

TOBACCO BOARD OF ZAMBIA

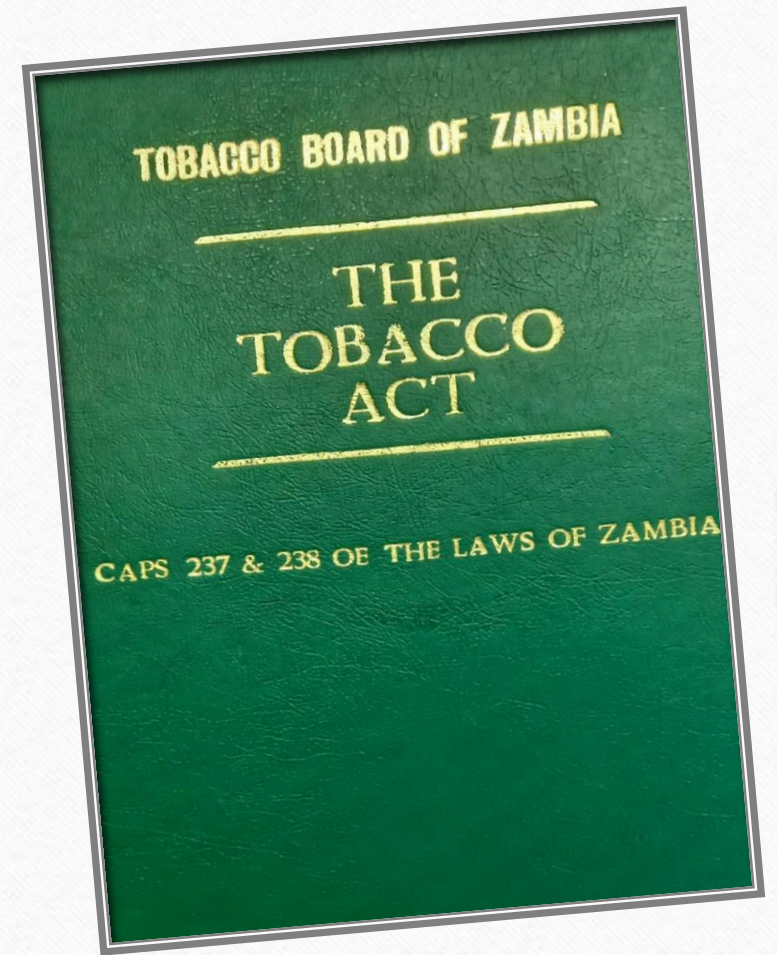
2019 TOBACCO MARKETING – REVIEW REPORT

**TOBACCO BOARD OF ZAMBIA
PLOT 19288, MUNGWI ROAD
LUSAKA**



2019 Tobacco Marketing season in review

- The 2019 Tobacco Marketing season commenced on 24th April.
- The season officially closed on 30th September, 2019.
- In accordance with the Tobacco Act CAP 237 of the laws of Zambia, no tobacco is offered for sale from the farmer that has not been registered by the Tobacco Board of Zambia.
- Furthermore, all tobacco presented for sale is purchased by Licensed Tobacco Buyers on licensed Tobacco Sales Floors.
- The tobacco presented for sale shall conform to standards as stipulated in the Tobacco Act CAP 237 and the 2019 Marketing rules drawn from the Industry Stakeholders Agreement of 2019.



2019 Tobacco Licenses

Table 1: 2019 Tobacco Buyers;

Tobacco Buyer	Sales Floor
Alliance One Zambia	Lusaka Main
Tombwe Processing Limited (TPL)	Lusaka Main and TPL Project
Japan Tobacco Leaf Zambia (JTI)	Rosewood and Baobab
Pemba Leaf Tobacco Company (PLTC)	Chipata Main
Copper Leaf Tobacco Company (CLTC)	Lusaka Main

2019 Tobacco Licenses

Table 2: 2019 Approved Tobacco Sales Floors

Sales Floor	Floor Manager	Location
Lusaka Main	Tobacco Association of Zambia (TAZ)	Lusaka
Rosewood	Japan Tobacco Leaf Zambia (JTI)	Kaoma
Baobab	Japan Tobacco Leaf Zambia (JTI)	Chipata
TPL Project	Tombwe Processing Limited (TPL)	Lusaka
Chipata Main	Tobacco Board of Zambia (TBZ)	Chipata

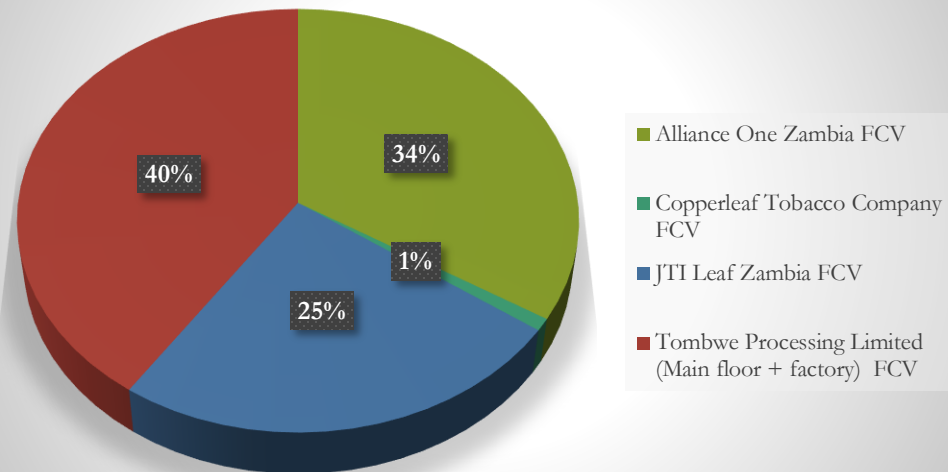
Tobacco Sales and Production statistics

Table 3: 2019 Tobacco Sales Statistics by tobacco type

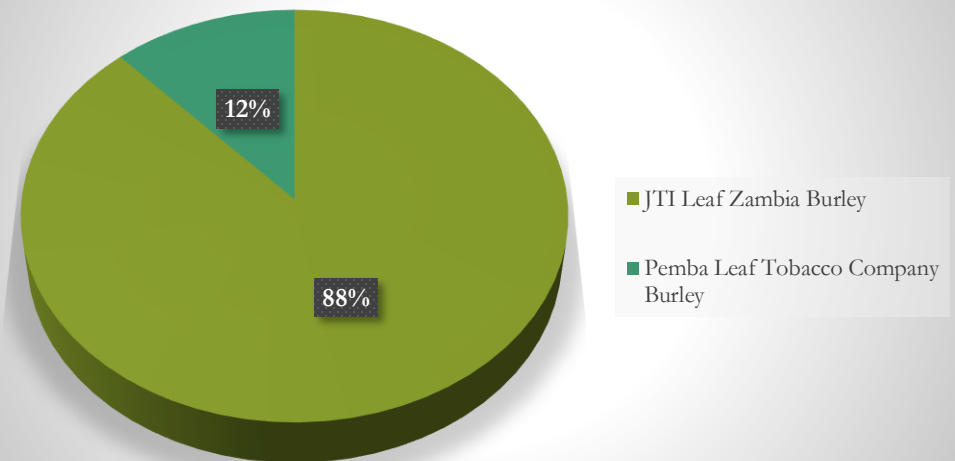
Tobacco Type	Mass (Kg)	Average Price /Kg (USD/Kg)	Value (USD)
FCV	22, 169 ,729.61	2.24	49,736,542.62
Burley	6,303,022.00	1.5	9,455, 919.12
Total	28,472, 751.61		59,192,461.74

2019 Tobacco Sales Market Share

2019 FCV MARKET SHARE

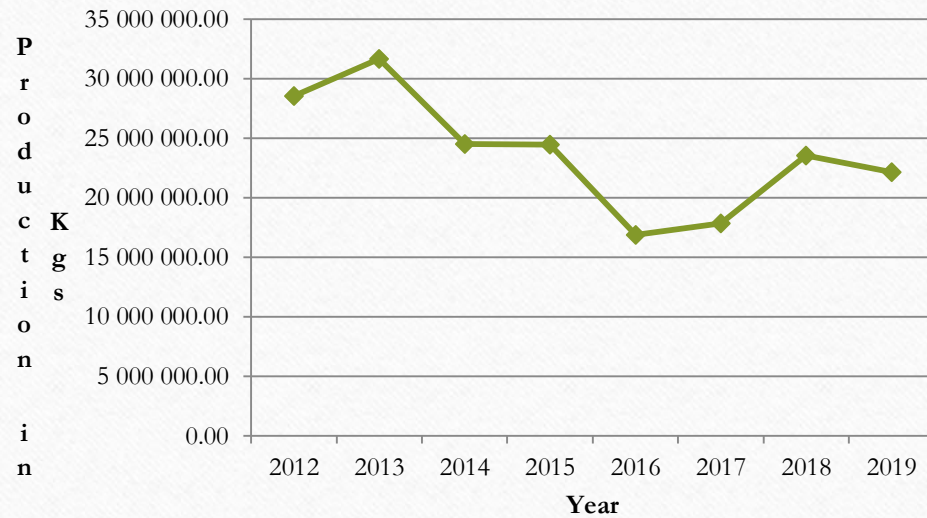


2019 BURLEY MARKET SHARE



Tobacco Sales Statistics by tobacco type

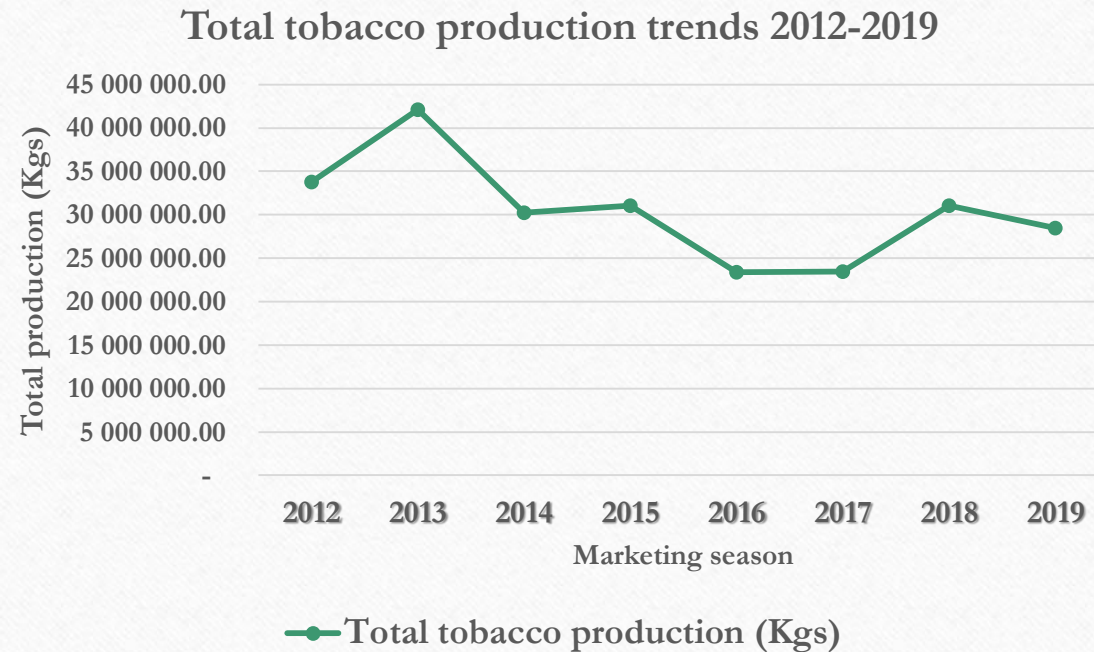
Flue Cured Virginia Production Trends



Burley Production Trends

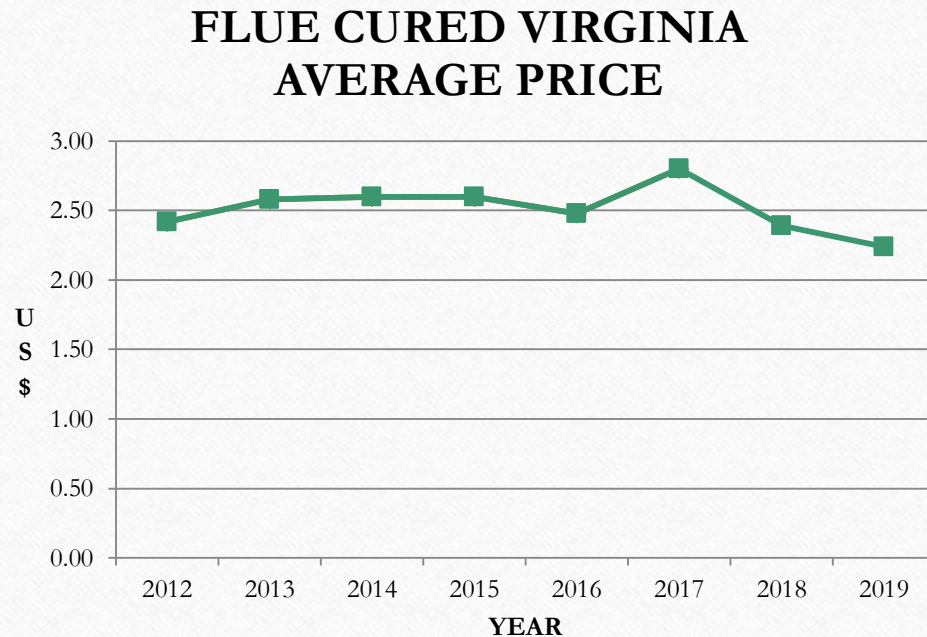


Tobacco production trends



- 9% decline in total production compared to 2018 marketing season.
- Attributed to poor rainfall patterns and decreased grower sponsorship.

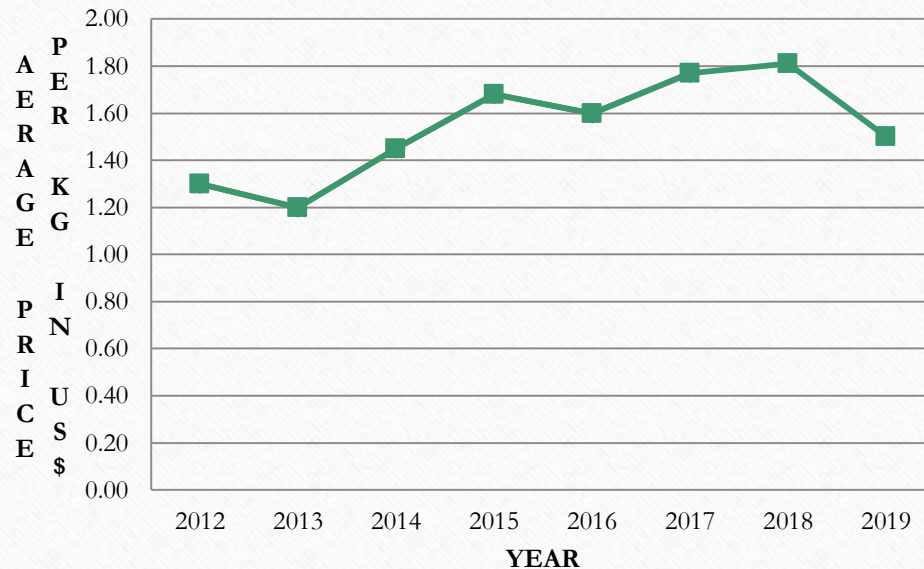
Tobacco production statistics



- The Average price per Kg declined by 6.7% compared to the 2018 FCV average price per Kg.
- This can be attributed to the poor quality of the crop due to the weather patterns in the FCV producing areas.

Tobacco production Statistics cont'd

AVERAGE PRICE FOR BURLEY



- The Burley Average price per kg declined by 20% compared to the last marketing season in 2018.

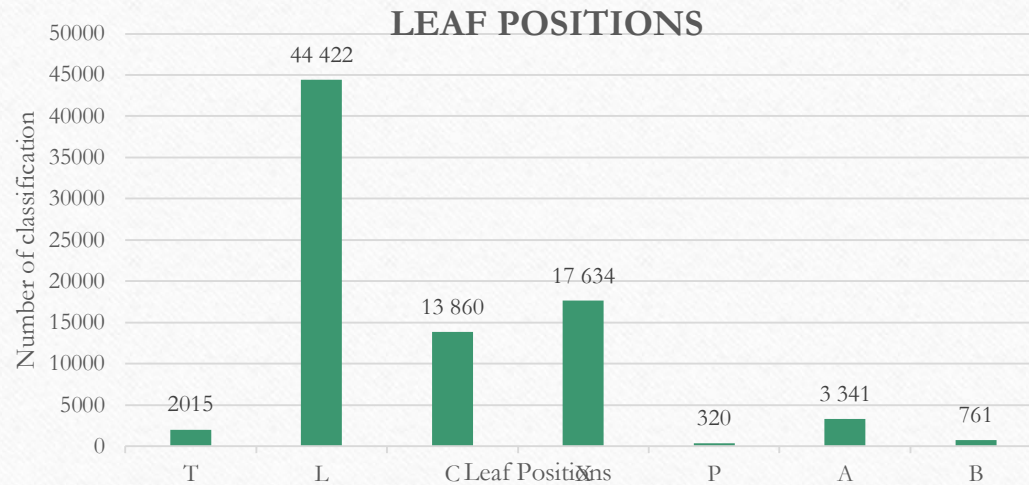


Industry marketing achievements

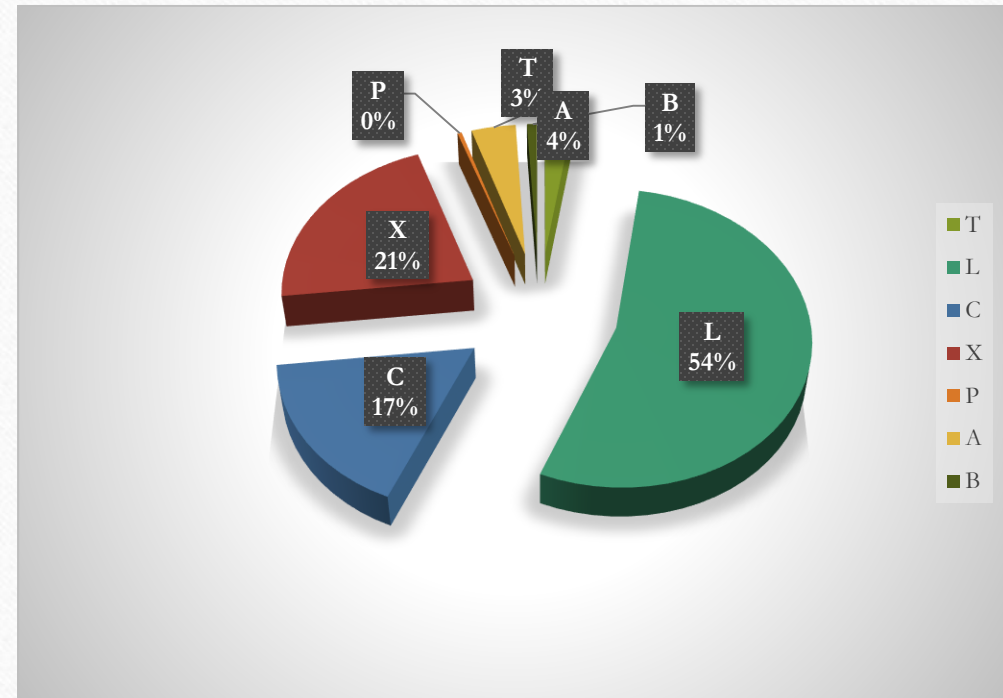
- Operationalization of the Bright Leaf system
 - E- Registration of all tobacco growers on the system was done successfully, growers both sponsored and self-sponsored are on the system.
 - The system was successfully tested on grade classification of tobacco using international grades.
- Enforcement and adherence to the 2019 marketing rules leading to decongestion on the Sales Floors and an orderly marketing season.
- Placement and involvement of TBZ arbitrators on the Sales Floors to uphold transparency and independence in the buying process.

Grade classification results Lusaka Main Floor

May to August, 2019

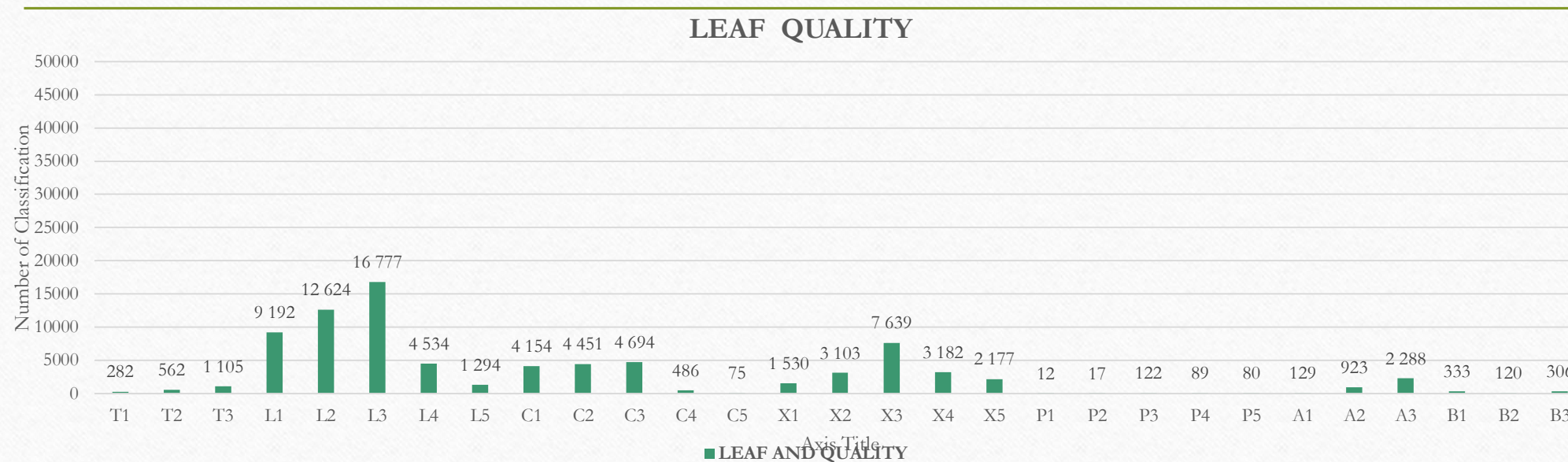


- Based on the classified tobacco, L, C and X were the prominent positions. This confirms with the desirable positions on matrices of buying companies.





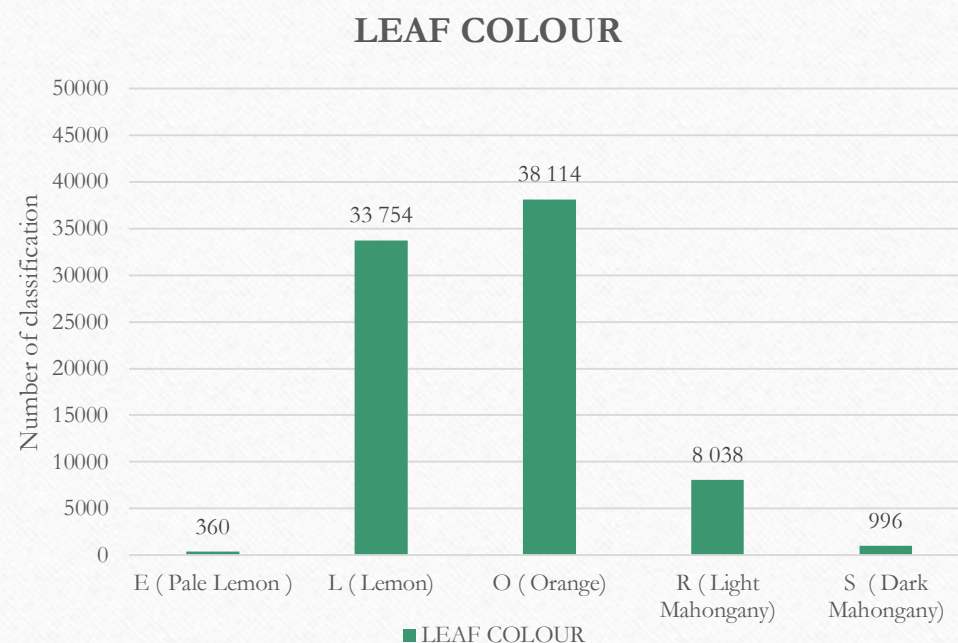
Grade classification results



- The classification indicates that the crop was predominantly 3rd Quality
- 3rd Quality entails Fair crop, 30% injury or blemish and 15% age wastage

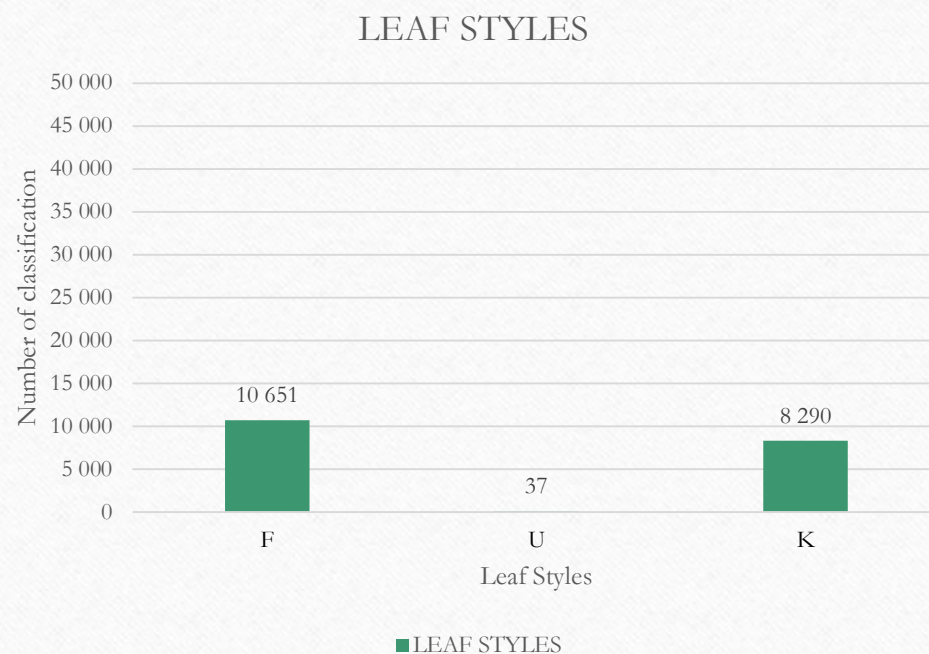


Grade classification results





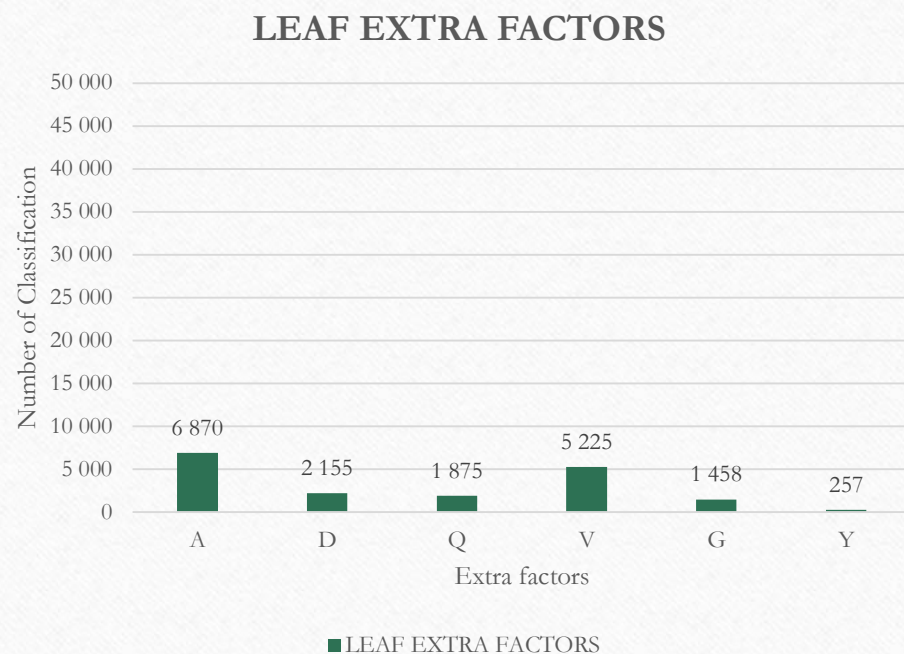
Grade classification results



- Leaf styles describes the resultant leaf texture caused by weather, curing and fertilization regime.
- **Ripe (F)** - Tobacco in all groups which displays a superior degree of maturity- DESIRABLE
- **Close grained (K)** – describes substandard, immature leaves which are close grained or have a closed cell structure- NOT DESIRABLE
- **Slatey (U)**- Leaves are thick bodied, very close grained, slicky and pale in colour-NOT DESIRABLE
- Generally the crop was between F and K



Grade Classification results



- **Spot (A)** - It occurs on the leaf as small brownish blotches with an off-white centre.
- **Scorched (Q)** - Tobacco showing a noticeable degree of red colouring. Caused by raising barn temps before excess moisture is removed from the leaf
- **Greenish (V)** - Any tobacco, which has a greenish tinge or cast and is referred to as 'running green' often along the midrib and veins. Usually disappear after further maturation.
- **Fixed Green (G)** Any tobacco, which contains a 'hard set green' color on the leaf surface.
- **Guinea-fowl spot (Y)** - Blemish showing speckling of small greenish-black to black spots commonly known as "weather spot". Mostly common in lower leaves (primings and lugs)



Crop Marketing Challenges-2019

1. Erratic and poor rainfall patterns that affected the quality and production of tobacco in most parts of the country.
2. Prevalent cases of Tobacco Nesting and Non Tobacco Related Material (NTRM)
3. Poor grading of tobacco resulting in bad prices and low income to farmers making it impossible to pay back the loans.
4. Limited buyers for self-sponsored crop



Recommendations to Extension officers Inspectors and the Growers

Based on grade classification the following recommendations should be followed during the 2020 production season;

- Farmers to use the recommended tobacco fertilizers and apply the right amount at the right time.
- Particular attention to be paid during curing especially after yellowing stage
- Correct construction of curing facilities with attention to Furnace construction, air vents and flue pipe distribution in the Barn
- Enough barn capacity equivalent to the hectares grown
- Field officers to conduct grading clinics and Field demonstration meetings especially for small scale growers.
- Inspectors to conduct pre-marketing meetings and Field Days in the growing areas.
- Intensify farmer education and extension during the production season.

SUMMARY GRADE CLASS : L 3 O F K A V





Way forward

In order to address some of the challenges experienced in the 2019 Marketing season the following will be undertaken:

- To license and attract extra buyers to purchase self-sponsored tobacco
- To work with industry stakeholders in sensitizing and training growers on Grading and Marketing procedures as well as Bale presentation.
- Enforcement of the tobacco confiscation law on all tobacco found to be nested in line with the Tobacco Act CAP 237 of the laws of Zambia. There is need for grower sensitization on nesting by all tobacco buyers, floor managers and sponsors.
- All licensed Sales Floor Managers to engage experienced and qualified Growers Representatives to guide growers on sales processes and represent the growers .
- Enhancement of the Registration and booking system of tobacco, integrate Licensed Sales Floors with the system so as to address issues of side-selling and monitor sales processes.
- To undertake international classification for Research and Statistical purposes on all licensed sales floors by TBZ classifiers and be able to analyse the results by Province, Company and Grower.