](#), designed by the prestigious Annie E. Casey Foundation. The first public manifestation of this plan was a widely attended December [Zoom forum](#): Cultivating Entrepreneurship in the Hemp Industry, a complimentary webinar for small and minority-owned businesses.. Meanwhile, the [U.S. Hemp Authority](#), the industry's initiative to provide high standards, best practices and self-regulation, gives consumers of all backgrounds confidence in hemp and CBD products.

# 2020 U.S. HEMP ROUNDTABLE

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