

Layn Corp to invest \$60m in building US CBD operation

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Layn Corp – best known for its stevia, monk fruit, and botanical ingredients - is making a significant bet on hemp-derived CBD, announcing plans to invest around \$60m to build a US facility capable of processing a minimum of 5,000 tons of hemp biomass per year into full- and broad-spectrum oil, distillate and crystallized CBD isolate.

The move into CBD was a logical one for Layn, which has developed expertise in botanical extraction technology it can apply to hemp farming and CBD extraction, said the company, which will offer its first CBD products this fall using contracted production and farming, and will complete its own US manufacturing facility in late 2020 in the Midwest.

“The varieties of hemp plants grown for CBD are totally different from those grown for hemp seeds [which contain proteins, fibers and oils],” Layn USA president Elaine Yu told FoodNavigator-USA at the IFT show in New Orleans this week.

“For this year we’ve contracted with farmers that have been growing hemp here since 2014, half of which are organic certified, but we’re talking to universities about how we can partner with them to develop new varieties that are CBD-rich, or CBG-rich, or higher in other cannabinoids.

“It’s like stevia. 10 years ago everyone was focused on Reb A [the most prevalent steviol glycoside in the leaf], and then it was Reb D and Reb M, and we see the same happening with cannabinoids. Now it’s all about CBD, but more than 100 cannabinoids have been identified.”

Extraction methods

Asked about extraction methods, Yu said: *“The two key methods are supercritical CO₂ extraction and solvents, and both have pros and cons. We’re interested in both. Solvents are more cost effective for mass scale production and broader as they are targeted for all the cannabinoids, but supercritical is more suitable for organic processing.”*

Asked how she thought the market for isolated CBD vs hemp extracts (which contain CBD among other things) would pan out, she said: *"If the customer wants better solubility or higher dosage they would go to isolated CBD, but we would encourage customers to be cautious in this area [from a legal perspective] before FDA is clear about the regulatory situation."*

Regulatory uncertainty

As to whether the regulatory uncertainty over CBD gave her pause given the amount of money Layn is planning to spend, she said: *"I think FDA's approach is likely to focus on how to establish safety, how to come up with a safe daily dosage, and how to use it CBD, not about 'yes' or 'no.'"*

"They don't want to rush into a decision, which I understand, but they should allow companies like us that are willing to invest, to submit safety data. They have the NDI [New Dietary Ingredient] program and the GRAS [Generally Recognized as Safe] program, and that would be a faster process [than new rulemaking]. FDA needs to say we're open to receive that [eg. an NDI or GRAS notification], which is what happened with stevia."

Asking the right questions

She added: *"I think the FDA is concerned because a lot of manufacturers in this market do not have a background in producing dietary ingredients and have no idea what they are doing and don't know what FSC22000 means, what the GMP requirements are, so I would encourage buyers to really do their due diligence."*

Asked whether buyers can rely on certificates of analysis provided by suppliers, she said: *"When we've asked some labs to explain their data, and asked for chromatography charts, they wouldn't supply them. But if you can provide a result, it's my right to ask you how you got to this result, to show your calculations, and that made me wonder how confident they are with their own testing methods."*

Relaxation beverages

While the dietary supplements market is clearly a natural fit for CBD if consumers are taking it for pain management or other health conditions, there is also significant potential to build a new category of relaxation beverages in the food and beverage market, she predicted.

"Look at how big the energy drinks market is."

Based in Guangxi Province, China, where it has recently significantly expanded its manufacturing capabilities, Layn has recently opened a global innovation center in Shanghai, and has offices all over the world, in Europe, North America and Latin America.

Around 70% of its revenues are derived from natural sweeteners and flavors targeting the food and beverage industry, with the remaining 30% derived from botanical extracts (eg. Olive leaf, magnolia bark, grape seed etc) targeting the dietary supplements, nutraceuticals, cosmetics and pharma industries.

