

Companies/Industries

Manitoba Harvest's anticipated sales over the next decade

\$500m

Watch Out, Ch-Ch-Ch-Chia!

Nutrition

139 calories, 4g protein, 9g fat, 12g carbohydrates, and 11g of fiber per ounce

Cultivation

Australia is a top producer; it's also grown in Central and South America

Industry size

\$350_m

Dark legacy

The gag gift Chia Pet, the "pottery that grows"

161 calories, 9g protein, 12g fat, 3g carbohydrates, and 2g fiber per ounce

China is the world's leading producer; more than 30 countries grow it

\$150_m

Commercial cultivation of pot's sober cousin is banned by the U.S.

Chia seeds

Hemp hearts



Food

Hemp Sheds Its Stoner Stigma

► Opposition to marijuana's cousin softens as it lands in supermarkets

► "Some people looked at me ... like they had seen the devil"

The sachets of hemp hearts on the shelves at **Costco**, **Safeway**, and **Whole Foods Market** are Mike Fata's last laugh. The founder of **Manitoba Harvest** has spent the past decade working to transform hemp—a variety of cannabis—from the butt of weedy jokes into a super-market staple. Fata's investors are particularly happy about the mass-market breakthrough. "Our customers are bright enough to know that it does not have dope in it if Costco's selling it," says Jim Taylor, a founding partner of Avrio Capital, a Calgary-based venture capital company that was one of Manitoba Harvest's early backers.

Looser cultivation restrictions and the food industry's hunger for produce that packs a protein punch have helped distance hemp from its more notorious relative. Hemp contains less than 0.5 percent of the mind-bending compound tetrahydrocannabinol, or THC, that gives marijuana its potency. Earlier this year the U.S. government finally recognized hemp as distinct from cannabis. A federal ban on commercial cultivation, however, is still in force.

That hasn't stopped the flow of hemp into the U.S. from Canadian companies such as Manitoba Harvest, which this year plans to hand out 2 million samples of its hemp

◀ hearts—the soft, nutty-flavored inner kernel of hemp seeds. Hemp is easy to digest and has more protein than chia or flax. It's also versatile: Hemp hearts can be sprinkled on cereal, yogurt, and salads or processed into powders, flour, or oil to make everything from bread to beer. "We have our eye on it," says Colleen Zammer, a marketer in Quincy, Mass., who has worked with food and beverage companies to develop and promote healthy ingredients for the past 25 years. It's "similar to chia in nutrition and better-tasting."

The U.S. farm bill Congress passed in February allows it to be grown for research purposes in 14 states. Restrictions are easing as marijuana gains acceptance, and Democrats and Republicans alike support the economic boost hemp could provide industries ranging from textiles to homebuilding. "Without realizing it, many Americans already use hemp in their soaps, automobile parts, or even in their food," says Representative Jared Polis (D-Colo.), one of the legislators behind a hemp amendment in the farm bill. "The potential for a billion-dollar-plus domestic industry is very realistic."

Fata and two friends started Manitoba Harvest soon after hemp growing was legalized in Canada in 1988. Early on, the lingering association with pot made it hard for him and others in the nascent industry. "Some people looked at me and turned right around like they had seen the devil," says Shaun Crew, chief executive officer of **Hemp Oil Canada**, a bulk supplier to the food industry.

Fata's big break came in 2001, when **Loblaws**, Canada's biggest supermarket chain, signed on to carry the company's products. "As we stepped up from natural food stores to mainstream stores, the stigma started to go away," he says. Manitoba Harvest's sales have tripled to more than \$50 million in the

past two years. Prices range from \$1.50 for a 0.9-ounce sachet of hemp all the way up to \$75 for a 5-pound pouch of certified organic hearts.

At a recent industry gathering in California, Fata introduced his latest creation: hemp heart "Snaxs" made with brown rice syrup and organic cane sugar. He figures company sales could hit \$500 million over the next decade.

Whole Foods Chairman John Elstrott says Fata has helped debunk the myths surrounding hemp through education and giving out samples. The two companies sponsor the annual Hemp History Week, which this year kicks off on June 2 and features more than 175 events coast to coast, including a three-day Hemp Hoe Down in South Dakota. Celebrity backers of hemp include musician Ziggy Marley and actress Alicia Silverstone.

Fata says a \$6 million expansion will triple his annual production, and he'll soon begin scouting for a site for a new facility in Manitoba. Hemp Oil Canada is spending \$13 million on a 35,000-square-foot factory scheduled to be ready by yearend.

That's good news for food manufacturers waiting to add hemp to their products, such as **Post Holdings**, the maker of Grape-Nuts and Alpha-Bits cereals. The company's Erewhon brand, acquired in December 2012, has a top seller in a hemp and buckwheat cereal. Jim Holbrook, executive vice president of Post, says the St. Louis-based company is also "actively pursuing" hemp as an ingredient in an upcoming cereal from its Great Grains line.

Packaged-food giants such as **ConAgra Foods** and **Kraft Foods Group** say they don't have any current plans for hemp, leaving the market open for smaller outfits such as **Nature's Path Organic Foods**. The British Columbia company sells organic hemp-seed frozen waffles,

which Jillian Michaels, a personal trainer from the reality series *The Biggest Loser*, calls "breakfast heaven."

Fata says Safeway approached him recently about making hemp-flour bread for its in-store bakery. "Five years ago that would not have happened," he says. "Hemp is hot." —Matthew Boyle

The bottom line The \$150 million hemp industry is booming as the U.S. eases restrictions on its cultivation.