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B.C. CANNABIS

LEGAL MARKET STRATEGY

Supporting and Growing B.C.'s
Legal Cannabis Sector



Ministry of
Agriculture
and Food

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This report was produced on territories of First Nations around B.C. We acknowledge the rights, interests, priorities, and concerns of all Indigenous Peoples - First Nations, Métis, and Inuit - respecting and acknowledging their distinct cultures, histories, rights, laws, and governments.

Executive Summary



Canada’s legalization of non-medical cannabis in 2018 marked a massive public policy change that now supports thousands of people in British Columbia (B.C.) to choose a safer, regulated cannabis market. B.C.’s [\\$1.7 billion cannabis industry \(2024\)](#)¹ supports economic growth, and consumers have access to a range of products and information for responsible use.

B.C. has made major progress in transitioning from an unregulated to a legal cannabis sector, with a steady increase of legal market share from about 37% in 2021 to 61% in 2024 ([see Fig. 1](#)).

But there is more work to do. The **illicit market still accounts for about 40% of cannabis consumed in B.C.**, and continues to operate with unsafe, unregulated products – posing public health and safety risks and threatening legal businesses that support communities.

The Province developed **the B.C. Cannabis Legal Market Strategy (“the Strategy”)** to support the legal sector at the expense of the illicit market through coordinated cross-ministry actions and goals. Collaboration on the Strategy is led by the Ministry of Agriculture and Food and includes collaboration with key program areas across government. The Strategy is informed by ongoing conversations with external partners and engagement. Developed as an internal planning tool, the Strategy helps align government’s cannabis goals and actions, and tracks progress on cannabis legal market capture and sector stability.

The Strategy outlines progress and actions taken to expand the legal cannabis sector, safeguard public health, and deliver economic benefits across the province. Legal market capture is one part of the process of cannabis legalization, which is why this report includes additional context and sector highlights.

For insights about cannabis use trends in B.C., including consumer profiles, preferences and regional differences, the B.C. Cannabis Use Survey is a significant resource for governments, industry, researchers, and consumers. Access [2025 and prior B.C. Cannabis Use Survey reports](#)².

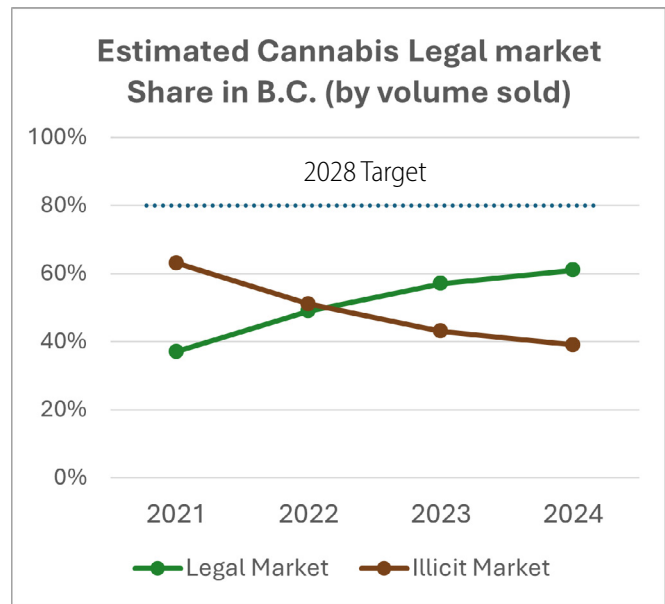


Figure 1: B.C. uses a volume-based methodology to estimate legal market capture that compares legal cannabis sales to estimated cannabis consumption within the Province. 80% legal market capture by 2028 is an interim goal based on current information and subject to changing external factors. The ongoing goal is that illicit cannabis is not viable for sellers or available to consumers.

Overview



Goal 1

Illicit cannabis is hard to find, unappealing, and unprofitable to sell.

Actions include:

- Research on consumer choice and influences
- Targeted education to deter illicit purchasing (especially online)
- Enforcement and education

Goal 2

The legal cannabis industry contributes to economic growth in B.C.

Actions include:

- Provincial changes to improve sales channels and legal access
- Increase access to government support and streamline regulations (federal and provincial)

Goal 3

Cannabis is governed collaboratively with Indigenous governments.

Actions include:

- Advance Indigenous governments' interests through government-to-government agreements under section 119 of the Cannabis Control and Licensing Act
- Build a collaborative governance approach

MEASURABLE OUTCOMES

- | | | | |
|--|---|--|--|
| <ul style="list-style-type: none">• 80% legal market capture by 2028 | <ul style="list-style-type: none">• Financially viable businesses across the supply chain | <ul style="list-style-type: none">• Increased consumer health and safety awareness | <ul style="list-style-type: none">• Trusted government-to-government relationships with Indigenous governments |
|--|---|--|--|

For more detail and milestones achieved, see [page 9](#).





Canada opened the door to medical cannabis use in 2001. Then, in 2018, the federal government enacted the [Cannabis Act](#)³, which established a legal framework for the production, distribution, sale and possession of non-medical cannabis in Canada.

Under the Cannabis Act:

- The **federal government** is responsible for licensing and overseeing cannabis producers, as well as setting health and safety standards.
- **Provincial and territorial governments** are responsible for regulating how cannabis is distributed and sold to consumers.

When non-medical cannabis was legalized, B.C. set five principles for establishing a legal framework:

1. Prioritize public health and safety,
2. Reduce the size and scope of the illicit market,
3. Protect children and youth,
4. Support economic development, and;
5. Address cannabis-impaired driving.

Through this lens, B.C. developed the [Cannabis Control and Licensing Act \(CCLA\)](#)⁴ and the [Cannabis Distribution Act \(CDA\)](#)⁵.

The CCLA gives the Province control over the sale, supply, and possession of non-medical cannabis, including the ability to license private cannabis retailers. The CDA creates a public owned and operated wholesale system and allows the Province to run public cannabis retail operations, both in stores and online.

Later, as part of the Declaration Act Action Plan (Action 4.47)⁶, the Province committed to “advance a collaborative approach to cannabis-related governance and jurisdiction between First Nations and the Province that reflects common objectives to protect youth, prioritize public health and safety, strengthen First Nations governance capacity and secure economic benefits for First Nations.”

What is the legal market?

The legal or regulated market refers to all cannabis products made and sold by licensed producers, processors and retailers. These products are regulated and follow strict quality, safety, and packaging standards.

Cannabis that is made or sold by unauthorized individuals or organizations is part of the illicit or unregulated market, which has no oversight or safety protections. Unregulated products are known to contain harmful substances or contaminants.

For more information, visit cannabis.gov.bc.ca

Value of a B.C. Cannabis Legal Market Strategy



Reducing illicit cannabis use

About one-third of adults in B.C. use cannabis at least once a year, according to results from the 2018, 2021, and 2025 B.C. Cannabis Use Surveys. While most people (about 70%) exclusively buy cannabis from legal sources, survey results show people may not always know what's legal and what's not. Survey results suggest about 30% of people buy at least some cannabis products from illicit stores, websites, or from a dealer. Illicit cannabis can be associated with other illegal activities, including illegal tobacco and drugs, unexplained cash, weapons, and organized crime.

Supporting public education so consumers can confidently identify and avoid illicit products

is critical to reducing illicit market share. This is especially important since the illicit market unfairly benefits from unrestricted, predatory marketing practices and can keep prices low by avoiding regulations that ensure products are made in safe facilities.



Illicit cannabis retail red flags

- Products have no **excise stamp**⁷
- Ships cannabis "anywhere in Canada"
- No age verification
- No physical store location or street address
- Sells other substances such as psilocybin (magic mushrooms)
- Offers promotions such as free cannabis gifts or samples
- Only accepts e-transfer or cryptocurrency, does not accept credit card payments
- Allow purchases that exceed the **legal possession limits**⁸
- Looks like popular candy brand with high THC

Learn more at cannabis.gov.bc.ca

Increasing public health and safety

Demand for high-potency cannabis products is increasing, and products available in B.C. are getting stronger. Some regular cannabis users report more frequent and problematic use. While the regulated market takes steps to inform consumers about safe consumption and prevent overconsumption, **illicit operations heavily market products with advertised THC potencies much higher than regulated products, namely in edibles.**

Illicit cannabis products, like vapes and edibles, are often marketed with packaging that imitates popular snack foods and candy. A lack of childproof packaging increases the risk of accidental consumption, which can cause serious harm, particularly for small children and animals⁹.

Results of testing on illicit cannabis released in 2022 by the B.C. Ministry of Public Safety and Solicitor General, Health Canada, and the National Research Council¹⁰, and in 2025 by Health Canada¹¹ showed significant amounts of pesticides, heavy metals and contaminants like arsenic and e. Coli in most of the samples.

Legal products are rigorously tested to ensure that products are safe for consumption.

Illicit cannabis operations have also been tied to organized crime¹². **Sales of illicit cannabis fund other activities such as illegal firearms, drugs, and tobacco.** These operations weaken the legal sector by underpricing licensed businesses with products that are often made in unsanitary facilities using under-paid or unpaid labor. Meanwhile, legal businesses offer employment and economic opportunities that support communities.

Advancing Indigenous governance and economies

Government-to-government (G2G) dialogue is the foundation for how B.C. and Indigenous governments work together with respect to cannabis. Sections 119 and 136 (“s. 119 agreements” or “s. 136 regulations”) of the CCLA were intentionally designed to support the negotiation of G2G agreements that can vary B.C.’s cannabis laws and advance Indigenous government priorities.

For example, through a current s.119 agreement, an Indigenous government can own both cannabis production and retail facilities to create a variety of jobs both on and off reserve and treaty lands.

With this G2G framework, as well as specific programs to support Indigenous participation in the cannabis sector, B.C. is home to the largest number of Indigenous-affiliated cannabis businesses in the country.

The Strategy supports ongoing work to advance collaborative governance of cannabis with Indigenous governments. B.C. is committed to working alongside Indigenous governments to engage with cannabis in ways that reflect shared G2G priorities – health, safety, and economic opportunity¹³.



Supporting a Strong Economy



B.C.'s legal cannabis industry supports hundreds of businesses, thousands of jobs and dozens of communities. Many of B.C.'s cannabis businesses are small-scale, craft producers in rural regions with decades of expertise. Cannabis businesses are highly regulated and must meet rigorous federal and provincial rules to operate. As a relatively new regulated substance, stigma associated with cannabis also contributes to barriers for businesses.

SUPPORTING BUSINESSES	INDIGENOUS OPERATORS	DIVERSE RETAIL MARKET
B.C. has over 200 cannabis producers, processors and nurseries. 57% of licensed producers in B.C. hold a micro-licence. Small businesses contribute to community wealth by recirculating more revenue into their communities and creating local jobs.	B.C. has the highest number of Indigenous cannabis businesses in Canada. 10% of cannabis producers and processors and 4% of retail stores are Indigenous-affiliated or participate in a s. 119 agreement.	B.C. has over 500 private Cannabis Retail Stores and three unique Producer Retail Stores ("farm-gate") that bring cannabis direct from the seed to sale. In 2025, consumers spent \$900 million at authorized B.C. cannabis retailers.

CREATING JOBS AND REVENUE	ECONOMIC DRIVER	INTERNATIONAL IMPACT
The B.C. cannabis industry provides approximately 5,300 jobs across the sector. Government tax revenues have reached about \$190 million annually and continue to grow each year.	In 2024, the cannabis sector contributed \$1.7 billion to B.C.'s GDP ¹⁴ , with B.C. producing 25% of Canada's cannabis flower.	B.C.'s cannabis exports reached 62,000 kilograms, a 120% increase from 2024 to 2025. Global interest in B.C. cannabis continues to grow year-over-year.





The Strategy includes actions from across government, including the Ministries of Agriculture and Food, Public Safety and Solicitor General, and Finance.

Goal 1: Illicit cannabis is hard to find, unappealing, and unprofitable to sell

Objective:

Reduce illicit market share and increase public health and safety by persuading consumers of illicit cannabis to buy legal products and consume safely. Disrupt illicit supply chains and make participation in the illicit market unprofitable.

Actions include:

- Penalties for engaging in illicit cannabis activities.
- Developing and implementing targeted education to deter illicit purchasing and better inform consumers.
- Supporting consumers to confidently identify and verify legal purchasing online.

Progress shown through:

- Increase in cannabis legal market capture year over year¹⁵.
- Increase in legal market purchasing behaviours.
- Reduction in the prevalence of illicit operators.

Milestones

- Over 1,000 illicit online sites disrupted by the **B.C. Community Safety Unit (CSU)**¹⁶, keeping unsafe products away from the public.
- Between 2022 and 2024, CSU conducted 74 education visits and 42 enforcement inspections at unlicensed stores. Upholding B.C.'s commitment to bring businesses into the regulated market, 65% of businesses visited complied in that time period alone and continuing compliance is progressing.
- Published valuable research on the choices people make when buying cannabis including:
 - *Differences in legal and illicit cannabis purchasing behaviours (2024)*¹⁷
 - *Consumer motivations: Illicit and regulated cannabis markets (2024)*¹⁸
 - *Price elasticity of demand for cannabis (2025)*¹⁹
 - *B.C. Cannabis Use Survey (2018, 2021, 2025)*²⁰

Goal 2: The legal cannabis industry contributes to economic growth in B.C.

Objective:

Support cannabis industry growth and local economies by improving the economic success of the sector through expanded sales channels that enable legal cannabis businesses to better reach customers and improve understanding of the industry's economic value.

Actions include:

- Expanding provincial-federal agricultural support programs to cannabis.
- Working to review and improve policies to support retailers and producers.
- Enabling consumers to better access safe, legal cannabis sources at events.
- Developing new programs to support B.C.'s reputation for the best cannabis in the world, such as a craft designation program.
- Reviewing the rules that shape the cannabis market – like limits on how many stores a person or company can own and other “market controls”.
- Advocating for federal changes that support regulation streamlining; and to review programs to better support cannabis.
- Reviewing provincial policies and regulations to reduce duplicate administrative tasks for licensed businesses.

Progress shown through:

- Growth in legal market sales at the expense of the illicit market.
- Contributions to B.C. GDP, Canada's GDP and growth of export market.
- Stability and number of jobs directly supported by the sector, and ancillary jobs.
- Increased access to government support programming.
- Business stability, for example reduction in business exits year over year.

Milestones

- B.C. increased access to agriculture business support programming, including Buy BC, federal-partnership and export support in 2025.
- B.C. enabled farm-to-gate sales of cannabis in 2022, with three producers on board by 2024 – and more in progress.
- Reduced reporting frequency for producers that use the Direct Delivery program.
- Lifted restrictions around window coverings to make retail stores safer.
- Helped reduce cannabis stigma with regulation change to allow establishments to promote friendly cannabis use policies.
- Made it easier for producers and retailers to promote their products to each other by enabling licensee to licensee sampling.

Goal 3: Cannabis is governed collaboratively with Indigenous governments

Objective:

Advance a collaborative approach to cannabis-related governance and jurisdiction with Indigenous governments, that is focused on the health, safety, and economic self-determination of Indigenous communities.

Actions include:

- Continuing work on s.119 agreements with Indigenous governments, including exploring opportunities to broaden the scope.
- Building relationships with Indigenous leaders to advance approaches to supporting the regulated market.
- Engaging with First Nations and Modern Treaty Nations on a long-term collaborative approach to advance governance and jurisdiction, as part of the Declaration Act Action Plan commitment 4.47²¹.
- Leveraging existing efforts, including programs and initiatives, intended to support Indigenous participation in the cannabis industry.
- Increasing the profile of Indigenous-owned cannabis production and processing businesses through programs like the B.C. Indigenous Cannabis Product Program (BCICP)²².

Progress shown through:

- Increased participation of Indigenous governments through s. 119 agreements, and evolution of the scope of these agreements through negotiation.
- Participation in the BCICP, including annual sales through BCICP.
- Funding distributed to Indigenous governments and entrepreneurs through the [B.C. Indigenous Cannabis Business Fund](#)²³.
- Feedback from Indigenous governments and communities through ongoing engagement.

Milestones

- **Seven s. 119 agreements**²⁴ in place with Indigenous governments.
- In 2024, a financial component was added to s.119 agreements through G2G dialogue. This financial component helps reflect Indigenous government objectives such as supporting community-based economic and social initiatives.
- Launched the ICBF in December 2022 in collaboration with the B.C. Assembly of First Nations, First Nations Summit, New Relationship Trust, and the federal government. Funding may be used to support engagement and decision making, capital costs, business planning, licensing, and training.
- ICBF received \$2.5 million in funding from the federal government and \$6 million from the provincial government. To date, the fund has distributed \$3.2 million across 14 Indigenous-led projects aimed at starting and growing cannabis businesses.
- Established the BCICP, which helps consumers easily identify B.C. Indigenous products at BC Cannabis Stores and participating private retailers by highlighting the BCICP logo on products' online listing or on store shelves.



1. GDP contribution of B.C.'s licensed cannabis sector was \$1.7 billion in 2024 (chained 2017 dollars). <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610040201>
2. B.C. Cannabis Use Survey 2018, 2021, and 2025 reports available here: <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis/bc-s-approach-to-legalization#monitoring>
3. Cannabis Act. S.C. 2018, c.16. <https://laws-lois.justice.gc.ca/eng/acts/c-24.5/>
4. Cannabis Control and Licensing Act. SBC 2018, c 29. BC Laws. <https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/18029>
5. Cannabis Distribution Act. SBC 2018, c 28. <https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/18028>
6. The full Declaration Act Action Plan is available at https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/ministries/indigenous-relations-reconciliation/declaration_act_action_plan.pdf
7. Each province and territory has an excise stamp for products sold in their respective jurisdiction: <https://www.canada.ca/content/dam/cra-arc/camp-promo/cnns-xcs-stmp-r-2023-02-16-en.pdf>
8. Possession and purchasing limits in B.C.: <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis/possession-and-purchasing-limits>
9. Health Canada Public Advisory: Accidental ingestion of illegal “copycat” edible cannabis products causing serious harm to children <https://recalls-rappels.canada.ca/en/alert-recall/accidental-ingestion-illegal-copycat-edible-cannabis-products-causing-serious-harm>
10. Ministry of Public Safety and Solicitor General. 2022 Chemical Analysis of Illicit Cannabis Report. https://www2.gov.bc.ca/assets/gov/public-safety-and-emergency-services/public-safety/cannabis/chemical_analysis_of_illicit_cannabis_report.pdf
11. Health Canada. 2025 Cannabis Data Gathering Program: A comparison of legal and illegal dried cannabis products Report. <https://www.canada.ca/en/health-canada/services/publications/healthy-living/data-gathering-program-comparison-legal-illegal-dried-cannabis-products.html>
12. Some examples of illicit cannabis’ connection with organized crime: 2024 RCMP news release (<https://rcmp.ca/en/news/2024/10/rcmp-federal-investigators-take-down-organized-crime-group-seize-thousands-counterfeit-cannabis>), 2025 CBC Article (<https://www.cbc.ca/news/canada/british-columbia/b-c-man-charged-in-47m-money-laundering-scheme-from-illegal-cannabis-1.7448311>), 2025 Combined Forces Special Enforcement Unit of British Columbia press release (<https://cfseu.bc.ca/two-men-charged-in-cfseu-bc-drug-trafficking-investigation/>)
13. For more about agreements with First Nation governments entered pursuant to Cannabis Control and Licensing Act section 119, and other initiatives supporting Indigenous self-determination and inclusion in the B.C. cannabis sector visit: <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis/working-with-indigenous-governments-and-partners>
14. GDP contribution of B.C.'s licensed cannabis sector was \$1.7 billion in 2024 (chained 2017 dollars). <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610040201>
15. 80% legal market capture by 2028 is an interim goal based on current information and subject to changing external factors. The ongoing goal is that illicit cannabis is not viable for sellers or available to consumers.
16. The Community Safety Unit (CSU) works to disrupt the illegal sale and production of cannabis in B.C.: <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis/csu>
17. Maillet, M. A. (2024). Individual differences in legal and illicit cannabis purchasing behaviour in British Columbia, Canada: Findings from a 2021 cross-sectional survey. *International Journal of Drug Policy*, 126, 104363. <https://doi.org/10.1016/j.drugpo.2024.104363>
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20. B.C. Cannabis Use Survey 2018, 2021, and 2025 reports available here: <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis/bc-s-approach-to-legalization#monitoring>
21. The Declaration Act Action Plan available at: https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/ministries/indigenous-relations-reconciliation/declaration_act_action_plan.pdf
22. For more on the BC Indigenous Cannabis Products Program visit: <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis/working-with-indigenous-governments-and-partners/programs-and-resources-for-indigenous-communities-and-entrepreneurs#bcicp>
23. For more on the B.C. Indigenous Cannabis Business Fund visit: <https://newrelationshiptrust.ca/bc-indigenous-cannabis-business-fund/>
24. For more on section 119 agreements entered to date visit: <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis/working-with-indigenous-governments-and-partners#s119>



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