

MONTHLY BRAZILIAN MARKET BRIEF

Cannabis & Healthcare Opportunities

Prepared by CP Consulting

EXECUTIVE SUMMARY

Brazil's medicinal cannabis sector is experiencing a transformative moment. Recent Supreme Court rulings and evolving ANVISA regulations are creating unprecedented opportunities for sophisticated American investors in this emerging market.

KEY INVESTMENT HIGHLIGHTS

- Court-mandated regulatory framework deadline: May 2025.
- \$57.35 billion projected pharmaceutical market by 2034.
- Limited current competition with only one registered cannabis medicine.
- Strong foreign investment incentives including residency pathways.
- Strategic position as Latin America's largest healthcare market.

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1- REGULATORY LANDSCAPE & RECENT DEVELOPMENTS

Current Legal Framework:

Supreme Court Mandate (November 2024). The Brazilian Superior Court of Justice (STJ) has taken a significant step toward regulating cannabis cultivation and importation, granting the federal government six months to create clear rules. This unprecedented judicial intervention signals the end of regulatory uncertainty.

ANVISA Modernization Initiative (March 2025). ANVISA opened Public Consultation No. 1,316/2025 to update cannabis regulations, with contributions accepted until June 2, 2025. The agency is actively seeking industry input to create a more robust regulatory framework.

Industrial Hemp Authorization. The STJ recognized the lawfulness of granting sanitary authorization for planting, cultivation, industrial processing, and commercialization of industrial hemp for medicinal and pharmaceutical purposes.

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2- MARKET OPPORTUNITY & INVESTMENT POTENTIAL

Market Size & Growth Trajectory

- Brazilian Pharmaceutical Market.
- Expected to grow from \$23.92 billion in 2025 to \$57.35 billion by 2034 (10.20% CAGR).
- Brazil represents 2.1% of global pharmaceutical market.
- Largest pharmaceutical market in Latin America with 212+ million inhabitants.

Cannabis-Specific Metrics

- Cannabis applications to ANVISA grew 1,766% in six years, with over 15,800 applications in 2020.
- Only one cannabis-derived product currently classified as medicine.
- Three companies currently authorized for cultivation: Abrace, Cultive, and Apepi.

Competitive Landscape Analysis

- Current Market Gap.
- Despite therapeutic potential, the medicinal cannabis sector in Brazil remains underdeveloped with only one registered THC/CBD medicine.
- Limited domestic production capabilities.
- High dependence on imported products.
- Substantial unmet medical demand.

International Player Interest. Growing investment from foreign companies recognizing Brazil's potential as a regional hub for cannabis-based pharmaceutical development.

3- FOREIGN INVESTMENT INCENTIVES & BENEFITS

Brazil's FDI Attractiveness - Investment Volume & Trends

- Brazil was the world's fifth-largest FDI destination in 2022 with \$86 billion inflows.
- US represents 29.1% of all FDI in Brazil (\$191.6 billion), the largest single-country investor.
- Government actively encourages FDI in life sciences, offering tax exemptions and low-cost financing.
- Strategic Investment Incentives.

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4- OPPORTUNITY WINDOWS

Primary Investment Themes

- 1. First-Mover Advantage.** The limited number of authorized operators and upcoming regulatory clarity create exceptional positioning opportunities for early entrants.
- 2. Import-to-Local Production Transition.** Current import-dependent market presents opportunities for domestic manufacturing establishment as regulations mature.
- 3. Pharmaceutical Integration.** Integration opportunities with Brazil's established pharmaceutical sector, particularly in generics and biosimilars.
- 4. Regional Market Access.** Brazil's strategic position for accessing broader Latin American cannabis markets as regional regulations evolve.

Market Catalysts

Demographic Drivers:

- Aging population increasing demand for specialized treatments.
- Growing middle class with enhanced healthcare access.
- 23% of population has private healthcare insurance, expanding market reach.

Infrastructure Advantages: Nearly 7,500 medical facilities-more than any other Latin American country. Sistema Único de Saúde (SUS) - world's largest public healthcare system by coverage.

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5- RISK CONSIDERATIONS

Market Risks

Economic Factors:

- Currency fluctuation impact on imported materials.
- Pricing pressure from public healthcare system.
- Competition from generic and biosimilar products.

Operational Risks:

- Supply chain dependencies.
- Quality control requirements.
- Local talent acquisition and retention.

CONCLUSION

Brazil's medicinal cannabis market represents a rare convergence of regulatory clarity, market opportunity, and favorable investment conditions. The Supreme Court's mandate for regulatory framework completion by May 2025 creates a defined timeline for strategic positioning.

The window for optimal market entry positioning is now open.

American investors who act decisively during this regulatory transition period will be best positioned to capitalize on Brazil's emergence as Latin America's cannabis pharmaceutical hub.

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For detailed investment strategy consultation and market entry planning, contact our specialized team.

This document is prepared for informational purposes only and does not constitute legal advice. Specific investment decisions should be made in consultation with qualified legal and financial advisors familiar with Brazilian law and regulations.

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