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Why Cannabis Is Part Of The Future Of Big Tobacco



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Vices

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Hand holding burning joint and smoke in form of marijuana leaf. GETTY

When Philip Morris International (PMI) CEO Jacek Olczak told [The Mail on Sunday](#) that the UK government should treat cigarettes like petrol cars and ban them in 10 years, many wondered why the world's biggest tobacco company would self-sabotage itself with such a draconian statement.

However, a few days later, the British American Tobacco (BAT) executive Kingsley Wheaton told BBC Radio 4's [Today](#) program that cannabis and its derivatives are part of the company's future. "I think [CBD vaping] is part of the future, but the present challenge is reduced harm in tobacco and nicotine alternatives, encouraging people to switch," he said.

Both statements from the top world's biggest tobacco companies reveal an ongoing business model shift of Big Tobacco. Also, they reveal a reaction to consumer trends.

By taking into consideration the health impact of their products, tobacco companies are trying to show their efforts to get away from traditional tobacco cigarettes. Vapour and heated tobacco products have become a trend in recent years. The use of e-cigarettes among high school students increased from 11.7% to 27.5% between 2017 and 2019. Such increase is driving overall tobacco use among high school students to 31.2%, according to a [report](#) by Truth Initiative, a nonprofit tobacco control organization.

Tobacco companies are increasingly moving into the so-called cessation products. In this space, e-cigarettes, vape products, and heated tobacco technologies work as switching or quitting tools to end the era of traditional cigarettes.

But the business model shift of Big Tobacco is not only limited to provide new technologies. Companies have started to see in the cannabis industry a

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Draw.

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The interest of tobacco companies in the cannabis industry grew up along with the increasing number of US states that legalized cannabis.

In 2016, PMI [invested](#) \$20 million in the Israeli pharma-tech company Syqe Medical, which developed a medical cannabis inhaler.

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In 2018, British multinational tobacco company Imperial Brands [invested](#) in Oxford Cannabinoid Technologies (OCT), a biopharmaceutical company focused on researching, developing, and licensing cannabinoid-based compounds and therapies. Along with Imperial Brands, [Casa Verde Capital](#) (CVC), the investment fund co-founded by the American rapper and cannabis entrepreneur Snoop Dogg, also invested in this pharmaceutical company.

Altria Group, another giant tobacco company, [agreed](#) to buy a 45% stake in the Canadian cannabinoid company Cronos Group for about \$1.8 billion in 2018.

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manufacturing, and distributing cannabis products for wellness and recreational consumers.

In 2021, BAT [launched](#) its first CBD vaping product, VUSE CBD Zone. In the same year, BAT's corporate venturing unit Btomorrow Ventures (BTV), invested \$25 million investment in Canada's [Trait Biosciences](#), a cannabinoid research company focused on CBD-based beverages.

As the cannabis industry is moving further into the mainstream as more states legalize it for medical and recreational uses, tobacco companies are trying to diversify their products. This diversification is not only by investing in new smoking tools likely less harmful than traditional cigarettes, such as Juul (Altria) and IQOS (PMI) but also by providing new perspectives to their consumers, such as cannabis products.

The cannabis industry can be considered a pioneer of diversification in these terms. Cannabis companies are already selling products that divert from the traditional consumption of cannabis, including vape-based cannabis products, edibles, oils, and beverages.

However, the interest of Big Tobacco for cannabis is not limited to its recreational use. Imperial Brands' investment in the biopharmaceutical company OCT shows its interest in the medical segment of the cannabis industry.

The interest of Big Tobacco in the cannabis industry is not only visible in business operations, but also through lobbying operations. As [Cannabis Wire reported](#), tobacco company Altria lobbied on cannabis sales in Virginia. This achievement marks the first time that a tobacco company has lobbied on cannabis in the U.S., either at the state or federal level, according to Cannabis Wire. Furthermore, Altria spokesperson George Parman told Cannabis Wire

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Big Tobacco is increasingly becoming a player in the cannabis industry. However, it needs time to assess the weight of tobacco companies in the cannabis sector, taking into consideration the hectic development of the cannabis regulatory framework not only in the U.S. but all over the world.

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