



A TOBACCO farmer inspecting the crop.

State in process of reviewing Tobacco Act

**NOMSA NKANA,
KALONDE NYATI**
Lusaka

IT IS a big green leaf that is seven times more profitable per hectare than maize production, it is also 14 times more profitable than cotton and is widely recognised as one of the biggest foreign exchange earners.

It has the potential to contribute massively to gross domestic product (GDP) but its contribution to the economy is negligible at only three percent.

Over the years, Zambia has witnessed a drastic decline in tobacco production volumes, falling to 23 million kilograms (Kgs) in 2016 from the levels of 42 million recorded in 2013.

These figures are by far lower than Zimbabwe and Malawi, which are producing about 180 million Kgs and 150 million Kgs, respectively.

According to statistics from the Tobacco Board of Zambia, a total of 39 million Kgs of tobacco was produced in 2010, while 41 million Kgs was produced in 2011 and over 33 million in 2012.

Low tobacco production figures in Zambia, which are however, expected to be around 26 million Kgs in the 2017-18 agriculture season, have been attributed to among other reasons anti-tobacco campaigns and poor market for the commodity.

Despite the challenges that continue to affect the sector, tobacco directly employs an average of 48,000 people with 288,000 directly benefiting from growing of tobacco and the entire value chain contributes 450,000 direct jobs to the Zambian economy.

During the 2016-17 marketing season, an average of US\$69 million was paid to farmers for the sale of green tobacco throughout the country.

The tobacco industry is, therefore, one sub-sector that provides great potential since its capacity to contribute to economic development is unquestionable.

But what will it take to make the tobacco industry to contribute meaningfully to the country's economy?

Tobacco Board of Zambia chief

executive officer James Kasongo says: "it will require a complete change in the way the business is run... We believe that with competitive markets together with enabling legal framework will be key in driving the tobacco production from the current projection of 26 million Kgs in the 2017-18 agriculture season to 40 million and more by 2021."

It is also important to bring on board both crop sponsored and self-sponsored farmers unlike the current trend were self-sponsored farmers have been side-lined.

"As the Tobacco Board of Zambia, it is our hope that the crop sponsored and self-financed will be brought within the season. We all understand that market for self-financed tobacco is not readily available as buyers have to prioritise on recouping their investment [100 percent]," Mr Kasongo says.

Nevertheless, Government is in the process of reviewing the current Tobacco Act to align it with global and regional trends and is currently at stakeholder engagement stage.

It is expected that the development will go a long way in accelerating the sector.

Government is also cognisant of the need to grow the sector. It has since embarked on a policy to diversify the economy from overdependence on mining of copper to agriculture with emphasis on embracing cash crops such as tobacco.

Private players such as Roland Imperial Tobacco Company (RITCO) believe that the answer to the slump in the Zambian tobacco industry lies in value addition to the crop.

To this effect, RITCO has currently embarked on construction of a tobacco processing industrial plant which will be housed in the Lusaka South Multi Facility Economic Zone (LS-MFEZ).

RITCO chairman Ephraim Mwenda says the project will comprise a US\$30 million cigarette manufacturing plant, US\$50 million primary processing plant and green leaf threshing plant.

"The primary processing plant will have a capacity to process 4.5 tonnes of tobacco per hour exceeding current Zambian cut rag tobacco requirements with capacity to export as per design," Dr Mwenda notes.

Cut rag is a finely cut tobacco, a raw

material for the cigarette manufacturing plant.

At the moment the facility is none-existent in Zambia and cigarette manufacturing companies are forced to import from neighbouring countries.

Dr Mwenda believes that the processing infrastructure being established in the LS-MFEZ, under Zambian Cut Rag processors Limited should further spur the farmers with an assured sense of confidence to produce more tobacco.

This is because the market for the crop is guaranteed, a demonstration that private sector engagement in this industry is critical for its success.

In May 2013, RITCO Limited established a cigarette manufacturing plant with an initial investment value of US\$ 8 million.

The cigarette manufacturing plant has grown one line to three separate production lines, with an installed capacity of 21,000 sticks per minute with an investment value of US\$ 30 million.

According to Dr Mwenda, the plant has also resulted in the introduction of high level technology and created skilled jobs for Zambian nationals and expatriates.

"We have partnered with Japan Tobacco International to produce JTI cigarette brands. The technology has capacity to produce 7 billion sticks per annum and yet Zambians consumption is only three billion sticks," he explains.

Similarly, RITCO director general Aliport Ngoma says the investments by RITCO will play a big role in diversification of Zambia's economy from copper mining and is in line with the Seventh National Development Plan, which is promoting support for increased private sector involvement in the marketing and processing of tobacco.

The British American Tobacco (BAT) has also set up a processing and manufacturing plant.

With such initiatives by the private sector as well as Government intervention, it is hoped that farmers will be motivated to grow more tobacco thus improving production levels to result in increased revenue as well contribution to the economic diversification of Zambia.

**PRESS STATE
CHIKWANDA C
SECOND READ**

We listened to th
by the informed
right thing by
recommendatio
dismay that ins

Equally disap
have no conc
know that the
many emplo
Zambian in

We cannot
The private
How can t
correspon
salary, in
employee
retrench

Employ
merely
assen

height
availa
sche

The
of Z
wh
the

If
h
t