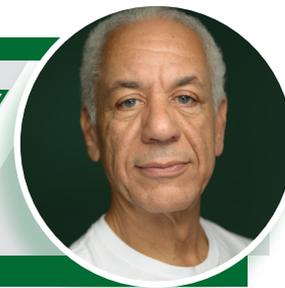


HEMP INDUSTRY



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NOVEMBER IS THE HARVEST ISSUE and I write a monthly column on hemp. You'd think I'd look forward to writing about this year's hemp harvest. However, not really.

The number of licenses issued, the number of acres grown and the spot market prices are one thing, but 2020 is not your typical year for hemp farms or any farms for that matter. But as I wrote this month's column, I realized I could have (and perhaps should have) written this column last year.

2019's harvest was too big. It was the first year after the Farm Bill was signed and the number of hemp cultivation licenses grew 450% compared to 2018.

Farmers grew way too much hemp, the market was flooded and prices plummeted. Much of last year's crop is still unsold and prices haven't risen.

Farmers planted hemp this year, hopeful things would improve. Then came COVID-19, the lockdown, and life hasn't been the same since. This year saw a broken supply chain, wildfires in Oregon, and snow and fires in Colorado. The amount of hemp harvested this year doesn't matter any more than the price it's sold for. The industrial hemp market in the United States is totally out of sync. People aren't buying as much hemp as farmers are growing. The supply and demand equation is imbalanced. This isn't good news for farmers and the solution isn't farmer-friendly.

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TOO MUCH OF THE HEMP INDUSTRY IS FOCUSED ON CBD.

Stools have three legs, the hemp industry has but one. Is it any surprise that it rests on a shaky foundation? Broadening the market doesn't mean focusing on CBG or any other single compound. Extractors want large amounts of consistent plant material, which rewards large farms, not smaller family farms.

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The vast majority of the hemp being grown is for medicine. I for one believe that hemp grown for food will dwarf the CBD market. When I can't say, but that day is coming. And let's not forget the potential hempcrete represents.

Seed prices are too high and the profit margin is too thin for farmers to prosper. Hemp seeds are expensive, the genetics are new and not stable, and most farmers aren't savvy enough about growing hemp to guarantee success.

Until hemp seed prices line up with wholesale prices, farmers are going to lose. Hopefully some farmers grew seed crops this year, which will lower the barrier to entry for farmers in 2021.

There are few short term options. Maybe 2022 will be better. If much of 2019's crop is still unsold as the 2020 crop is cut, we can expect wholesale hemp prices to stay low, if not fall even further.

I'm already hearing about farmers electing not to harvest at all this year. The cost of bringing in the crop is more than they can sell it for. On top of that, new and inexperienced farmers tend to grow mediocre crop. If this year was a farmer's second so-so crop, there's every reason to believe they won't grow hemp again.

I'm sorry I don't have better news, but perhaps talking about the larger issues facing the industry will highlight what needs to be done – rather than lament the failures and shortcomings we all face.

And I say "all" because I too am a hemp farmer. The industry needs to achieve balance. Easy to say and challenging to do. Let's all think long term because the industry is young and immature. This hemp farmer is in it for the long haul, and to that end, I'm already buying seeds for 2021.