BLOCKCHAIN IN CANNABIS SECTOR

A Quick Summary

CryptoIndexSeries

CANNABIS

The Cannabis industry has suffered from illegal activity for a very long time. Currently, limited recreational use and controlled medical use is legal in some states/countries.

One of the challenging problems for this industry has been inability to track the supply chain between growers, processors, retailers, and consumers (Caputo, 2019). Compliance is also a problem for this industry as the consumers can purchase more than the maximum allowed daily amount which not only leads revoking of dispensers' licenses, but also regulations being more strict or forceful due to reduced trust.

Additionally, healtcare industry uses cannabis as a treatment which requires more monitoring and control activities to be put in place. There have been cases involving doctors selling medical cannabis cards to users who do not have legitimate medical conditions. This caused people who have legitimate medical conditions having to pay higher prices because of the lack of products at the dispensaries (Caputo, 2019).

Potential benefits of Blockchain Technologies in Cannabis Sector can be listed as follows:

Source: Like all supply chains, legal Cannabis industries can benefit from the advanced systems of provenance that can be provided by Blockchain solutions if all participants of the chain buy in. Both suppliers and customers can finally have the peace of mind that comes from knowing how the plant was grown, by whom, and that no harming elements were involved at any stage along the supply chain. (Caputo, 2019)

Taxation: Regulations require additional sales tax for legal cannabis purchases ranging from 2.9% to 10.75% (Mire, Blockchain For Cannabis: 6 Possible Use Cases, 2019). If all sales transactions were recorded on a Blockchain ledger technology and mandated for dispensaries, sales figures would become immutable. This would lead to more precise and reliable (and potentially higher) tax figures and simpler audits for regulatory bodies.

Medical use: Healthcare industry also uses hemp for medical purposes. With the advancements in Blockchain Technology, Electronic Medical Records (EMR) of the patients who have been prescribed drugs containing this plant can now be collected, analysed, monitored (within the limits of GDPR) and further improvements to therelevant   drugs can be proposed.

Amount of ownership: In the states and countries where recreational or medicinal cannabis use is legal, there are strict parameters governing its purchase, use and amount. The regulations usually state how many ounces or plants the users can possess/purchase. Blockchain solutions can help trace personal sales which would offer a reasonable middle ground between the current level of oversight and more forceful tactics.

Data: Similar to the data kept in supply chain for food products, there is tremendous amount of data that can be recorded by Blockchain solutions for cannabis industry. This includes, but not limited to, product origin, product quality checks, personal consumption data, amount-based sales limitations, buyer/dispenser correlation with involvement in criminal activity, etc. All this information would provide a greater level of visibility to both governments and intelligence agencies in monitoring, controlling and improving the regulations for this industry.

Stakeholders

Regulatory Bodies, Taxation Bodies, Dispensers, Farmers, Consumers, Pharmacies, Drug Manufacturers, Doctors

Asset Type

The type of tokens in this sector are generally payment tokens with exceptions.

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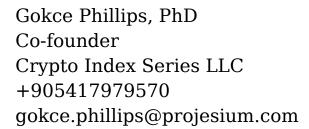1.0. Paragon.https://cisfunctionsstorage.blob.core.windows.net/cis-files/whitepaper/PRG_paragon.pdf

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