



THE TOBACCO INDUSTRY IN ZIMBABWE

2021

Our Vision

Towards sustainable tobacco production, enhanced marketing systems and improved livelihoods by 2025

Our Mission

To promote the viable sustainable growth and marketing of the tobacco and related products through regulation and coordination of tobacco value chains

Our Values

Client and stakeholder satisfaction

Integrity

Teamwork

Accountability

Innovation

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A. EXECUTIVE SUMMARY

Production and marketing of tobacco in Zimbabwe is regulated by the Tobacco Industry and Marketing Board (TIMB). The tobacco industry is made up of growers, unions, merchants, agro-dealers, financiers, processors and manufacturers. There are also ancillary organizations involved in training and research.

The TIMB has licensed three auction floors annually for the past marketing seasons. The Board also licensed 29 companies to buy at the auction floors and an average of 38 companies to operate contract growing and marketing operations. TIMB welcomes more companies to participate in the tobacco industry. All prospective companies are licensed by TIMB.

All auction and contract tobacco is being paid for in United States dollars and all tobacco buyers must employ offshore funds for the purpose of purchasing tobacco. For contract purchases, the amount used to finance the grower may be set off against the price of the tobacco sold to the contractor by the grower.

The country has a combined total processing capacity of over 250 000 metric tonnes of tobacco per annum from three operating processing facilities. The country exports tobacco to more than 70 countries each year. TIMB issues out export permits to all tobacco exporters. The exports are mostly of semi-processed tobacco.

B. HISTORICAL HIGHLIGHTS

- ❑ Before European settlers came into Zimbabwe it is known that indigenous people grew tobacco (a type called Nyoka tobacco).
- ❑ The first claim to successful growing flue-cured tobacco was made in 1894 in Mutare.
- ❑ A Jesuit priest at Chishawasha Mission, Father Richartz, exhibited his first commercially grown tobacco at the first Agricultural Show held in Harare in 1897.
- ❑ In 1910, the first auction sales took place in Zimbabwe but were later abandoned in 1914 due to lack of competition between buyers and over-production. From then on, the crop was sold through various methods including (in the main) sales by private treaty and co-operative selling, where growers were contracted to sell their crops to the Tobacco Co-operative Society.
- ❑ Many marketing problems were experienced especially during the depression of the 1930's and in 1934 there was such a surplus that 20% of each grower's crop was removed from the open market and later disposed of privately and some destroyed.
- By 1935, it became apparent to growers as well as buyers that a more orderly system of sale was desirable. Therefore, legislation was introduced under pressure from a growers' organization.

- In 1936, the Tobacco Marketing and Levy Act was promulgated. This Act provided for the formation of the Tobacco Marketing Board (now the Tobacco Industry and Marketing Board) and the compulsory selling of tobacco through auction floors.
- In 1946, classification of the Virginia (flue-cured) tobacco crop for statistical and market reporting purposes was introduced.
- In 1947, international economic forces upset the market place and resultant negotiations resulted in the "London Agreement" which offered preferential buying opportunities for United Kingdom manufacturers, thus compromising the concept of free and unfettered auctions. The agreement was revised in 1953 and remained in force until 1961. The free and unfettered auction system was re-introduced in 1962. The system was again interrupted by the unilateral declaration of independence (UDI) in November 1965.
- In 1973, a return to the open auction system was made, albeit under strict security. An updated Tobacco Marketing and Levy Act was published in 1977.
- At Independence in 1980, the tobacco industry once again saw a return to the free and unfettered auction selling system for Virginia tobacco.
- ❑ Due mainly to the smallness in crop size, burley tobacco had been sold by private treaty from 1976 until 1994 when sales reverted to the auction system. Oriental tobacco, Dark Air-cured and Dark Fire-cured also by virtue of their small size, continue to be sold by private treaty.

- In 1994, the Board was reconstituted to cater for the interests of all classes of different types of tobacco growers and buyers and other stakeholders. The same year saw indigenous buyers participating for the first time in competition with traditional buyers.
- The Tobacco Industry and Marketing and Levy (Amendment) Act, 1997 facilitated the change of name from Tobacco Marketing Board to the Tobacco Industry and Marketing Board and subsequent renaming of the Act as the Tobacco Industry Marketing Act [*Chapter 18:20*]. The amended Act also brought about a change in the collection of levies, which are now paid to the Ministry of Agriculture, Mechanization and Irrigation Development instead of recognized growers' and buyers' associations.
- From the 2004 selling season the growing and marketing system was changed with the introduction of contract growing and marketing of tobacco. Tobacco selling in Zimbabwe was done exclusively through auctions whereby tobacco producers took their crop to an auction floor of their choice for its marketing. Under this system, the grower is responsible for mobilizing the necessary cropping resources. When ready for sale the tobacco is delivered to an auction where the highest bidding buyer secures the produce. The buyer takes no risk in the production process. Contract growing and marketing departs from this arrangement, in that the buyer provides the inputs required for tobacco production, with the buyer guaranteeing to buy all the tobacco contracted at prices (per grade) equal to or higher than those prevailing on the auction floors.

C. FUNCTIONS OF THE TIMB

1. DIRECT FUNCTIONS

The Tobacco Industry and Marketing Board is primarily a regulatory and advisory statutory body. In terms of the Tobacco Industry and Marketing Act [*Chapter:18:20*], the functions of the Board shall be: -

- to control and regulate the marketing of tobacco in Zimbabwe;
- to promote, protect and maintain the sale of tobacco;
- to collate statistics relating to the provision, marketing, manufacture and consumption of tobacco;
- to distribute market studies and information relating to the marketing, manufacture and consumption of tobacco;
- to advise the Minister of Lands, Agriculture, Fisheries, Water and Rural Development on all matters relating to the marketing of tobacco; and
- to do all such things which the Act or any other enactment requires the Board to do.

2. SERVICES OFFERED BY THE TIMB

The TIMB gives to the industry the following services:-

- Administration and control of the tobacco delivery system.
- Arbitration and sales supervision at auction floors in order to maintain orderly marketing.
- Classification of tobacco from which statistical information is derived and reports published, our website is www.timb.co.zw
- Collating and distributing information on production, consumption, manufacture and export tobacco.
- Conducting crop assessment surveys to determine crop yield potential and quality composition of the crop in advance of the selling season.
- Granting of export permits.
- Licencing of tobacco buyers, auction floors and commercial graders.
- Monitoring and ensuring timely and efficient shipment of tobacco exports.
- Monitoring the control of tobacco pests to ensure exportation of tobacco free from pesticide residues.
- Registration of all types of tobacco growers.

3. RECENT POLICY INITIATIVES

➤ Licences

Three auction floors, Tobacco Sales Floor (TSF), Boka Tobacco Floors (BTF), and Premier Tobacco Auction Floors (PTAF) were licensed to operate auction sales floors for the past marketing seasons.

Over 28 companies were licensed annually over the past three marketing seasons to buy tobacco for export ('A' Class buyers). On average, 38 companies are registered annually as Virginia tobacco contractors.

➤ Administration of the Farmers Stop Order Act

The TIMB was given the authority and task of administering the Farmers Stop Order Act [*Chapter 18:11*] in the tobacco industry by the then Ministry of Lands, Agriculture & Rural Resettlement in 2004. Contracting companies and other financiers recover their loans from farmers through this payment system as farmers sell their tobacco.

➤ **Export Surveillance**

The Board, in a bid to achieve more accuracy in the monitoring of tobacco exports and to ensure that value-added costs are recovered, introduced a more effective system of export price verification. This entails the breaking down of export shipments by tobacco grade, year of purchase and price to facilitate a direct linkage to auction floor purchase prices. Monitoring of tobacco stocks based on the processing reports from tobacco processors for each merchant.

➤ **Tobacco Value Chain Transformation Plan**

The government has put in place the Tobacco Value Chain Transformation Plan in which TIMB is expected to play a pivotal role towards its attainment. The specific objectives of the plan focus on;

- i) Increasing production to 300mkg by 2025.
- ii) Increasing production of alternative crops and diversification with tobacco.
- iii) Increasing level of value addition and beneficiation.
- iv) Enhancing market access and competitiveness.
- v) Optimising the country's net foreign benefits through building local funding capacity.

➤ **Sustainable Tobacco Production**

Increased calls for sustainable tobacco production from the largest global cigarette manufacturers need the local tobacco industry to urgently react to these demands. There are issues to be looked at under the Sustainable Tobacco Programme (STP) and Environmental, Social and Governance factors. TIMB is developing mandatory guidelines to be followed by industry stakeholders as a way of tackling sustainability issues.

➤ **TIMB Strategic Focus**

The organization has pursued a transformational programme as a way of matching its functions to the current demands and expectations of the operating environment. A new structure has been put in place and this has seen the creation of new units within the department. These include the Sustainability Unit, Business Development Unit and the Inspectorate Unit.

➤ **Afforestation**

The government introduced an Afforestation Levy payable by tobacco farmers and in line with this, the TIMB together with the TRB are encouraging farmers to plant fast growing eucalyptus / gum trees for use as fuel for curing of tobacco. Tobacco buyers on their part established the Sustainable Afforestation Association to plant woodlots that will eventually be availed to tobacco farmers. The overall aim is to achieve sustainability once at least 30 000 hectares of woodlots have been grown and eliminate the use of indigenous trees for curing tobacco. The Afforestation Fund is administered by the Forestry Commission whose role is to put in place

afforestation programmes for tobacco farmers. A Management Committee, where TIMB is a member, was established to oversee the management of the afforestation programmes. Forestry Commission has embarked on the Tobacco Wood Energy Programme (TWEP) in which gum tree seedlings are produced and distributed to farmers.

➤ **Training of Tobacco Farmers**

TIMB in conjunction with the Department of Agricultural Research and Extension Services (AGRITEX), Tobacco Research Board, BAT and the Farmers Development Trust conducts calendar-based training for small scale farmers on best agronomic practices. The main training centres are in the four traditional tobacco growing regions namely, Trelawney Training Centre near Banket (Mashonaland West Province), Panorama Training Centre in Centenary (Mashonaland Central Province); Dozmerry Training Centre in Wedza (Mashonaland East Province) and Nyamazura Training Centre in Odzi as well as Magamba Training Institutions (Manicaland Province). The training covers all aspects of tobacco production, from seedbed, soil testing, land preparation, transplanting, topping right up to curing, presentation and marketing. The target for each year is to train 20 000 farmers.

➤ **Irrigation Infrastructure**

TIMB runs a revolving fund for the development and installation of drip irrigation for small holder farmers. Demo plots have been established in all tobacco farming provinces. Drip irrigation will go a long way in improving both yield and quality of tobacco. This drive is an effort towards improving the quality of the tobacco and to mitigate the effects of climate change. Of late farmers have been getting solar powered and the conventional Centre pivots through Agricultural Finance Corporation Bank while TIMB was acting as a guarantor. These loans had a three year tenure. The continuity of the program will entirely depend on funds availability.

➤ **Curing Infrastructure**

TIMB runs a revolving fund to assist small scale farmers in the construction of the energy saving rocket barns. Construction of tunnel curing systems and refurbishment of barns is also being undertaken under the same funding model.

➤ **E-Marketing**

The electronic marketing system of conducting tobacco sales was introduced in 2017 with the aim of improving efficiency of tobacco marketing. The system has resulted the relaying of sales information to TIMB in real time as well as reduction in human interference and errors in the processes of the marketing of tobacco. It has also contributed to timeous processing of farmers' sales and payments.

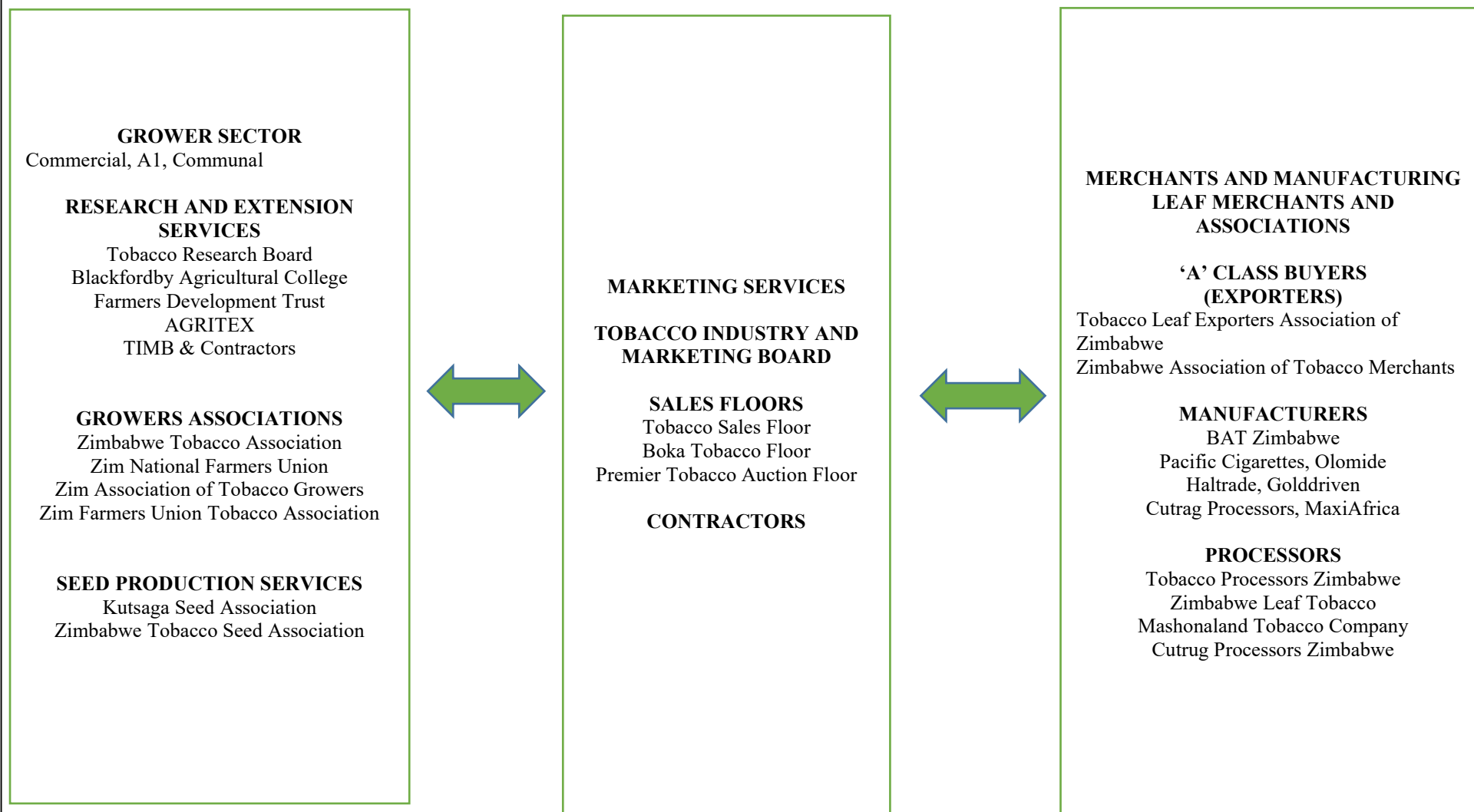
➤ **Office space**

After successfully constructing and moving to headquarters building in the Southerton area of Harare TIMB is set to commence the construction of regional offices at the secured stands. Construction will be done in phases.

➤ **Production of Other Tobaccos**

The Board encourages the production of other types of tobacco in order to provide growers with a multiple choice of cash crops suitable for production in their areas. Over the years these have included burley, oriental, cigar wrapper, dark fire-cured and dark air. Jutty tobacco has been introduced in Burma Valley, Manicaland, and has been grown for the past two seasons. There is need to regularize the growers by registering them through TIMB registration system.

D. STRUCTURE OF THE INDUSTRY



1. THE GROWING SECTOR

The following are the recognized growers' associations in terms of the Tobacco Industry & Marketing Rules (Statutory Instrument 29 of 2000): -

Tobacco Association of the Zimbabwe Farmers Union (ZFU)

This association, which falls under the umbrella of the ZFU which was formed in 1997, aims to protect, promote and further the interests of those farmers, mainly smallholders, engaged in flue-cured, air and/or aromatic tobacco within.

Zimbabwe Association of Tobacco Growers (ZATG) of the Zimbabwe Commercial Farmers Union

The commodity association is an arm of the Zimbabwe Commercial Farmers Union (ZCFU) and operates in a manner similar to the ZFU Tobacco Association.

Tobacco Association of Zimbabwe (TAZ) of the Zimbabwe National Farmers Union (ZNFU)

ZNFU is a broad-based farmers' association whose main thrust is to improve general agricultural production, especially in recently-resettled areas. The Tobacco Association of Zimbabwe (TAZ) is a commodity association of the union.

Zimbabwe Tobacco Association (ZTA) of the Commercial Farmers Union

ZTA represents the interests of flue-cured tobacco growers with the aim of promoting and fostering the development of the crop in Zimbabwe.

2. THE MERCHANT SECTOR

Tobacco Leaf Exporters Association of Zimbabwe (TLEAZ) is a representative body of buyers, packers and exporters of Zimbabwean tobacco.

The Zimbabwe Association of Tobacco Merchants (ZATM) is an association of indigenous tobacco merchants that was formed in the mid-1990s to represent the interests of indigenous buyers and exporters of tobacco.

3. THE CIGARETTE MANUFACTURING SECTOR

There are seven cigarette manufacturing companies currently operating in Zimbabwe. The most dominant are British American Tobacco Zimbabwe and Pacific Cigarettes. The rest, Haltrade, Olomide, MaxiAfrica Manufactures P/L, Golddriven Tobacco and

Mosia-Tunya mostly manufacture very small quantities for export and domestic consumption. Less than 2% of tobacco produced in Zimbabwe is consumed locally. In 2019, 4.1 billion cigarettes were manufactured in Zimbabwe.

E. ANCILLARY ORGANISATIONS

1. TOBACCO EXTENSION AND FARMER TRAINING

In the smallholder sector, extension services are mainly provided by the Department of Agricultural Research and Extension Services (AGRITEX) and private companies (contractors) which supply inputs to tobacco farmers and Tobacco Research Board. Large-scale farmers rely on input suppliers, private consultants, growers' associations and the Tobacco Research Board.

The Farmers Development Trust (FDT) is largely involved in the training and provision of extension advice to smallholder producers. The FDT aims at promoting tobacco production in the smallholder sector in Zimbabwe and has four main training centres. These are, Trelawney Training Centre near Banket (Mashonaland West Province), Panorama Training Centre in Centenary (Mashonaland Central Province); Dozmerry Training Centre in Wedza (Mashonaland East Province) and Nyamazura Training Centre in Odzi (Manicaland Province).

2. TOBACCO RESEARCH AND EXTENSION

Research in the improvement of quality and profitability of tobacco is carried out by the Tobacco Research Board (TRB) at Kutsaga Research Station (mainly flue-cured tobacco) in Harare. TRB also has outstations at Banket Research Station for air-cured tobaccos and Makoholi Research Station for oriental tobacco. The TRB conducts an extensive grower education programme in both large and smallholder farming areas.

The TRB's mission is "To maximise economic value from sustainable and responsible tobacco production through the development and provision of elite varieties and innovative agro-based services and products".

The TRB has exclusive rights to flue-cured research in Zimbabwe. All varieties of tobacco sold in Zimbabwe must be those recommended by the TRB. Furthermore, all agrochemicals or crop protection agents (CPAs) used on tobacco must be countenanced by the TRB before use, in terms of the Tobacco Industry and Marketing Act. The TRB emphasizes science- and fact-based management of the crop by growers.

Seed requirements for the industry are provided by the Tobacco Research Board and the Zimbabwe Tobacco Seed Association.

F. DOMESTIC MARKETING

1. Flue-cured tobacco is sold by auction through three sales floors; Tobacco Sales Floor (TSF), Boka Tobacco Floors (BTF), and Premier Tobacco Auction Floor (PTAF).
2. Contract sales are conducted at approved, inspected and licensed premises.
3. Non-auction tobaccos, such as Cigar Wrapper are currently sold / bought by private treaty between merchants and growers, or by contract.
4. Dark air-cured, dark fire-cured tobaccos were previously grown in the country and sold / bought by private treaty between merchants and growers.

G. PRODUCTION TRENDS

1. PERIOD 1980 - 2000

Following the country's independence in 1980 there was an initial drop in production and number of production units. However this trend was reversed quickly such that by the late 1980's annual production was over 120 million kg, the hectareage was over 57 000 and the number of growers had stabilized at around 1 500 large-scale commercial growers.

During the 1990's a slow land resettlement programme saw the number of indigenous growers rising to around 6 500, and with about 1 700 large-scale commercial growers

by 2000. The tobacco area planted (107 000 ha) in 2014 surpassed the peak of 1998 of about 92 000 ha. Annual sales reached a record of 237 million kg in 2000.

2. PERIOD 2001 - 2008

The land reform programme largely dominated the period. Large-scale farms were sub-divided and land allocated to indigenous farmers. This rapidly increased the number of growers thereby increasing the potential tobacco production base. After three successive drought seasons followed by one characterized by excessive rain during its latter half, annual production is now on the increase.

3. PERIOD 2009 - 2020

With the introduction of new policies, monetary deregulation and an improvement in availability of cropping inputs, prospects for increases in production were heightened. Consequently, the period characterized by rapid recovery of production and increase in grower base. While production has recovered more emphasis is now being on maintaining and improving the quality of the crop.

4. CURRENT – 2021

Production levels reached the 211million kilograms the contract production and marketing system contributing 94% of total output. Tobacco prices were comparatively firmer than the previous year. The season also recorded a significant portion of contract tobacco being marketed through the approved decentralized selling points.

H. ESTABLISHING AND OPERATING A TOBACCO COMPANY

1. COMPANY REGISTRATION

All companies have to be registered under the Companies Act (2005) at the Registrar of Companies. The required forms for registration can be obtained from Zimbabwe Investment and Development Agency (ZIDA) as well as <http://www.zarnet.ac.zw/evol/ziida/wp-content/uploads/2020/02/application-form.pdf>

a. Procedures for establishing Greenfield Investments

Local and foreign investors wishing to establish a Greenfield Investment are required to visit the Zimbabwe Investment and Development Agency (ZIDA).

ZIDA is a facilitative and investor friendly One Stop Investment Services Centre for investments and new projects.

In the establishment of Greenfield Investments, the investor has a variety of options to set – up operations in the country. The most common being to register as a limited liability company, private business company or as a cooperative.

The private companies and other business entities are administered under the Companies and Other Business Entities Act [Chapter 24:31].

b. Procedures for establishing into existing (Brownfield) Investments

The RBZ through its Exchange Control Division, administers and facilitates foreign investments into existing entities and operations also known as Brownfield Investments.

- Brownfield Investments largely take the form of dilutions, mergers and acquisitions, rights issues, cross – border investments, restructuring and disinvestments.
- All the above investments require specific Exchange Control approvals.
- Foreign investors may invest up to 100% in unlisted companies for existing projects and Exchange Control permission is granted for such investments. These applications are in respect of foreigners investing into existing local enterprises not listed on the Zimbabwe Stock Exchange (ZSE).
- Applications for Exchange Control approval for Brownfield Investments are submitted through Authorised Dealers (banks) for onward submission to the Reserve Bank of Zimbabwe.
- The turnaround period for approving such investment proposals is 5 days.
- Foreign investors may subscribe for up to 100% primary issues of bonds provided the purchase is financed by inward transfer of foreign currency through normal banking channels.
- There is no limit on the level of participation by each investor, and they are free to dispose of their investments in the secondary market. The foreign investors are also free to buy and sell bonds in the secondary market.
- However, the Reserve Bank requires that investors provide proof of transfer of funds through normal banking channels. Disinvestment proceeds are freely remittable without seeking prior Reserve Bank of Zimbabwe approval. Further information can be obtained from www.rbz.co.zw

The following are processes for business registration;

STEP	TURNAROUND TIME
Company Registration <ul style="list-style-type: none"> Filing a Memorandum of Association and Articles of Association with the Register of Companies, CR6 & CR 14 Form 	2 days
Registration with Zimbabwe Revenue Authority for Tax Purposes (Business Partner Number) <ul style="list-style-type: none"> Registration for PAYE, Income Tax and Customs Duty 	1 day
Zimbabwe Investment and Development Agency (ZIDA) Licencing <ul style="list-style-type: none"> Lodge application through ZIDA 1 Form which can be downloaded on the ZIDA website. Attach primary company registration documents, brief business plan, CVs for Directors/ Shareholders 	2 days
Immigration Control Department <ul style="list-style-type: none"> Application for investor and temporary employment permits 	5 days
Environmental Management Agency <ul style="list-style-type: none"> Only for the projects which require Environmental Impact Assessment Licence e.g. mining, manufacturing and infrastructure development as prescribed in the Environmental Management Act [Chapter 20:27] Prospectus EIA Report 	10 days 30 days
National Social Security Authority (NSSA) <ul style="list-style-type: none"> Lodge an appplication for NSSA registration within 30 Days of commencing business 	1 day

Once the company is successfully registered, it receives a Certificate of Incorporation. Any additional business licenses are issued by local authorities.

Foreign companies incorporated outside of Zimbabwe can operate in Zimbabwe without having to form a separate locally registered company. When setting up branch operations, however, the approval from the Ministry of Justice, Legal and Parliamentary Affairs is required. Foreign investment into existing companies requires the approval of the Reserve Bank.

2. GENERAL EXPORT INCENTIVES

- Zimbabwe allows duty-free importation of raw materials for the manufacture of goods for export (IPR).
- Provision exists for drawback of certain duties applicable to imported goods, raw materials and components used in manufacturing, processing or for export under the Inward Processing Rebate Scheme;
- A double deduction is allowable for income tax purposes in respect of export market development expenditure
- Taxable income from manufacturing or processing company which exports fifty per cent or more of its output is taxed at a reduced rate of 20% after 11 years.
- Any investor or investment vehicle who wishing to apply for a Special Economic Zone Licence may apply and submit their application physically at First Floor, ZB Life Towers.
- The processing of applications and the issuance of licence takes a maximum of 5 days, if an application has been submitted to the Authority in its complete form.

3. NATIONAL PROJECT STATUS

National Project Status is obtained by approved investors upon application. The status is granted to approved projects that demonstrate significant positive economy wide impacts in terms of employment creation, generation of exports, import substitution, value addition to local raw materials, technological transfer application is made to the Minister responsible for Finance. Incentives under the National Project Status are negotiated between the government and investors.

4. INDIGENISATION

There is no rule to suggest that projects in this sub-sector are exempted from indigenisation and economic empowerment regulations. However, a waiver from complying within the stipulated four-year period (for manufacturing projects); through the line Ministry (in this case Ministry of Industry and Trade). Each case is considered on its merit. Projects invested under special economic zones are exempted from indigenisation policy.

5. APPLICATION FOR A TOBACCO BUYER'S LICENCE

1. An application for the issue of a licence to buy any type of tobacco sold on an auction floor shall be made to the Board on or before 31st January each year in writing, and shall;

(a) state: -

- the name and address of the applicant and, in the case of a company registered in terms of any law in force in Zimbabwe, the name of each director;
- "A" Class buyer's licenses are being considered;

In terms of the Marketing Rules, an "A" Class buyer means a buyer who buys on auction floors during a selling season such minimum quantity of tobacco as is determined by the Board and does not re-sell on auction floors during that selling season more than five per centum of the tobacco he has bought.

- the type of tobacco which he wishes to buy (either flue-cured tobacco or burley) or both; and
- the names of all buyers he wishes to employ on the auction Floors.

(b) be accompanied by: -

- a statement, in writing, from the licensee of every auction floor that such licensee is prepared to do business with the applicant if he is licensed as a buyer;

Provided that if any licensee of an auction floor refuses to provide the statement referred to above on grounds other than the financial standing of an applicant, the applicant may, if he is aggrieved by such refusal, appeal to the Minister of Lands, Agriculture, Fisheries, Water and Rural Resettlement, who may, having regard to the reasons for the refusal, make such direction in the matter as he may consider appropriate; and

- an application fee of USD\$1000 which is non-refundable
- a licence fee of USD\$1000 which amount shall be returned to the applicant in the event of the application being unsuccessful.

2. An application for the registration of a person as an authorised buyer shall be made, in writing, and shall be submitted with the application referred to in paragraph 1 above.

3. The Board shall not issue a buyer's licence to an applicant if, in the opinion of the Board-

- the issue of that licence would result in too many buyers for the efficient and orderly

marketing of tobacco; or

- the applicant's financial standing or the size and nature of his business is such as to warrant the refusal of the issue of a licence; or
- the issue of a licence would be detrimental to the tobacco industry in the particular circumstances pertaining on the auction floors in the season for which the applicant applies to be licensed.

5. A buyer's licence shall specify -

- the maximum number of buyers licensed or registered by the Board whom the licensed buyer may use on the auction floor at any one time and in any one line of buyers; and
- the maximum number of "A" (or "B") class buyers licensed or registered by the Board who may be in a line of buyers at any one time,

6. A buyer's licence may be issued subject to the conditions that-

- a specified minimum mass of tobacco shall be purchased by the licensed buyer in the season for which the buyer is licensed; and
- the buyer shall supply to the Board, in such a manner as the Board may require, particulars of the mass of tobacco purchased by him in the season for which he is

licensed; and

- the buyer shall be represented at all sales at an auction floor where he is licenced to buy.

I. CONTRACT GROWING AND MARKETING

The procedures for registration of companies are as described under Section H Sub-section 1 above.

The registered company will sign a Memorandum of Understanding (MOU) with the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement. The MOU provides the guidelines to any company that desires to participate in the Zimbabwe tobacco industry willing to provide finance, inputs, technical and logistical support targeted at selected new and existing tobacco farmers.

The company, in co-operation with local financial institutions, provides extension services, farming inputs including seed, fertilizer, chemicals, tillage, and harvesting, curing and marketing resources to eligible tobacco growers to grow, harvest and cure tobacco.

The contracted tobacco growers will be exclusively contracted to sell their entire unprocessed tobacco crop to the contractor at the prices to be agreed on by

contractor and the tobacco contract growers, based on the Tobacco Industry classification system supervised by TIMB.

J. FINANCING TOBACCO PURCHASES

1. FINANCING OF TOBACCO PURCHASES BY TOBACCO BUYERS

The financing of all tobacco purchases are guided by Statutory Instrument 61 of 2004 (Exchange Control Tobacco Finance Order, 2004).

All auction and contract tobacco is be paid for in United States dollars; and every tobacco buyer access only offshore funds for the purpose of purchasing tobacco.

No tobacco buyer is allowed, for the purpose of purchasing any contract tobacco or auction tobacco: -

- (a) draw on its corporate foreign currency account; or
- (b) purchase, borrow or raise foreign currency funds from onshore funds, the interbank market, an authorised dealer or any domestic source whatsoever.

2. PURCHASES OF CONTRACT TOBACCO

Contract tobacco shall not be purchased by any person other than the contractor with whom the tobacco grower concerned entered into the contractual arrangements.

Where a contractor financed any growers-

- (a) by accessing offshore funds for that purpose, the amount used to finance the grower may be set off against the price of the tobacco sold to the contractor by the grower;
- (b) by accessing any offshore funds for that purpose, the contractor shall access offshore funds for the purpose of purchasing tobacco from the grower.

No later than twenty-four hours of the next business day after purchasing contract tobacco every contractor shall submit to the Reserve Bank particulars of the quantity and value of contract tobacco purchased.

K. PROCESSING FACILITIES

There are three companies, Zimbabwe Leaf Tobacco Company, Tobacco Processors Zimbabwe and Mashonaland Tobacco Company, with a combined total processing capacity of over 250 000 metric tonnes per annum.

L. EXPORTING ZIMBABWEAN TOBACCO

- a) Permits shall be issued to all tobacco traders including licensed tobacco buyers, non-licensed merchants and individuals; provided the tobacco has passed through the auction floors in the case of leviable tobacco (Virginia and Burley tobacco); and in the case of non-auction tobacco, that tobacco should have been sold at an authorized place of sale.

Non-licensed merchants and individuals who do not have direct access to tobacco from the auction floors are required to attach invoices indicating the supplier who would have bought the tobacco from the floors.

b) Application for an Export/Local trade permit

- Notice period
One day notice period is required for non-registered tobacco traders. An application for a permit is processed within 24 hours from the time of application.
- Completion of an application form

The application shall be made on the official form (issued in terms of Control of Goods (Import and Export) (Agriculture) Order Statutory Instrument 350 of 1993 and subsequent amendments).

Merchants and individuals wishing to export, import or trade locally unmanufactured and semi-manufactured (cut-rag) tobacco shall apply for a relevant permit from the Tobacco Industry and Marketing Board.

Applicants are required to contact TIMB for online permit application Account. All applications shall be lodged through an online platform.

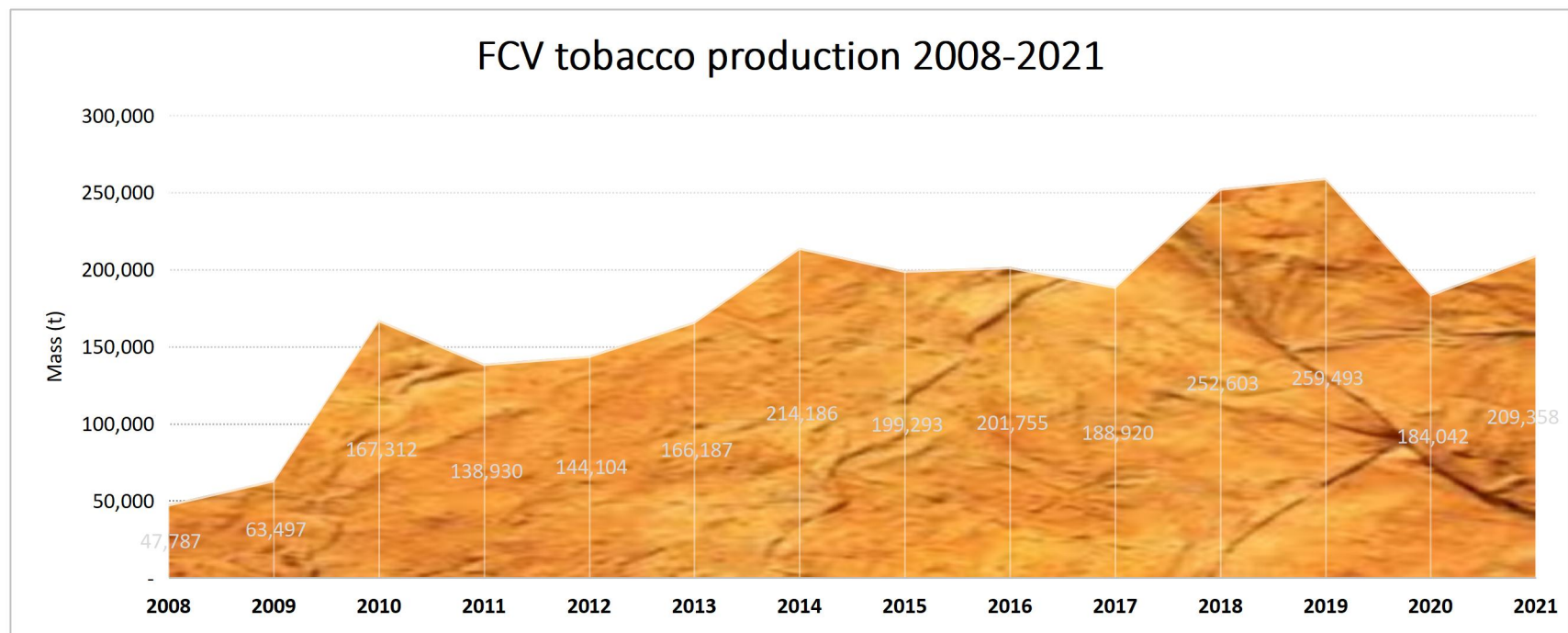
Applicants shall be liable to payment of a fee (3.0US cents per kg) at the time of application.

M. ANNEXES

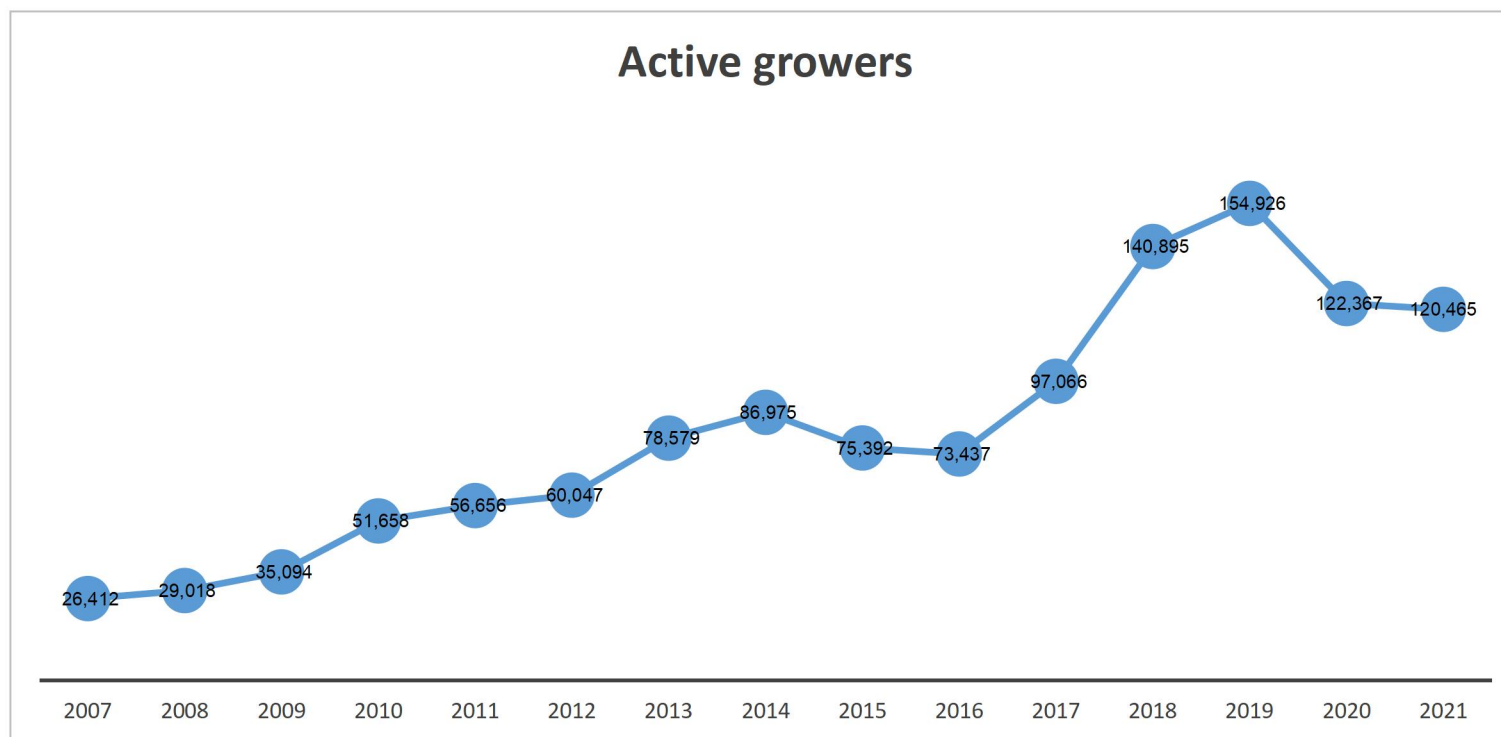
1. Tobacco production since 2008

Year Growers		Area (Ha)	Mass sold (Kg)	Avg. Price (US\$/Kg)	Avg. Yield (Kg/Ha)	Gross Value (US\$)
2021	120,465	125,000	209,357,856	2.80	1,675	585,559,483
2020	122,367	117,537	184,042,292	2.50	1,566	459,667,154
2019	154,926	146,000	259,492,611	2.03	1,777	526,732,734
2018	140,895	133,000	252,603,251	2.92	1,899	737,431,247
2017	98,927	110,816	188,920,313	2.96	1,705	559,204,126
2016	81 801	102,537	202,275,688	2.95	1,972	595,927,523
2015	97 616	104,662	198,954,849	2.95	1,900	586,544,231
2014	106 372	102,537	216,196,683	3.17	2,108	685,244,013
2013	78 756	88 627	166,572,097	3.67	1,879	612,135,672
2012	60 047	76 359	144 565 253	3.65	1 893	527 805 943
2011	56,656	78 415	132,431,905	2.73	1 689	361,448,679
2010	51 685	67 054	123 503 681	2.88	1 842	355 572 326
2009	29 018	62 737	58 570 652	2.98	934	174 457 761
2008	35 094	61 622	48 775 178	3.21	792	156 663 816

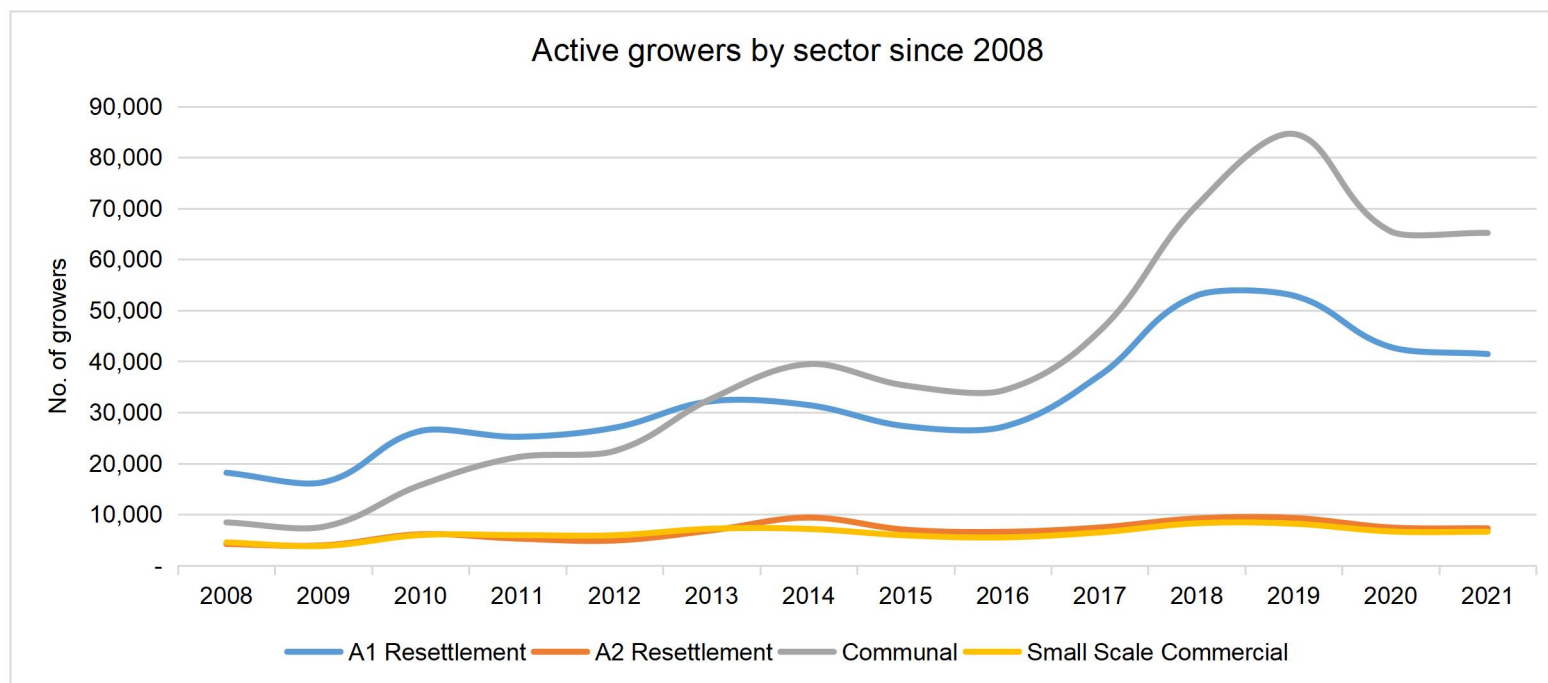
2. Tobacco Average Yield per hectare Since 2008



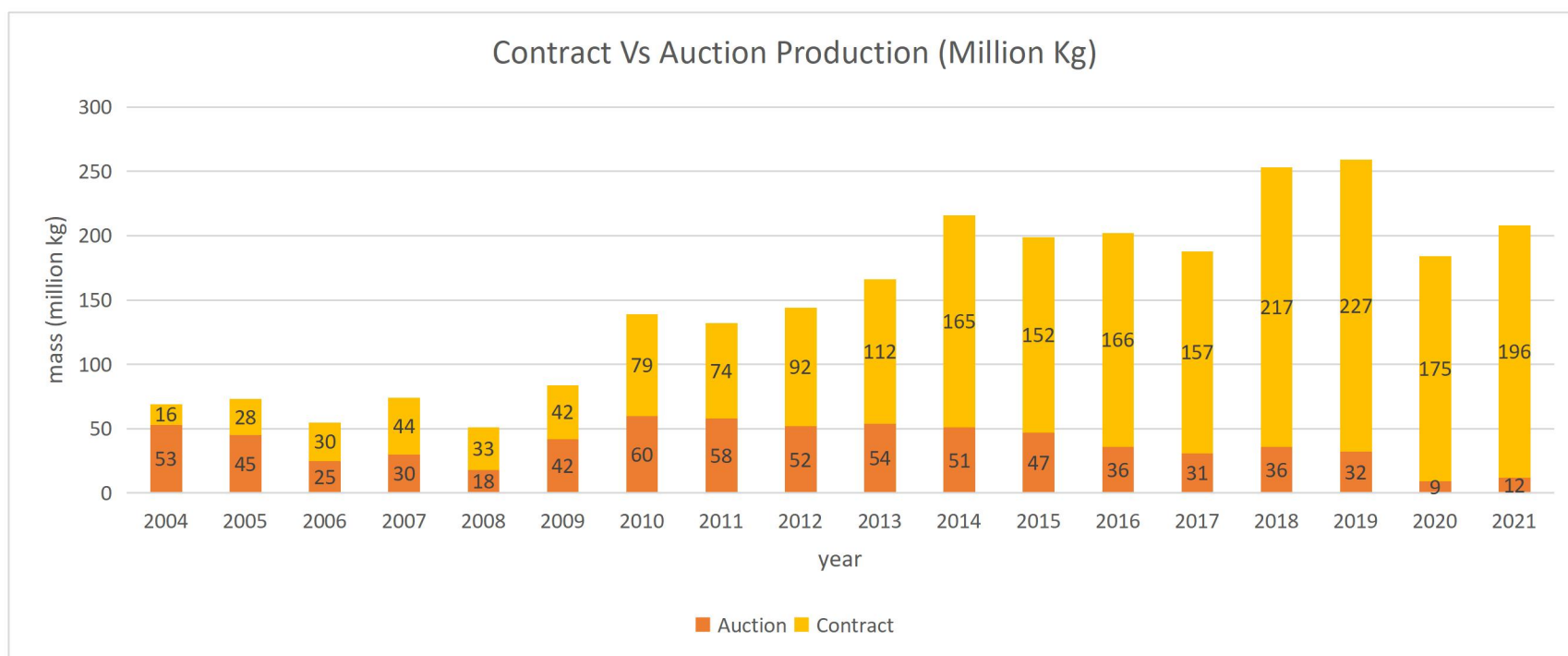
3. Active tobacco growers from 2007



4. Active tobacco growers by grower sector from 2008



5. Contract and Auction Sales Since 2004



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