

Hemp Industry Outlook – New Mexico

- The economic forecast in the US indicates positive upward trends for both medicinal cannabis and hemp. The overall hemp industry is growing by double digits, but profitable hemp cultivation is not guaranteed for New Mexico farmers or any ancillary entity tied to the industry
- Nationwide, the hemp industry is home to both large acreage farms and small farms. In New Mexico, we have both which should allow statewide participation in the program
- Farmers in NM will add hemp to their crop rotation slowly as a hedge against other depressed crops and will increase production as prospects for buyers and sales increase
- Most NM farmers will initially grow hemp for the flower which is used for CBD/medical use extraction. As the US market matures, farmers will become educated about the potential for all four of hemp’s major market area: seed (for food or industrial use), flower (for cannabinoid product, nutraceuticals, and beauty and health care products), and fiber (for everything from construction to animal bedding to next generation plastics and super-capacitors)
- Entry into hemp cultivation is not cost prohibitive, even if our final hemp program regulations stay at the \$900 registration fee in the draft regulations
- Hemp is a highly adaptable plant so farmers in certain parts of the state may be interested in growing a crop a bit less thirsty than cotton. Estancia is very interested in hemp as a high value and soil building crop
- For both large- and small-scale farmers, there are two key potential bottlenecks: one is in processing, and the other is the need to brand value added products, rather than rely on wholesale markets
- Medium size processors/manufactures will likely come on-line to meet the demand. Large processing facilities will very likely be required (New Mexico will need at least four given our size) and can run approximately \$30 million dollar. Farmers who wish to retain control over the production process and final product, may want to organize and make this kind of investment, if federal or state grant funds were made available
- Startup costs aren’t as great, but still significant for an independent farmer without a ton of capital. Farmers may want to form hemp grower’s co-op’s, especially for ancillary parts of the plant like fiber where large volume is most profitable.
- Initially, New Mexico cultivation for small scale farmers (1-10 acres), will be focused to produce high CBD stains. CBD for medicinal and nutraceutical use (the cannabinoid market) is currently the hot market across the US. Depending on the quality of the end product, farmers can see a six-figure return on crops at five acres or fewer. Future sustainability of this market is unclear and should be taken into consideration by farmers and other ancillary businesses
- New Mexico’s branding is terrific -- roadrunners, lobos, Georgia O’Keefe, red and green -- we have all kinds of potential for marketing Land of Enchantment hemp products
- Farmers around the country are anxiously awaiting the outcome of the 2018 Farm Bill as Congress could remove hemp from the Controlled Substances Act. If that should occur, it could lead to greater production and increased investment into the hemp and CBD industries
- Long term, our rural farming and sovereign Native American communities should benefit economically as the New Mexico hemp industry matures and each of us as independent entities has a coherent vision and implements a 5- or 10-year business plan for success
- The important point to remember is that hemp is not a get rich quick scheme.

Estimated Total Acres of Hemp Grown in the US			Estimated Annual Retail Sales of Hemp-Derived CBD in the US by 2022	
2016	2017		Low - \$2-5B	
9,767	26,217	Increase of 168%	High- \$21.9B (Assuming CBD is removed from Schedule 1 through Farm Bill legislation)	

