

## USE OF CBD IN FOOD & BEVERAGES IN THE EU: EXISTING MARKET AND REGULATIONS

The global cannabidiol (CBD) market, which includes pharmaceuticals and medicines containing CBD, but excludes cannabis, was approximately € 2,4 billion in 2020 and is estimated to grow at a CAGR of 21% from 2021-28. Europe (mainly Spain, Netherlands, Greece, Germany, and Italy) accounts for 31% of the global CBD market, with an impressive market size of € 450 million.

Hemp-derived CBD is finding a place as a preferred ingredient in a range of products such as oils, confectioneries, baked goods, beverages, and food supplements. Growth is driven by regulatory changes, demand, and rising awareness of the benefits of hemp and derived products. Among regions globally, Europe witnessed the highest launch of hemp-based food in the last decade, with increasing demand for snacks, ready-to-drink beverages, bakery products, seasonings and sauces.

### FOOD AND BEVERAGES – MARKET TRENDS

Demand for CBD-infused food and beverages is increasing in the EU. Research reports by various agencies indicate that the market is projected to grow by 400%. There are certain health benefits of CBD as an additive

- **Nutritional properties:** Known to contain multivitamins, iron, calcium, and folate
- **Antioxidant properties:** Has antioxidants that reduce stress levels, and protect against blood vessel diseases and cancer
- **Alternative to smoking:** Is considered a healthier alternative to smoking cannabis, which can lead to inflammation of the respiratory system and accumulation of tar in lungs
  - **Appetite inducer:** Helps in controlling nausea and stimulating appetite (clinical tests prove it is more effective than certain medications)
- **Use in fight against cancer:** Can isolate and eliminate cancer cells, as observed by researchers.

Benefits notwithstanding, there is considerable research which recommend that it is better to use CBD only in moderate amounts to rule out any adverse effect on health. Its use as an additive must be based on distinction and desirability. To achieve the right flavour, it should be added in the right quantity. Also, its distinct natural taste and aroma may not go with all types of food. This could be addressed by using natural plant-based extracts that can tone down its bitter taste.

It is equally important to ensure the right density of emulsion. This is because emulsions interact differently depending on the processes of caramelisation and pasteurisation. Hemp extracts and CBD oil, being fat-soluble, are appropriate for ready-to-have beverages, sauces, seasoning, bakery and confectionary products. However, effective monitoring of the duration of baking, temperature, and storage is critical to ensure the cannabinoid and terpene profiles remain intact.

### REGULATORY LANDSCAPE

There is uncertainty pertaining to regulation of CBD-infused food and drinks in the EU. One such grey area is the applicability of the Novel Food principle. Novel Food refers to any food not consumed by humans in the EU before 15 May 1997 and, therefore, liable for risk assessment. In 2019, the European Commission (EC) and member states decided to review the Novel Food Regulation and make changes in previous entries on food products that contain CBD. The amendments led to the removal of certain products derived from specific parts of the Cannabis sativa L plant from the novel category. Therefore, hemp seed flour, seed oil and defatted hemp seeds are considered safe. However, these must be registered under the EU's Common Catalogue of Varieties of Agricultural Plant Species.



### PROCESS TO GET CBD INFUSED FOOD APPROVED:

European Food Safety Authority (EFSA) has set a standard process for approval, but it is a time-consuming process. Every successful Novel Food Application goes through the below mentioned phases over a time period of 3 - 4 years and entails a hefty budget of € 300,000 to € 400,000. These three phases include:



A separate novel food application is required if a product presents a different risk profile. This does not mean that every new product or new end-product entering the market will require a separate application. Basically, for primary cannabinoids ingredients, different mixtures, concentrations and functions would all require separate applications. The end conditions of use must also be covered in the application from the start or would require a new application if a manufacturer wanted to use it in a new product. Therefore, if an application is for an ingredient only authorised to be used in an oil or tincture, it would not be allowed to be used in a chocolate CBD product without a separate application.

### CURRENT SITUATION

In 2020, during a ruling of a case, the EU court of law confirmed CBD is not a narcotic drug. This ruling prevents cosmetics and foods produced containing CBD and being produced as per stated regulations from being hindered by national narcotics legislation in other member states. However, the use of CBD will only be permitted when a novel food authorization is obtained for this ingredient.

Several companies have submitted novel applications for synthetic CBD, but the European Commission decided in July 2020 to postpone applications in light of a potential classification of CBD as a narcotic substance. Now that the Court of Justice of the European Union (CJEU) has ruled out this status, the assessments will continue. No novel food applications for CBD obtained from Cannabis sativa have been submitted so far.

Currently, more than 70 novel food applications for cannabidiol have been submitted in the EU, including for CBD isolate and full spectrum products. The applications for synthetic CBD of at least three companies are in the advanced stages of review by the European Food Safety Authority (EFSA).

The largest vertically integrated cannabis company in Europe received certification from both the EC and the EFSA for the dossier on synthetic CBD as a Novel Food. This is the first step in obtaining the Novel Food authorisation, with the rest of the required approvals likely to follow soon.

EC has confirmed with CBD-Intel that applicants will need to facilitate a quicker process. The length of time needed will depend largely on how quickly applicants respond to the EC's request for more data and documentation. The EC approval will not be affected by approval from other bodies—such as the UK's Food Standards Agency (FSA). It would not treat a CBD product that had received approval from another food safety authority any differently than any other novel food application. In other words, products approved by other authorities will not be fast-tracked and must go through the EC's normal application process.

### LEGALISATION OF CBD

While successful novel food applications will be a start, it will not be the only trigger point to bring legalization of CBD in the European region. The EC has recently taken the decision to accept extracts from the cannabis plant in ingredients which could lead to an amendment to the residue legislation. Such an amendment, if it comes, can be a gamechanger. Mostly it will be based on the safety assessment conducted by EFSA for THC. A legislation like this can offer legal certainty to food businesses regarding the compositional requirements and allowing unrestricted movement of CBD-based extracts for years to come.



### FUTURE

In 2020, EFSA approved an algae-sourced beta glucan ingredient for a US-based company. EFSA concluded that the ingredient was safe when used as a food supplement, foods for total diet replacement and as a food ingredient added to a number of food products. This has helped open doors for other innovative products like CBD.

### SUMMARY

CBD is now gradually being legalised across the world for its medicinal properties. It is gaining popularity as a food ingredient across the world and in the EU. While regulations remain stringent, there have been favourable changes in recent times, which have proved helpful to the industry. The CBD food market offers lucrative business opportunities, whether in ingredients, manufacturing, distribution, or restaurants and EU region is replete with opportunities.

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