

# **TOBACCO INDUSTRY AGREEMENT**

## AGREEMENT

Between:

Government of the Republic of Zambia acting through the Ministry of  
Agriculture

and

Tobacco Board of Zambia

and

Tobacco Association of Zambia

and

Alliance One Zambia Limited

and

Copper Leaf Tobacco

and

JTI Leaf Zambia Limited

and

Pemba Leaf Tobacco Company

and

Tombwe Processing Limited

and

Eastern Farmers Association of Zambia

and

Southern Tobacco Growers Association

and

Western Tobacco Association  
and  
And Central Growers Association

This Agreement (hereinafter referred to as "the Agreement") is made the       day of  
2019

**BETWEEN:**

- 1) Government of the Republic of Zambia acting through the Ministry of Agriculture situate at Mulungushi House, Independence Avenue, Lusaka (hereinafter referred to as "the Ministry"); and
- 2) Tobacco Board of Zambia a body corporate established under section 3 of the Tobacco Act Cap 237 of the Laws of Zambia whose registered office is at Mungwi Road, Lusaka (hereinafter referred to as "TBZ") of the one part; AND
- 3) Tobacco Association of Zambia registered under the Societies Act Chapter 111 of the Laws of Zambia whose registered office is at P.O. Box 32617, Mungwi Road, Lusaka (hereinafter referred to as "the Association"); and
- 4) Alliance One Zambia Limited, a company registered in Zambia whose registered office is at Plot No. 3140, Buyantanshi Road, Industrial Area, P.O. Box 30994, Lusaka (hereinafter referred to as "Alliance One"); and
- 5) Copper Leaf Tobacco Zambia, a company registered in Zambia and having its registered office at Plot No. 8131, Mwembeshi Road, Lusaka (hereinafter referred to as "Copper Leaf Tobacco"); and
- 6) JTI Leaf Zambia Limited, a company registered in Zambia and having its registered office at Plot No. 16806, ZCCM-IH Office Park, Alick Nkhata Road, Mass Media Area, Lusaka (hereinafter referred to as "JTI Leaf"); and
- 7) Pemba Leaf Tobacco Company, a company registered in Zambia and having its registered office at P.O. Box 511017, Chipata (hereinafter referred to as "Pemba Leaf Tobacco"); and
- 8) Tombwe Processing Limited a company registered in Zambia whose registered office is at {insert} (hereinafter referred to as "the Merchants Representatives") of the third part; and
- 9) Eastern Fodya Association of Zambia registered under Societies Act Chapter 111 of the Laws of Zambia whose registered office is at P.O. Box 510351, Chipata, Eastern Province (hereinafter referred to as "EFAZ"); and
- 10) Southern Tombwe Growers Association registered under Societies Act Chapter 111 of the Laws of Zambia whose registered office is at P.O. Box 630406, Choma (hereinafter referred to as "STOGA"); and
- 11) Western Tobacco Leaf Association registered under Societies Act Chapter 111 of the Laws of Zambia whose registered office is at P/A Nkeyema, Kaoma (hereinafter referred to as "WETOLA") of the sixth part; and
- 12) Central Growers Association registered under Societies Act Chapter 111 of the Laws of Zambia whose registered office is at Plot No. 1962 Kwacha Road, P.O.



Box 80891, Kabwe (hereinafter referred to as "CGA") of the other part; in the Singular referred to as "Party" and Jointly as "Parties"

## WHEREAS

The Parties are desirous to enter into an understanding to regulate the sale and facilitate the marketing of the Tobacco crop in Zambia and to provide a basis for the interaction amongst key market players;

This Agreement sets forth an understanding by and among the Parties by which the Parties are committed to be bound;

The Parties **HEREBY AGREE** as follows:

### Article 1

#### **1.0 DEFINITIONS AND INTERPRETATIONS**

**Arbitrator:** shall have the meaning and role as defined in the Tobacco Act Cap 237 of the Laws of Zambia.

**Auction Floor:** means premises used for the sale by auction of auctionable tobacco;

**Buyer:** means any person/company who buys tobacco and who is registered with and licensed by the Tobacco Board of Zambia.

**Classifier:** a classifier is a qualified and experienced tobacco technician who categorises tobacco by identifying plant position, grade, quality, colour, factor and/or extra factors.

**Committed Farmer:** means a farmer who does not have a contract or sponsorship with any Buyer but declares prior to his first sale that he intends to sale to a buyer by supply agreement on run of crop.

**Contracted Farmer:** means a farmer who is obliged to sell to a specific buyer because of having an established contract with the buyer.

**Grower/Farmer:** means any person who grows tobacco for purposes of sale and who is registered with Tobacco Board of Zambia and/or the buyer.

**Grower's Representative:** means a person who is a member of a registered grower representative body, experienced in the conduct of tobacco transactions and appointed by the grower to act on his behalf during price negotiations with the buyer. The Grower's Representative shall have the meaning as defined in Roles and Responsibilities (9.3) herein.

**Sales Floor:** means tobacco premises used for the sale of tobacco, licensed by Tobacco Board of Zambia

**Self-Sponsored/Independent Farmer:** means a farmer who is neither contracted nor committed to any buyer and has the right to offer his tobacco to any buyer at any time.

**Tobacco:** means both auctionable and non-auctionable tobacco.

## **Article 2**

### **Effectiveness and Duration**

This Agreement shall become effective upon signature by the Authorised Representatives of the Parties and will remain in force until modified or terminated by all Parties by mutual consent or the repeal of the current Tobacco Act, Cap 237 and the Tobacco Levy Act Cap 238 of the Laws of Zambia or enactment of a new Tobacco Act, whichever is earlier.

## **Article 3**

### **Grower Registration**

- 3.1 Any person intending to grow tobacco shall register with TBZ between 1<sup>st</sup> April and 31<sup>st</sup> October of each year.
- 3.2 TBZ shall issue a grower with a registration certificate/card not later than 30 days after application.
- 3.3 A buyer who provides financial, technical and logistical support and crop inputs to tobacco growers on terms agreed in a Contract may apply individually on behalf of all the growers it intends to contract with for registration in the prescribed manner. TBZ shall issue in respect of contracted crop within thirty (30) days from the date of application:
  - a) Grower Registration Certificate/Card for each Grower;
  - b) a License for the designated Sales Floor, and;
  - c) a Buyer's license.
- 3.4 A Buyer shall only contract growers registered by TBZ.
- 3.5 TBZ shall maintain an up to date register of all Growers producing tobacco under the contract and self-sponsored / independent systems.

## **Article 4**

### **Licensing**

- 4.1 TBZ shall issue licenses for the buying and selling of tobacco.
- 4.2 TBZ shall issue licenses to Buyers and Floor Operators within 30 days from the date of application.



- 4.3 All persons intending to operate tobacco Sales Floors and Auction Floors shall apply to TBZ in the prescribed manner.
- 4.4 All tobacco shall be sold at TBZ designated, licenced and approved Sales Floors and Auction Floors only.
- 4.5 Only persons licensed to buy tobacco by TBZ shall be allowed to participate in the buying of tobacco.

## **Article 5**

### **Tobacco Production**

- 5.1 TBZ shall inspect the crop to validate hectarage and crop hygiene in accordance with the Tobacco Act.
- 5.2 TBZ shall validate the grower register between 1<sup>st</sup> November and 31<sup>st</sup> March annually.
- 5.3 Growers shall submit crop estimates in accordance with the Tobacco Act.
- 5.4 Buyers shall provide planned production estimates and purchasing plans to TBZ, indicating areas of:
- (a) contracted production; and
  - (b) independent purchasing between 1<sup>st</sup> April and 31<sup>st</sup> October.
- 5.5 TBZ shall consolidate and issue country production estimates and statistics annually.

## **Article 6**

### **Tobacco Marketing**

- 6.1 The Buyer shall not purchase tobacco from growers not duly registered by TBZ in a particular selling season or from any other Growers outside the contract. Should the buyer purchase such tobacco, TBZ shall suspend the Buyer's license and apply the penalties as provided for in the Tobacco Act. TBZ to circulate the consolidated final list of registered growers to stakeholders by 31<sup>st</sup> December of each year.
- 6.2 The Buyer shall furnish TBZ with details of all Growers with whom a contract has been entered before he can commence purchasing a contracted crop.
- 6.3 All tobacco price matrices shall be denominated in United States Dollars.
- 6.4 TBZ shall officially declare the volumes produced by Self-Sponsored Growers to the Ministry and the buying companies before the official commencement of tobacco marketing, 31<sup>st</sup> March of each year.
- 6.5 TBZ shall produce the list of Self-Sponsored Growers clearly showing the area they come from, the type of tobacco grown and the hectarage to the Ministry and all stakeholders by 31<sup>st</sup> December of each year.

## **Article 7**

### **Floor Management and Operation**

- 7.1 All holders of floor Licences shall ensure that the scales are properly certified by the *Zambia Metrology Agency (ZMA)* before commencement of the marketing season.
- 7.2 All holders of floor Licences shall ensure that they obtain a valid Phytosanitary Certificate from Plant Protection and Quarantine (PPQ) Unit ZARI before commencement of the marketing season by 31<sup>st</sup> March of each year.
- 7.3 All holders of floor Licences shall ensure that they maintain high standards of safety, hygiene and cleanliness 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 Cap 295 of the Laws of Zambia.
- 7.4 Nested tobacco bale may be confiscated and forfeited to TBZ and shall attract a penalty as stipulated in the Tobacco Act.
- 7.5 The minimum bale weight acceptable on the Sales Floor shall be:
- (a) 15kg and the maximum 120kg for both Flue Cured Virginia and Burley Tobacco;
  - (b) The tare weight for Hessian plus paper will be 1.5kg
- 7.6 All Holders of Floor Licences shall upload sales information to TBZ Bright Leaf Information System a day after sale to ensure that TBZ is able to consolidate the information, calculate levies and monitor the marketing processes in general.
- 7.7 Floor Operators shall not be held liable to either the Buyer, Grower, Sales Supervisor or Arbitrator for acts, omissions or otherwise of the Grower's Representative, it being understood that the Grower's Representative acts for and as an agent of the Growers/Farmers.

## **Article 8**

### **Order of Selling**

- 8.1 Sales at any designated and licenced Sales Floor or Auction Floor shall commence at 07:30am.
- 8.2 No Grower shall deliver tobacco to a Sales Floor or Auction Floor without a confirmed booking with the Floor Operator.
- 8.3 The Floor Operator shall notify TBZ of bales delivered to each selling point and furnish TBZ Sales Supervisors before each sale with a statement giving the following particulars on all tobacco to be sold: -
- i. the registered names and numbers of the Growers;
  - ii. the number of bales and mass of tobacco



8.4 The Buyer shall furnish the TBZ Sales Supervisor after each sale within 24 hours of such sale having taken place, with the following information: -

- i. sales return showing number of bales bought with full valid registration details of participating growers;
- ii. total mass and value of tobacco bought.

8.5 The buying process shall follow the procedure below:

- i. The Buyer shall start the sale by placing his class on the bale ticket;
- ii. The Grower's Representative in the company of the Farmer/Agent shall follow close behind and agree or disagree with the offer made by the Buyer. If the Grower's Representative/Agent disagrees, he shall propose an alternative grade;
- iii. The Buyer shall have a second look and if he disputes and is unable to negotiate the difference with the Grower's Representative, then the following will apply:
  - a) The Grower's Representative then has a choice to request for Arbitration;
  - b) The Arbitrator shall operate in a dignified and professional manner during sales; and shall not re-classify tobacco but choose between the two proposed grades
  - c) Arbitral award shall be final and binding on both Buyer and Farmer/Grower;
  - d) The Arbitrator shall be a senior technical representative of the Tobacco Board of Zambia.
- iv. TBZ to electronically classify tobacco bought by Buyers for research and statistical purposes.

8.6 The Farmer and the Buyer both have the right to withdraw from the sale prior to arbitration.

**Article 9**  
**Roles and Responsibilities of the Sales Floor Supervisor, Arbitrator and Growers Representative**

**9.1 Sales Floor Supervisor**

- 9.1.1 The Sales Floor Supervisor shall augment the adherence to orderly marketing rules as contained in this Agreement.

**9.2 Arbitrator**

- 9.2.1 The Arbitrator shall have the responsibility of settling disputes that arise during sales. The Arbitrator shall be guided by the following rules:
- i. The Arbitrator shall operate in a dignified and professional manner during sales; and shall be allowed to assess tobacco and adjudicate between the two grades/classes in dispute.
  - ii. The Arbitrator's decision shall be FINAL.

**9.3 Growers Representative**

- 9.3.1 The Grower's Representative shall be responsible for technically advising the Grower and has the duty to advise:
- a) the Grower on the sales process;
  - b) the Grower on the quality, handling and presentation of the crop;
  - c) the Grower on whether there is reason for appealing against the price offered and the chances of such appeal succeeding.

**Article 10**  
**Payment of Tobacco Dues and Deduction of Loans**

- 10.1 The Buyer shall deduct and remit the Growers' statutory levy to TBZ on such tobacco purchased from Registered Growers at the rate of 2%.
- 10.2 The payment of the 2% levy shall be effective 27<sup>th</sup> August, 2018 and shall not be implemented retrospectively.
- 10.3 The Buyer shall deduct from a Contracted Grower the total costs as per contractual agreement and the balance be paid to the Contracted Grower or such person as the Contracted Grower may authorize in writing.
- 10.4 The Floor operator shall deduct sales commission as a percent of sales revenue from the farmers' gross sales income as agreed from time to time.

**Article 11**  
**Notices**

- 11.1 Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by facsimile, or (d) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be addressed as follows:

**The Ministry:**

*The Permanent Secretary  
Mulungushi House, P.O. Box 50197, Independence Avenue, Lusaka*

**TBZ:**

*The Chief Executive Officer  
P.O Box 31963 Mungwi Road  
Lusaka*

**TAZ:**

*The General Manager  
P.O.Box32617,Mungwi Road,  
Lusaka*

**Alliance One:**

*The Managing Director  
Plot No. 3140, Buyantanshi Road  
Industrial Area, P.O. Box 30994, Lusaka*

**Copper Leaf Tobacco:**

*The General Manager  
Plot No. 8131, Mwembeshi Road  
Lusaka*

**JTI Leaf:**

*The General Manager  
Plot No. 16806, ZCCM-IH Office Park  
Alick Nkhata Road, Mass Media Area  
Lusaka*

**Pemba Leaf:**

*The General Manager  
P.O. Box 51107  
Lusaka*

**TPL:**

*The General Manager  
P.O. Box 35372, Lusaka*

**EFAZ:**

*The Executive Chairperson  
P.O. Box 510351, Chipata*

**STOGA:**

*The Executive Chairperson  
P.O. Box 630406, Choma*

**WETOLA:**

*The Executive Chairperson  
P/A Nkeyema, Kaoma*



**Article 11**  
**Notices**

- 11.1 Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by facsimile, or (d) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be addressed as follows:

**The Ministry:**

*The Permanent Secretary  
Mulungushi House, P.O. Box 50197, Independence Avenue, Lusaka*

**TBZ:**

*The Chief Executive Officer  
P.O Box 31963 Mungwi Road  
Lusaka*

**TAZ:**

*The General Manager  
P.O.Box32617,Mungwi Road,  
Lusaka*

**Alliance One:**

*The Managing Director  
Plot No. 3140, Buyantanshi Road  
Industrial Area, P.O. Box 30994, Lusaka*

**Copper Leaf Tobacco:**

*The General Manager  
Plot No. 8131, Mwembeshi Road  
Lusaka*

**JTI Leaf:**

*The General Manager  
Plot No. 16806, ZCCM-IH Office Park  
Alick Nkhata Road, Mass Media Area  
Lusaka*

**Pemba Leaf:**

*The General Manager  
P.O. Box 51107  
Lusaka*

**TPL:**

*The General Manager  
P.O. Box 35372, Lusaka*

**EFAZ:**

*The Executive Chairperson  
P.O. Box 510351, Chipata*

**STOGA:**

*The Executive Chairperson  
P.O. Box 630406, Choma*

**WETOLA:**

*The Executive Chairperson  
P/A Nkeyema, Kaoma*



### **13.6 Entirety**

13.6.1 This Agreement contains all covenants, stipulations and provisions agreed by the Parties. No agent or representative of either Party has authority to make, and the Parties shall not be bound by or be liable for, any statement, representation, promise or agreement not set forth herein.

### **13.7 Force Majeure**

13.7.1 The failure of a Party to fulfil any of its obligations under this will not be considered as a breach under this Agreement insofar as such inability arises from an event of force majeure.

13.7.2 Any period, within which a Party, pursuant to this Agreement is expected to complete any action or task will be extended for a period equal to the time during which such Party was unable to perform such action as a result of force majeure.

13.7.3 If force majeure arises, the Party affected shall within 2 weeks notify the other Party following the occurrence of such event, providing evidence of the nature and cause of such event, and shall similarly give written notice of the restoration of normal conditions as soon as possible.

13.7.4 For the purposes of this clause, force majeure means an event which is beyond the reasonable control of a Party and which makes a Party's performance of its obligations under the Agreement impossible or impractical. Such events may include, but not limited to, wars or revolutions, fires, floods, epidemics, and quarantine restrictions.

## **Article 14**

### **Confidentiality**

14.1 All communications and all information whether written, visual or oral and all other material supplied to or obtained by a Party in the course of or as a result of the discharge of its obligations under this Agreement and all information relating to any action or advice given to any Party by the other Parties in pursuance of its obligations hereunder shall be treated by the Parties as confidential and shall not be disclosed by it or its agents or otherwise to any third party or published without prior written consent of the other Parties.

## **Article 15**

### **Settlement of Disputes**

15.1 The Parties shall endeavor to resolve amicably any dispute arising from the execution of this Agreement by mutual consultation of negotiation.

15.2 If after twenty-eight (28) days, the Parties have failed to resolve their dispute or difference by such mutual consultation, then either Party may give notice to the other Party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be

commenced unless such notice is given. Any dispute or difference in respect of which notice to commence arbitration has been given in accordance with the Arbitration Act No. 19 of 2000 shall be finally settled by arbitration. The Parties shall jointly appoint an arbitrator. Should the Parties fail to appoint an Arbitrator within fourteen (14) days of notice requiring them to appoint an arbitrator, the Chartered Institute of Arbitrators, Zambia branch shall appoint the arbitrator. The decision of the Arbitrator shall be final and binding on the Parties. The seat of arbitration shall be Lusaka, Zambia and the language of arbitration shall be English.

**IN WITNESS** whereof the duly Authorized Representatives of the Parties hereto have set their hands and seals the day and year first above written.

**For and on behalf of the Ministry**

Name: Songwaya Zyanbo

Designation: Permanent Secretary

Signature: [Signature]

Date: 23/04/2020

**For and on behalf of the TBZ**

Name: James C Kasongo

Designation: Chief Executive Officer

Signature: [Signature]

Date: 7th November, 2019

**WITNESS**

Name: ALICK DAKA

Designation: DEPUTY DIRECTOR

Signature: [Signature]

Date: 7/11/2019

**For and on behalf of TAZ**

Name: [Signature]

Designation: General Manager

Signature: [Signature]

Date: 21/04/2020

**WITNESS**

Name: OSCAR CHINYANDA

Designation: CHIEF FINANCE OFFICER

Signature: [Signature]

Date: 7th November 2019

**For and on behalf of Alliance One**

Name: Russell Deary

Designation: GM

Signature: [Signature]

Date: 20/04/2020



WITNESS

Name: PHOTIO WUBI  
Designation: C.A.  
Signature: [Signature]  
Date: 21-4-2020

WITNESS

Name: DANIEL G.P. HOFFMAN  
Designation: TOBACCO SPECIALIST  
Signature: [Signature]  
Date: 20.04.2020

For and on behalf of Copper Leaf

Tobacco

Name: GAVIN ROSE  
Designation: DIRECTOR  
Signature: [Signature]  
Date: 22/4/20

For and on behalf of Pemba Leaf

Tobacco

Name: ISMAIL ZAMANDA  
Designation: DIRECTOR  
Signature: [Signature]  
Date: 10/12/19

WITNESS

Name: TYNDAL KAJOIE  
Designation: 19.00-187  
Signature: [Signature]  
Date: 22/04/2020

WITNESS

Name: EMMIE N. CHITENAI  
Designation: HRAM - TBZ  
Signature: [Signature]  
Date: 10/12/2019

For and on behalf of JTI Leaf

Name: E. Gitan  
Designation: GM  
Signature: [Signature]  
Date: 20/04/2020

**WITNESS**

Name: A. TURN  
Designation: LEAF DIRECTOR  
Signature: [Signature]  
Date: 20/04/20

For and on behalf of EFAZ

Name: FRANKLIN MUSAIE  
Designation: CHAIRPERSON  
Signature: [Signature]  
Date: 10th DECEMBER, 2019

**WITNESS**

Name: BLISSING BANDA  
Designation: BOARD MEMBER

For and on behalf of Tombwe

**Processing**

Name: S. Donkha  
Designation: Dep. MD  
Signature: [Signature]  
Date: 22/4/20



**WITNESS**

Name: Caroline Nkala  
Designation: General Manager  
Signature: [Signature]  
Date: 22/04/20

For and on behalf of STOGA

Name: TYPEICADJAMOTO  
Designation: Secretary  
Signature: [Signature]  
Date: 10/12/2019

**WITNESS**

Name: Henry Hanyingi  
Designation: Member



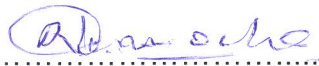
Signature:  .....

Date: 10/12/2019 .....

For and on behalf of WETOLA

Name: RICHARD T. KAMOGHA .....

Designation: CHAIRMAN .....

Signature:  .....

Date: 10th DEC. 2019 .....

Signature:  .....

Date: 10/12/2019 .....

For and on behalf of CGA

Name: JOSEPH BANDA .....

Designation: EXECUTIVE CHAIRMAN .....

Signature:  .....

Date: 10/12/19 .....

**WITNESS**

Name: BRIGITTON LAWENCE .....

Designation: SECRETARY .....

Signature:  .....

Date: 10th DEC 2019 .....

**WITNESS**

Name: BERIWICK D. MUNGABO .....

Designation: EXECUTIVE SECRETARY .....

Signature:  .....

Date: 10/12/2019 .....

**ANNEX 1: MINUTES OF THE TOBACCO INDUSTRY AGREEMENT STAKEHOLDERS MEETING  
HELD ON TUESDAY 1<sup>ST</sup> OCTOBER, 2019 AT SOUTHERN SUN RIDGEWAY HOTEL**

**MINUTES OF THE TOBACCO INDUSTRY AGREEMENT**  
**STAKEHOLDERS MEETING HELD ON TUESDAY, 1<sup>ST</sup>**  
**OCTOBER, 2019 AT SOUTHERNSUN RIDGEWAY HOTEL**

**1. PRESENT:**

Ministry of Agriculture	-	Mr. Alick Daka	- Chairman
Roland Imperial Tobacco	-	Mr. Aliport Ngoma	
JTI Leaf Zambia	-	Mr. Rob Glen	
		Mr. Litiya Matakala	
		Ms' Chilum Simukoko	
Central Growers Association	-	Mr. B. D. Mungabo	
Southern Tobacco Growers Association	-	Mr. Type Kadyamoto	
Alliance One International	-	Mr. Russel Deary	
Western Tobacco Leaf Association	-	Mr. Richard T. Kamocha	
Eastern Fodya Association of Zambia	-	Mr. Franklin Mwale	
Tobacco Association of Zambia	-	Mr. Phonto Mumbi	
Tombwe Processing Limited	-	Mr. A VanderVinne	
		Mr. S. Donkar	
British American Tobacco	-	Mr. Godffrey Machanzi	
		M's Chihego Zulu	
Tobacco Board of Zambia	-	Mr. James Kasongo	
		Mr. Morgan Simbeya	
		Mr. Teddy Chirwa	
		Mr. Robert Mwale	
		Mr. Tyndale Kasongole	
		Ms' Malumbo Namposya	

**2. APOLOGIES**

Ministry of Agriculture	-	Mr. Songowayo. Zyambo
Tobacco Association of Zambia	-	Mr. Albert VanVyck
Central Growers Association	-	Mr. Joseph Banda

**3. OPENING REMARKS**

- 3.1 The meeting was opened with a prayer at 10:14 hours by Ms' M. Namposya. Mr. Alick Daka, Deputy Director Crops from Ministry of Agriculture chaired the meeting on behalf of the Permanent Secretary, Mr. Songowayo Zyambo.
- 3.2 In his opening remarks he requested for the Introduction of the participants present. He later reminded the participants to refer to the meeting that was previously held which resulted to have a Memorandum of Understanding (MOU) in place to facilitate the 2019 Marketing Season. He mentioned that unfortunately, during the same meeting some participants decided to walk out of the meeting



and could not take full participation of the proceedings. He said these same participants were the ones bringing confusion by writing to the Minister of Agriculture to pull down the efforts made towards the document that had been produced.

- 3.3 The Chairman stressed that the MOU that was produced was submitted to Ministry of Justice through the Attorney General's office for further guidelines as per recommended procedure. They edited the document which was submitted back with the major change being that the document could no longer be called MOU but as Tobacco Industry Agreement.
- 3.3 The Chairman requested to have the Tobacco Industry Agreement document be read to the participants as per instruction guidelines from his Superiors. He further advised that after the Tobacco Industry Agreement document had been read, those wishing to sign could do so and for those that feel that they needed sufficient time to study the document and make some consultations with their Lawyers were free to do so before signing. He further proposed that the participants were free to send their thoughts until they reach a consensus. He explained that the Agreement once signed would stand the test of time until the Tobacco Act was amended as it was regarded as outdated. Tobacco Industry Agreement main purpose was to protect every ones interest in terms of tobacco value chain and to bring harmony in the industry.
- 3.4 A concern was raised that JTI had some information regarding the Consent judgment with Ministry of Agriculture and needed clarification on the way forward regarding the discussion that were going on.
- 3.5 In his response, the Chairman mentioned that he was not aware of the Consent judgment with the Ministry of Agriculture.

Responding to the same question the Tobacco Board of Zambia Chief Executive Offer explained that in August, 2019, the TBZ lawyers called him to find out if TBZ was aware of the discussion going on between the Ministry of Agriculture, the Ministry of Justice, JTI, Alliance One Zambia and TAZ regarding the consent judgment. The Chief Executive Officer emphasized that he was not aware of such a development, and if there was such a discussion, TBZ was ready to implement the outcome of such a discussion as long as the Ministry of Agriculture through the Permanent Secretary, Ministry of Agriculture puts in written such a directive.

- 3.6 The meeting submitted that the Tobacco Industry Agreement was circulated in less than 24 hours hence not giving them sufficient time to digest the content. It was noticed that the MOU document was not in line with what was contained in the Tobacco Industry Agreement. Hence the request to have sufficient time to review with their Lawyers and submit their concerns.



3.7 In response the Chairperson requested the meeting to point out areas that are different from the original MOU and whether such adjustment as made by the Ministry of Agriculture and Ministry of Justice had any negative impact to the industry.

3.8 In response the participants indicated that they had no copy of the original MOU with them, hence difficult to clearly point out areas that are different from the original MOU.

3.8 After the above deliberations the meeting agreed to read through the Tobacco Industry Agreement and the following were the issues raised;

PAGE & ITEM NO.	DETAILS	STAKEHOLDER AGREEMENT DURING THE MEETING.
Page 4, item 9	Eastern Fodya Association of Zambia registered under Societies Act Chapter 111 of the Laws of Zambia whose registered office is at P.O. Box 510351, Chipata, <u>Lundazi</u> (hereinafter referred to as "EFAZ"); and	Replace "Lundazi" with "Eastern Province"
Page 5 & 6, Item 12	<b>WHEREAS</b> The Parties are desirous to enter into an understanding to regulate the sale and facilitate the marketing of the <u>2019</u> Tobacco crop in Zambia and to provide a basis for the interaction amongst key market players; This Agreement sets forth an understanding by and among the Parties by which the Parties are committed to be bound; The Parties <b>HEREBY AGREE</b> as follows:	Delete 2019
Page 6 Article 2	<b>Article 2</b> <b>Effectiveness and Duration</b> This Agreement shall become effective upon signature by the Authorised Representatives of the Parties and will remain in force until modified or terminated by all Parties by mutual consent or the repeal of the current Tobacco Act, Cap 237	Include "Tobacco Levy Act Cap 238" of the laws of Zambia

	of the Laws of Zambia and enactment of a new Tobacco Act, whichever is earlier.	
Page 6 Item 3.1	Any person intending to grow tobacco shall register with TBZ in the manner prescribed by The Tobacco <b><u>(Registration of Growers) SI No. 85 of 2018</u></b> between 1 <sup>st</sup> April and October 31 <sup>st</sup> .	Remove “ <i>Registration of Growers SI No. 85 of 2018</i> ”
4.6	TBZ shall ensure that the Buyers who provide financial, technical and logistical support and crop inputs are registered and licensed as contract Tobacco Buyers at the time of Farmer Registration	Delete the all entire clause
Page 7, 6.1	The Buyer shall not purchase tobacco from growers not duly registered by TBZ in a particular selling season or from any other Growers outside the contract. Should the buyer purchase such tobacco, TBZ shall suspend the Buyer’s license and apply the penalties as provided for in the Tobacco Act.	Agreed upon, but TBZ to give the final list of registered growers to all stakeholders by 31 <sup>st</sup> December, 2019
6.2	In respect of 6.1 above, the 2019 crop shall be exempt to ensure total compliance for non-registered growers for the current crop.	Delete the all Clause
6.5	TBZ shall officially declare the volumes produced by Self-Sponsored Growers to the Ministry and the buying companies before the official commencement of tobacco marketing.	Include the date when the volumes will be declared: 31 <sup>st</sup> March of each year
6.6	TBZ shall produce the list of Self-Sponsored Growers clearly showing the area they come from, the type of tobacco grown and the hectarage to the Ministry and all stakeholders.	Include the date when the hectarage will be declared: 31 <sup>st</sup> December of each year
7.1	All holders of floor Licences shall ensure that the scales are properly certified by the <b><u>Zambia Weights and Measurements Agency (ZWMA)</u></b> before commencement of the marketing season.	Change “Zambia Weights and Measurements Agency” to “Zambia Metrology Agency”



7.2	All holders of floor Licences shall ensure that they obtain a valid Phytosanitary Certificate from Plant Protection and Quarantine (PPQ) Unit ZARI before commencement of the marketing season.	Include date: 31 <sup>st</sup> March of each year
7.4	<u><b>Any bales with foreign matter, i.e, Non-Tobacco Related Material (NTRM) or</b></u> Nested tobacco bale may be confiscated and forfeited to TBZ and shall attract a penalty as stipulated in the Tobacco Act	Remove “Any bales with foreign matter, i.e, Non-Tobacco Related Material (NTRM) or”
7.6	All Holders of Floor Licences shall on <u><b>daily basis</b></u> upload sales information to TBZ Bright Leaf Information System to ensure that TBZ is able to consolidate the information, calculate levies and monitor the marketing processes in general.	Replace “Daily basis” with “day after sales”
8.3	The <u><b>Buyer</b></u> shall notify TBZ of bales delivered to each selling point and furnish TBZ Sales Supervisors before each sale with a statement giving the following particulars on all tobacco to be sold: - <ul style="list-style-type: none"> <li>i. the registered names and numbers of the Growers;</li> <li>ii. the number of bales and mass of tobacco</li> </ul>	Replace “Buyer” with “Floor Operator”
8.4	The Buyer shall ensure that contract tobacco is delivered to designated Sales Floors or Auction Floors where the Buyer shall purchase it using an approved price grade matrix.	Delete the all clause
8.5	The Buyer shall furnish the TBZ Sales Supervisor after each sale within 24 hours of such sale having taken place, with the following information: - <ul style="list-style-type: none"> <li>i. sales return showing number of bales sold with full valid registration details of participating growers;</li> <li>ii. total mass and value of tobacco <u><b>sold</b></u>, the <u><b>rejection rates</b></u></li> </ul>	Replace “sold” with “bought” and delete “rejection rate”

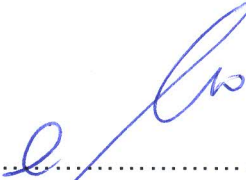


8.6	<p>The buying process shall follow the procedure below:</p> <ul style="list-style-type: none"> <li>i. The Buyer shall start the sale by placing his class on the bale <u>on the</u> ticket;</li> <li>ii. The Grower's Representative in the company of the Farmer/Agent shall follow close behind and agree or disagree with the offer made by the Buyer. If the Grower's Representative/Agent disagrees, he shall propose an alternative grade;</li> <li>iii. The Buyer shall have a second look and if he disputes and is unable to negotiate the difference with the Grower's Representative, then the following will apply:</li> </ul> <p>d) <u><i>The Arbitrator shall be a senior representative of the Tobacco Board of Zambia.</i></u></p> <p>iv) <u><i>The Tobacco Board of Zambia Classifier shall classify the tobacco bought for research and statistical purposes.</i></u></p>	<p>Delete "on the"</p> <p>Replace "senior" with "Senior Technical" representative of the Tobacco Board of Zambia</p> <p>Replace "The Tobacco Board of Zambia Classifier shall classify the tobacco bought for research and statistical purposes" with "TBZ to electronically Classify tobacco bought by Buyers for research and statistical purposes"</p>
9.3.1	<p>The Grower's Representative shall be responsible for technically advising the <u><i>Farmer</i></u> and has the duty to advise:</p>	<p>Replace "Farmer" with "Grower"</p>
10.1	<p>The Buyer shall deduct and remit the Growers' statutory levy to TBZ on such tobacco purchased from Registered Growers at the rate of 2% <u><i>in line with and</i></u></p>	<p>Remove "in line with and in the manner specified in SI No. 67 of 2018 within 21 days"</p>

	<u><i>in the manner specified in SI No. 67 of 2018 within 21 days upon completion of purchase transactions. A Buyer who does not remit the levy within the specified time frame will have the Buyer's License suspended</i></u>	upon completion of purchase transactions. A Buyer who does not remit the levy within the specified time frame will have the Buyer's License suspended “
--	---	---

- 4.0 After deliberations and corrections made on the Agreement, the meeting agreed that TBZ makes the corrections and concerns raised on the Tobacco Industry Agreement and share the same with the Stakeholders by Friday 4<sup>th</sup> October 2019. Stakeholders shall submit their input by Friday, 11<sup>th</sup> October 2019 and a final document shall be produced by Friday, 17<sup>th</sup> October, 2019. Thereafter, the Stakeholders together with their witness shall sign the Agreement at the Ministry of Agriculture. The meeting further agreed that the signing at the Ministry of Agriculture will not require a meeting but that each institution will go as individuals based on the invitation by the Permanent Secretary Ministry of Agriculture.
- 5.0 In the Chairman's closing remarks, he thanked all the participants for their contributions and for attending the meeting on short notice. He said Tobacco was a important crop that contributes greatly to the GDP of Zambia. He further mentioned that with proper policies in place and the unit of all the stakeholders in the Industry, Tobacco can uplift the economy of Zambia. He further mentioned that the Tobacco Act was being discussed at a high level and as a Ministry they would ensure that the Tobacco Act was well stipulated, protecting everyone in the value chain. He emphasized on working as a family and that meeting was called to discussed tobacco related issues, unity should apply and everyone was encourage to attend the meetings being called not only meetings called by the Permanent Secretary. He further advised not to segregate by choosing which meeting to attend to and looking at who calls for a meeting.
- 6.0 The meeting was closed at 12:58 hours with a prayer from Ms. Malumbo Namposya.

  
 .....  
 CHAIRMAN  
 Alick DAKA  
 .....  
 NAME

  
 .....  
 SECRETARY  
 James Kasongo  
 .....  
 NAME