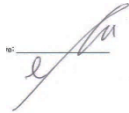


FROM: TOBACCO BOARD OF ZAMBIA- BOARD SECRETARY/CEO- JAMES C. KASONGO



**TO: ALL GROWERS OF FLUE CURED AND BURLEY TOBACCO
ALL LICENCED BUYERS
ALL LICENCED SALES FLOOR OPERATORS
ALL FARMERS ASSOCIATIONS
TOBACCO PROCESSORS**

DATE: 2020

MARKETING RULES AND PROCEDURES FOR SELLING TOBACCO DURING 2019/2020 MARKETING SEASON

PREAMBLE

In order to ensure orderly marketing of tobacco during the 2019/20 Marketing Season, Tobacco Board of Zambia (TBZ) will enforce the Marketing and Licensing rules as stipulated in the Tobacco Act Cap 237 of the Laws of Zambia and in line with Stakeholder's Agreement agreed upon in April, 2019.

The 2019/2020 Tobacco Marketing Season will commence on

The Primary objective of Tobacco Board of Zambia is to promote tobacco production and to ensure organized marketing of tobacco. Hence these rules are made for this purpose as well as to ensure that the tobacco offered for sale is in an acceptable marketing conditions and that payment are effected (a) by the buyers for purchase made and to the grower for his/her tobacco, in a smooth manner. (b) the tobacco levy and floor commission charges are deducted from the purchased value of the tobacco offered for sale.

1.0 Registration Status of Growers

1.1 All tobacco growers intending to sale tobacco on the approved Sales Floor shall be registered in the Bright Leaf TBZ integrated Grower Registration System for the period of 2019/20 season.

1.2 No Grower shall be allowed on the Sales Floor Designation without a valid Gower's Registration Card/ Grower registration certificate.

2.0 Delivery of tobacco

All Growers who produced their tobacco under out grower contracts and self-sponsoring arrangement will sale their entire production to their Tobacco Sponsors through approved Sales Floor Designations accompanied with a **Tobacco Movement Permit** issued by the Tobacco Inspector nearest to the area were tobacco was cultivated. All Contracted tobacco and self-sponsored tobacco ready for marketing should be booked before delivery through the Sales floor manager and the identified buying company respectively.

No tobacco will be allowed in the approved Sales Floor designation premises which was not booked for delivery and has no buying company.

3.0 Buyers Price Matrix

All buyers to submit their price matrix in United States Dollars or Kwacha equivalent (USD) denomination to the Board 5 days before commencement of the marketing season

4.0 Contract Features

- 4.1** All sponsored growers are advised to sign an out-grower contract agreement for the production and marketing of tobacco with the sponsoring Company and all inputs provided and interest should be agreed and signed before delivery of their crop to the Sales floor designation.
- 4.2** The sponsoring company will provide inputs and/or finance to a grower for the production of agreed hectares and volume of tobacco.
- 4.3** The Sponsoring Company should not buy tobacco that was financed by another sponsoring company, except for the self-sponsored tobacco which growers would have agreed prior to delivery of the tobacco to the sales floor designation.
- 4.4** The sponsored Grower and the sponsor will deliver contracted tobacco to specified Sales Floor Designations approved by TBZ.
- 4.5** Pricing of tobacco will be based on the price matrix approved by the Minister through TBZ.
- 4.6** The Licensed Sales Floor Manager shall link their IT system to the TBZ's integrated data base system (**Bright leaf System**) to ensure compliance with the booking procedures, Tobacco Levy and Floor commission deduction, loan clearance and sales data transmission to TBZ.

NB: Sponsoring Companies, Licensed Tobacco Buyers, Licensed Sales Floor Managers and growers should adhere to all the conditions in the Tobacco Industry Agreement to be signed by all Industry Stakeholders.

5.0 Tobacco Sales

5.1 Eligibility of offering Tobacco for Sale

- a) The cumulative volume of tobacco to be sold on the Sales Floor shall not exceed the registered allowable volume per Grower registration as reflected in the grower registration details captured in the system at registration. This is

- in the interest of promoting orderliness in the market and prevention of tobacco vending or Side marketing.
- b) No Farmer (Seller) or Agent other than the holder of the Grower Registration Card will be allowed to offer tobacco for sale on behalf of registered grower without legal justification of the grower incapability to present him/herself on the sales Floor Designation presided on by TBZ.
 - c) No tobacco from another growing region will be allowed on any approved sales floor Designation without any official **Tobacco Movement Permit** clearly bearing a TBZ Growers number (either individual or a list of growers with their grower's numbers/buying company details etc.) will be allowed to be offered for sale on any approved Sales Floor Designation.

5.2 Tobacco Movement Permit and Sale Bookings/Deliveries

- a) All the tobacco to be sold shall be booked with the Buyer in liaison with Sales Floor Designation Manager on behalf of the grower into the TBZ Registration and Marketing Bright Leaf System.
- b) After the verification and Confirmation of the Sales Booking in liaison with the Sales Floor Manager on the quota remaining for the grower, the Regional Tobacco Inspector shall issue a Tobacco Movement Permit to the Grower from the Bright Leaf Registration and marketing System.
- c) Growers will deliver their tobacco to designated Sales Floor as agreed with their Sponsor/buyers who may make transport arrangement to deliver tobacco to the Designated Sales Floor at which TBZ would be present to supervise the sale. **No tobacco Sales will be conducted in the absence of a Tobacco Board of Zambia official appointed by the Board to supervise all the tobacco sales.**

5.3 Tobacco Clearance and Receiving at the Sales floor designation

- a) At the sales floor designation, the Grower/driver/transporter shall present the Tobacco Movement permit at the Security Check point at the gate to verify if the tobacco in the vessel has been booked and has a valid tobacco

movement permit issued by the Regional Tobacco Inspector/Tobacco inspector of the area where tobacco was grown. **No permit will be issued at Tobacco Board of Zambia Head office for tobacco not grown in Lusaka province.**

- b) After the tobacco has been cleared at the gate (Security check point) of the Sales floor designation the Grower/driver/transporter shall present the documentation to the **Receiving officer** who in turn shall physically count the number of bales delivered and a Goods Received Note (GRN) shall be issued to the Grower/driver /transporter.

5.4 Tobacco Weighing

- a) After the tobacco has been received, it shall be weighed in accordance with the approved Floor laying sheet from the floor manager. Only tobacco with the valid Grower Registration Card, Tobacco Movement Permit, Sales Booking Slip and appears on the floor laying sheet shall be weighed and presented for sale.
- b) The Sales Floor Designation Manager or any person appointed by the Sales Floor Manager shall scan the barcode on the Grower's Card for registration details as a way of identifying the Grower, the registered volume or the remaining volume to be sold in case of a returning seller (growers), the Sponsor of Tobacco and many more relevant details captured at registration.
- c) It is the responsibility of the Licensed Sales Floor Designation Manager to collaborate with TBZ Regional Inspectors, Sponsors and Growers to ensure that a proper **Quota System** is managed on the Sales Floor Designation so as to avoid unnecessary congestion on the Sales Floor Designation. Failure to manage the Quota System will result in revocation of the sales floor Designation License with TBZ taking over operations until the end of the season.

5.5 Tobacco Buying line

The Tobacco buying line at each sales floor designation will be in the following order:

- a) Buyer's Company Classifier;

- b) TBZ Tobacco Classifier
- c) Tobacco Grower's Representative; and,
- d) TBZ Tobacco Arbitrator.

6.0 Tobacco Bale Management and Packaging

- 6.1. All bales of tobacco should be delivered in hessians of good quality and inner bailing paper.
- 6.2. All bales of tobacco should weigh not less than twenty-three Kilograms **(Minimum 23 Kg)** net and not more than one hundred and twenty **(Maximum 120 Kg)** for both Virginia Flue cured and Burley tobacco having dimensions of eighty-six centimeters long, sixty-one centimeters high and not more than sixty-six centimeters wide **(86cm x 61cm x 66cm)**.
- 6.3. All bales should clearly be marked on the outside of the wrapping material with the Growers Number registered in the Bright Leaf System, in Arabic numerals not less than eight centimeters in height and not less than two sides on one end of each bale.
- 6.4. Split bales can be offered for sale provided the Grower puts a demarcation (by putting a sheet of bailing paper in between the two grades) of the two bordering grades in the bale and this should be declared by the Grower at the receiving point.

It is important to note that a spilt bale should not weigh less than 45Kgs in case of Flue Cured Virginia and not less than 14Kgs in case Burley tobacco.

- Tobacco may be offered in the form of;
 - a) Tied hands leaf,
 - b) Straight laid loose leaf
 - c) Clean graded strips,
 - d) Clean stemmed scrap,
 - e) Clean unstemmed scrap.
- In case of a tied leaf, the Seller shall ensure that the size of hands graded tobacco is not less than 3 cm and not more than 3 cm across the butt ends and that the depth of the tie is not less than 4 cm and not more than 5 cm.
- No bale offered for sale shall contain ungraded tobacco.

- Seller may offer for sale a bale containing more than one class of tobacco.
- No over-conditioned, loose leaf, greased or with diesel tobacco shall be offered for sale on any approved sales floor designation.

7.0 Sales Floor Designation Manager Obligations

- 7.1. All holders of Floor Licence should ensure that the scales are properly certified by the **Zambia Weights and Measurements Agency (ZWMA)** before commencement of the marketing season.
- 7.2. All holders of floor Licence should ensure that they obtain a valid Phytosanitary Certificate from Plant Protection and Quarantine (PPQ) Unit ZARI before commencement of the marketing season.
- 7.3. All holders of floor Licence should ensure that they maintain high standards of hygiene and cleanness during marketing on the floors and should also ensure that there is adequate hand sanitizer and washing points at points of entry in the floor with reference to the Public Health Act.
- 7.4. No sale of tobacco will be allowed to take place on the approved sales floor without the presence of TBZ officials.
- 7.5. No grower shall present Nested tobacco bale for sale. Nested tobacco bales shall be confiscated and forfeited to TBZ and will attract a penalty as stipulated in the Tobacco ACT Cap 237.
- 7.6. All Tobacco Licensed Buyers should submit to TBZ every week electronically the total sales value and the total amount of tobacco (in Kgs) purchased in that week for each tobacco type.
- 7.7. All Tobacco Licensed Sales Floor Designation Managers should every end of the week submit to TBZ **Sales Reports** clearly indicating Number of bales received, Number of bales sold, Number of bales rejected, Volume of bales received, sold and rejected. Also indicate the value of bales sold and the Average Price per kg. However, this will be done in real time due to the integration that will be done between TBZ and Lusaka Main Sales Floor for the 2020 Marketing season.

8.0 Licensed Buyers

The following Buyers are authorized to buy Non-Actionable tobacco subject to satisfying TBZ requirements;

Flue-Cured Tobacco

1. JTI Leaf Zambia Limited
ZCCM-IH Office Park
Plot 16806 Alick Nkhata Road
Mass Media Area
LUSAKA

2. Alliance One Zambia
P.O. Box 30994
LUSAKA

3. Tombwe Processing Limited
Plot No.
Mungwi Road
LUSAKA

4. Golden Eagle Tobacco International Corporation (Z) Ltd
Plot No, 20844
Alick Nkhata Road
LUSAKA

5. Gold N' Grain
P.O Box
CHIPATA

Burley Tobacco

1. Pemba Leaf Tobacco Company

P.O. Box 511017

CHIPATA

2. JTI Leaf Zambia Limited

ZCCM-IH Office Park

Plot 16806 Alick Nkhata Road

Mass Media Area

LUSAKA

3. Golden Eagle International Corporation (Z)Ltd

Plot No. 20844

Alick Nkhata Road

LUSAKA

9.0 Licensed Sales Floors and Floor Manage

S/N	Name of Sales Floor	Sales Floor Manager	Designation
1	Lusaka Main Sales Floor	Tobacco Association of Zambia	Lusaka
2	TPL Projects Sales Floor	Tombwe Processing Limited	Lusaka
3	Chipata Main Sales Floor	Tobacco Board of Zambia	Chipata
4	Baobab Sales Floor	Japan Tobacco Leaf Zambia	Chipata
5	Rosewood Sales Floor	Japan Tobacco Leaf Zambia	Nkeyema

