

TOBACCO SUSTAINABILITY IN AFRICA:

**A Business Outlook on the Social, Economic and Environmental
Impact of Tobacco Farming in the
Eastern & Southern African Region**

Executive Summary



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FOREWORD

Agriculture lies at the centre of economic growth, regional and continental integration in Africa. The sector is key in the COMESA region, with over 60 percent of the population depend on it for their livelihoods and employment. Furthermore, it has strong linkage and spill-over effects with manufacturing, tourism and other productive sectors in the economy.

More specifically, tobacco farming is an essential component of agriculture supporting poverty alleviation, livelihoods, economic development and trade in the COMESA region. Exports of unmanufactured tobacco are amongst the top traded products in COMESA amounting to US\$ 1.5 Billion in 2017. It should be noted that;

- Tobacco products are amongst the top ten traded products in COMESA and part of the four leading cash crops.
- Tobacco-growing represents an important economic activity in Malawi, Zimbabwe, Zambia, Uganda, Kenya, while leaf processing represents an important agro-processing industry for Malawi, Zimbabwe, Uganda, Kenya and Madagascar. For instance; Zimbabwe exported more than 800 million USD and Malawi almost 520 million USD of unmanufactured tobacco in 2017.
- Tobacco related employment represent a significant source of employment for millions of people across COMESA from small scale farmers to large scale industries.
- In most tobacco growing countries, the industry is ranked amongst the top ten revenue and foreign exchange earners, representing a source of income for the governments.

Despite the above contribution, there is still limited understanding of the actual impact of the tobacco farming and its real effect on livelihood and economic development in the region, more so at farmer level. This adversely affects policy making processes related to the tobacco industry at national, regional and international levels. It is important that both businesses and governments are fully informed through research on the tobacco farming footprint in the region as this is critical to ensure the long-term sustainability of the sector.

This Report provides an outlook on the social, economic and environmental impact of tobacco farming in Eastern and Southern Africa. By assessing the contributions of tobacco to farmers livelihoods, job creation, economic growth and trade, the report provides a direct picture of tobacco farming in Africa.

This knowledge will undoubtedly support small scale farmers and business engagement with the government, which in turn will promotes balanced policy regulation. COMESA and COMESA Business Council will continuously work with all member states and the business community to promote the growth of small-scale farmers and sustainable agro-industries as essential to transforming agriculture development, trade and regional integration in Africa.

Mr. Marday Venkatasamy
COMESA Business Council
Chairperson

ACKNOWLEDGEMENTS

This CBC report was developed in 2018-2019 as part of CBC's activities to provide an informed assessment of the tobacco growing activities within the region to ensure an informed advocacy process for the industry.

The Report was prepared by CBC Consultant- Dr Daniel, Barend, Louw of OABS Development Pty (Ltd).

The process was largely driven by the CBC Tobacco Working Group which is composed of farmer Associations and tobacco companies within the COMESA Region.

The information used was obtained from various sources, including relevant regional reports, COMESA Member states' policy and regulatory documents and instruments, as well as relevant international reports and legal instruments.

The Study involved multi-stakeholder consultations and farm visits in the leading tobacco growing countries in the region. The countries involved were Malawi, Zambia, Zimbabwe, South Africa, Tanzania, Mozambique, Kenya and Uganda. Interviews were carried out with key stakeholders from farmer associations, tobacco companies, tobacco research institutions and regulatory Boards, and government stakeholders within the tobacco growing countries in the region. The Consultant also visited tobacco farms within the countries and interviewed a number of farmers and also made on-site observations. Special thanks are extended to these stakeholders for their time and valuable insights which enabled a more meaningful analysis.

Abstract

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The COMESA Business Council (CBC) is a Business Member Organization and recognized private sector institution of the Common Market of Eastern and Southern Africa (COMESA).

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PREFACE

COMESA Business Council's key mandate is to ensure the creation of an enabling environment for the private sector, strengthen industry competitiveness and promote regional collaboration amongst businesses. CBC seeks to ensure that key sectors such as agro- industry that employs of 70% SMEs in Africa, becomes more competitive in both regional and global markets through strategic advocacy, business facilitation and enterprise development. The Tobacco workgroup is one of the technical sector-sub committees under the agro- Industry workgroup. It is composed of farmer associations, industry associations and companies. Through the workgroup, CBC provides the following services to the stakeholders;

- Development and dissemination of evidence-based research and other pertinent business information;
- Harmonization of positions and presentation to the COMESA policy organs meetings;
- Facilitation of business linkages and market linkages;
- Building the capacities of Enterprises and Associations;
- Establish sustainable private and public private partnerships amongst the industry stakeholders across the COMESA region.

This report was developed during the period of June 2018- 2019, with an objective of carrying out a consultative and informed assessment of the tobacco growing activities within the region to support a regional advocacy process for the industry.

This report primarily responds to the existing challenge raised by policy makers and industry players within the tobacco sector, on the lack of evidence-based research on tobacco performance in the region. One of the main constraints to the development of the agriculture sector, tobacco included, is the unavailability of well researched output, evidence-based studies, data and information. This stalls policy making consultative processes because of lack informed analysis about sector performances.

The expected outcome of the said study is an understanding of the tobacco sector from the production and farming segment of the value chain and its contribution to the livelihoods of farmers and their families which directly has an impact on socio economic growth, job creation and trade across the COMESA region. The study seeks to guide member states on informed analysis and regional common voice, when representing Africa within international negotiation forums on the tobacco sector.

It is our hope as the CBC that the voices of the farming sector are involved in the regional and international policies that are to guide the future of the tobacco industry in Africa.

EXECUTIVE SUMMARY

BACKGROUND

Tobacco production represents an important economic activity in terms of livelihood, GDP and trade in several COMESA member states. Although some reports describing the footprint of tobacco farming have been carried out for specific countries, a comprehensive regional report which includes aggregated data from the key stakeholders in the sector, was yet to be done.

Therefore, quantifying the social, economic and environmental impact of tobacco farming activities, and conducting a robust and evidence-based research to ascertain its footprint, is critical to ensure the long-term sustainability of the activity in the region.

This Report seeks to make an objective assessment on the contribution and impact of the tobacco growing activities in the Eastern and Southern Africa region.

The researcher carried out desktop and field studies that informed the analytical report and final contribution to the regional position of industry. The researcher met with key stakeholders from government and private sector, through which constraints were identified, and key recommendations were made to facilitate the sustainability and competitiveness of the sector in the region and globally. The report was also validated in a regional consultative workshop that ensured inter-country dialogue and consensus on the findings of the report and common recommendations as positions of industry.

More specifically, the study focused on the following aspects:

- Quantified the contribution/size of tobacco farming in respect to total agricultural production;
- Conducted an Economic impact analysis of tobacco farming in country/region (direct impact, indirect impact, induced impact and catalytic impact);
- Assessed the impact of tobacco farming on the environment (soil, biodiversity, deforestation);
- Assessed the impact of tobacco farming on farmer's livelihoods and health (return vs other crops, food security, GTS, labour conditions, farm pollution);
- Assessed the contribution of tobacco farming to the SDG's; and
- Reviewed the social impact of industry sustainability partnerships/activities on tobacco growing communities and its contribution to SDG's (examples of solutions).

The countries of focus in this study are Uganda, Kenya, Malawi, Tanzania, Zambia, Zimbabwe, Mozambique and South Africa. These countries were selected based on the fact that they represent around 91% of the tobacco produced in Africa and about 9.5% of World production. The intent of this research is to promote an informed policy for tobacco growing within the COMESA region; as well as inform the private sector for evidence-based advocacy and business decisions.

*The study focusses on primary production – **green leaf production by farmers and primary processing by tobacco companies**. Secondary processing is excluded since most of the countries only process very small volumes.*

Some limitations faced in the study include:

- Budgetary constraints – it was not possible to interview all the stakeholders in all the countries.
- Time constraints – linked to the budget constraint, it was not possible for the consultant to stay for longer than three days in each of the selected countries.
- Lack of official statistics and or reliability of statistics.
- Level of participation of tobacco industry value chain actors varied considerably. Some stakeholders feedback was detailed and complete, but others did not participate satisfactorily.

However, despite these limitations, the author asserts that the report represents an accurate perspective of the tobacco farming sector in the COMESA region. Comprehensive country profiles were developed for each of the selected countries to investigate the social, economic and environmental impact of the tobacco growing activities in the region.

This executive summary captures the key findings, which are also available in the full report.

KEY FINDINGS:

Summary of country statistics (2018)

Indicator	Uganda	Kenya	Tanzania	Malawi	Zambia	Zimbabwe	Mozambique	South Africa	Total / Average
Production area, volume and value									
Total cultivateable area in the country (ha)	17 205 677	5 800 000	13 500 000	2 500 000	3 800 000	5 000 000	36 000 000	12 500 000	96 305 677
Total tobacco area (ha)	32 630	7 764	57 000	122 728	18 762	135 000	79 986	4 839	458 709
% of total cultivateable area	0.19%	0.13%	0.42%	4.91%	0.49%	2.70%	0.22%	0.04%	0.48%
Area tobacco produced by smallholder farmers (ha)	30 999	7 764	56 430	118 925	10 103	94 500	79 986	135	398 841
Area tobacco produced by commercial farmers (ha)	1 632	0	570	3 803	8 660	40 500	0	4 704	59 868
Total green leaf production (ton)	39 156	12 000	60 000	217 510	26 267	253 000	86 200	16 928	711 061
Average green leaf yield per ha (ton)	1.20	1.55	1.05	1.77	1.40	1.87	1.08	3.50	1.68
Total dry leaf - primary processing (ton)	24 668	7 560	37 800	147 800	16 549	159 390	54 034	11 952	459 753
Total dry leaf - primary processing exports value (USD Million) - total	75.0	93.5	310.2	607.0	76.1	980.0	234.1	47.7	2 424
Average SH price per kg (before deductions) - ALL tobacco grades (USD/kg)	1.53	1.80	1.75	1.67	2.55	2.92	1.65	3.55	2.18
Average SH price per kg (after deductions) - ALL tobacco grades (USD/kg)	1.08	1.26	1.10	1.17	1.62	1.90	1.15	0.71	1.25
Number of farmers and employment									
Total number of small holder farmers	45 000	18 000	60 000	92 000	12 000	122 520	137 042	155	486 717
Total number of commercial farmers			5	20	700	2 025	0	176	2 926
Number of smallholder contract farmers (with support package)	42 750	18 000	58 500	78 200	11 880	104 142	137 042	155	450 669
Number of smallholder contract farmers (with no support package but contracted)	None	0	1 500	13 800	120	0	0	N/A	15 420
Number of smallholder independent farmers (own inputs - not contracted)	2 138	0	0	0	0	18 378	0	N/A	20 516
Total number of direct employment on ALL farms	97 890	31 056	228 000	368 184	56 287	540 000	239 958	9 677	1 571 052
Total number of direct permanent employment on ALL farms	65 260	15 528	114 000	245 456	37 525	405 000	199 965	4 839	1 087 572
Total number of direct seasonal employment on ALL farms	32 630	15 528	114 000	184 092	18 762	135 000	33 502	4 839	538 353
Total number of permanent staff employed by TC companies	744	1 267	720	2 610	499	11 700	8 700	4 147	30 388
Total number of seasonal workers employed by TC companies	1 879	1 025	1 724	7 023	315	3 000	4 138	813	19 916
Estimated ratio of men:women employment on farms (e.g 50:50)	90:10	70:30	70:30	40:60	60:40	60:40	50:50	50:50	60:40
Estimated ratio of men:women employment by TC's (e.g 50:50)	85:15	65:35	55:45	80:20	80:20	70:30	85:15	78:22	70:30
Macro economic indicators									
Country GDP - USD Billion	27.60	79.06	55.53	6.62	28.06	18.90	12.96	353.61	582
Contribution of agriculture to GDP - Billion	6.49	24.51	12.77	1.92	1.43	2.46	2.64	6.57	59
Contribution of agriculture to GDP - %	23.5%	31.0%	23.0%	29.0%	5.1%	13.0%	20.4%	1.9%	10.1%
Direct Contribution of tobacco to agricultural GDP - Million	75.00	93.46	310.17	606.99	76.14	980.00	234.09	47.68	2 424
Direct Contribution of tobacco to total GDP	0.27%	0.12%	0.56%	9.18%	0.27%	5.19%	1.81%	0.01%	0.4%
Direct Contribution of tobacco to agricultural GDP	1.16%	0.38%	2.43%	31.64%	5.32%	39.89%	8.86%	0.73%	4.1%
Estimated value of up and downstream activities (GDP Multipliers) - USD Million	216.8	505.0	447.0	969.00	143.80	1 564.00	442.0	57.69	4 345
Total number of people supported by the industry	421 000	254 441	1 009 951	1 699 988	250 000	2 497 551	1 061 191	68 727	7 262 849
Total population (million)	41.5	48.5	50.1	18.1	16.6	16.2	28.8	55.9	276
Percentage of the population supported by tobacco	1.0%	0.5%	2.0%	9.4%	1.5%	15.5%	3.7%	0.1%	2.6%

Production area, volume and value

- Out of a total cultivatable area of 96 305 677 ha, 458 709 ha is planted with tobacco which only represent 0.48% of the total area. It is therefore a myth that tobacco production is a threat to food security. In addition, most of the smallholder farmers only plant about 10% to 20% of their total available cultivatable land with tobacco in crop rotation with other food crops.
- Smallholder tobacco farmers plant about 398 841 ha of tobacco and commercial farmers about 59 868 ha.
- The total estimated green leaf tobacco crop for 2018 was about 711,061 tons. The average yield varies substantially between countries but is estimated to be about 1,68tons per ha.
- Primary processed volume estimates for 2018 is 459,753 tons at an export value of USD 2.424 billion.
- The average price (all grades and types) is estimated to be USD 2.18 per kg and after deduction of input costs (excluding labour) about USD 1.25 per kg.

The table below provides a country summation of the area of production from which the above figures have been derived.

Country	Tobacco Green Leaf production -metric tonnes 2018(est)	% of total Cultivatable area
Uganda	39,156	0,19%
Kenya	12,000	0,13%
Tanzania	60,000	0,42%
Malawi	217,510	4,91%
Zambia	26,267	0,49%
Zimbabwe	253,000	2,7%
Mozambique	86,200	0,22%
South Africa	16,929	0,04%

Socio-economic impact

General observations for all the countries are:

- Smallholder farmers all indicated that they will suffer hardship if they cannot grow tobacco since tobacco is the only viable traditional cash crop for most of them. Most of the other crops that they produce are for own consumption.
- If the same value chain support structures existed (an established market, credit facilitates, extension services, an organised marketing structure and several other socio-economic support activities), farmers will consider planting more alternative crops. However, the majority indicated that they will still plant tobacco and some even indicated that possible support for other crops should be channeled through the tobacco leaf companies because of their proven capability and efficiency to support smallholder farmers.
- All the farmers indicated that income derived from tobacco enabled them to build up more assets (e.g. improved housing, bicycles, motor cycles, radios, televisions, etc.) compared to farmers not farming tobacco.
- Most of the farmers also indicated that income derived from tobacco enabled them to provide better education for their children (some even sending them to colleges and University).
- For most of the smallholder farmers (exception South Africa), there are very limited alternative livelihoods. It was therefore pointed out in the report that family labour costs should be excluded from gross margin analysis since including it results in a misinterpretation of the value of the crop to sustain livelihoods.

- Farmer and informed institutions (Ministries of Agriculture and others), also claim that tobacco farmers are in general more skilled compared to other farmers since they receive training on several elements (good agricultural practices, sustainability, labour practices, standards, record keeping and production practices) from the tobacco companies. They also receive training on production practices to produce food crops.
- The impact on the regional economies are also visible. During the country visits, it was tobacco marketing season and there was a hive of activities from small businesses.
- All the responsible tobacco leaf companies are actively involved in the prevention of child forced labour and green tobacco sickness.
- Most of the tobacco leaf companies are also involved in community support programs such as schools, food programs, clinics, water supply, etc.
- There are approximately 486 717 smallholder and 2 926 commercial tobacco farmers.
- Most of the farmers, 450 669, are contracted with the tobacco leaf companies support package. About 15 420 farmers are contracted without the support package and 20 516 farmers are independent (no support package and not contracted).
- The total direct employment on the farms is 1 571 052 people of which the majority is permanent (1 087 572) husband and wife and or family members. The number of casual / seasonal labourers is about 538 353 workers.
- It is estimated that the tobacco companies employ about 31 827 workers.
- The ratio between men and women differ considerably between countries. On the farms it is about 60:40 and for the tobacco leaf companies about 70:30.

Macro-economic impact

The total GDP for the selected countries is about USD 582 billion of which agriculture contribute about USD 59 billion or roughly 10%. However, there are vast differences between countries. In South Africa, the contribution of agriculture is only 1.9% compared to about 30% in both Kenya and Malawi.

The direct contribution of the tobacco industry (excluding forward and backward linkages) is about USD 2.656 billion. The average direct contribution to total GDP is about 0.5% and to agricultural GDP about 4.5%. The highest direct contribution is in Malawi with a contribution of 12.54% to total GDP and 43.24% tot agricultural GDP.

The estimated contribution of forward and backward linkages to GDP is about USD 4.7 billion. It is conservatively estimated that about 7.262 million people is supported by the industry (workers and their dependents). Thus, out of a total population of 276 million people about 2.6% of the population is supported by the tobacco industry (only for primary production and processing).

The table below shows country specific figures of the number of people directly supported by the industry per country.

Country	No. of People Supported by Industry (est)
Uganda	421,000
Kenya	254,441
Tanzania	921,775
Malawi	1,763,304
Zambia	228,000
Zimbabwe	2,497,551
Mozambique	1,061,191
South Africa	68,727

Environmental impact

Most of the reported criticism on the impact of the tobacco industry on the environment is on deforestation and the high energy requirement (mainly from wood) for curing tobacco. Whilst this is true the context is important; a number of factors are responsible for deforestation. Within the African context most of the rural population (and many in cities) still rely on wood as a source of energy for cooking, washing and keeping warm.

Tobacco leaf companies and their contracted farmers however, have several initiatives to ensure tobacco farming has as minimal negative impact on the environment as possible. Some initiatives implemented include: afforestation programs; Sustainability Tobacco Program (STP); barn projects to improve energy efficiency; live barns / brick barns to negate the necessity to fell trees to construct barns; crop rotation, minimum tillage, ridging and mulching practices are encouraged to protect soils and to increase soil fertility; and introduction of pest and disease-free varieties of tobacco to minimize the need for pesticide control measures among others.

Most tobacco companies actively support programmes on afforestation and to reduce the energy requirements of curing barns. A lot of research has been done to reduce energy requirements. Rocket barns and other curing technologies had in most cases improved energy efficiency with more than 60-70% (in some cases up to 100%). To reduce the impact of deforestation live barns are also promoted for air cured tobacco. For instance, in Zambia from 2016 about 2400 matope barns had been built on selected farms across one district and planted 4000 live barns in another district. It has been estimated that the traditional barns use up to 25kg of wood to cure a kilogram of tobacco, while the matope barn uses five kilograms of wood to cure a kilogram of the leaf crop.

In addition, farmers use of chemicals are also strictly controlled (using the recommended volumes and only registered products). Empty containers are collected and disposed of in an environmentally friendly way. To prevent soil erosion and to improve soil health, farmers are encouraged to use mulching and manure.

In some countries, government has also introduced legislation to ensure companies and farmers comply with afforestation requirements and put in place enforceable mechanism for environmental protection. For instance, to combat some environmental issues, Kenya has made it a legal requirement for tobacco farmers to plant 6 trees per 100kg of tobacco harvested but tobacco companies also support farmers, so they can plant more through partnerships.

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS(SDGs)

The overall observation is that the tobacco industry in the selected countries make a significant contribution in the achievement of the SDGs. In general, the following can be concluded:

Sustainable Development Goals	Observation
GOAL 1: No Poverty	Most farmers interviewed indicated that tobacco made a huge contribution to reduce poverty for farmers and for the communities where they live. Other studies indicated the same in terms of growth in both household and farm assets (CARD, 2016)
GOAL 2: Zero Hunger	In general tobacco farmers indicated that they do not only grow tobacco but also other food crops and that they have enough food to eat. The impact of the secondary activities also contributes to reduce hunger in the broader society.

Sustainable Development Goals	Observation
GOAL 3: Good Health and Well-being	Despite the negative impact on the health of the users of tobacco products, the tobacco industry contributes to livelihood support which supports the general wellbeing. Several tobacco companies assist in building clinics, schools and support further education through scholarships.
GOAL 4: Quality Education	Several tobacco farmers indicated that farming tobacco enables them to get enough income to send their children to better schools and even colleges. Tobacco companies also support with building of schools and offering scholarships.
GOAL 5: Gender Equality	There are about 60% men and 40% women on farms. At the tobacco companies the ratio is lower - about 70% men and 30% women. In most of the countries men and women are paid equally for the same work.
GOAL 8: Decent Work and Economic Growth	The tobacco value chain provides decent job opportunities and make a significant contribution to the total value of agriculture in COMESA countries and to earn forex. The tobacco industry pays taxes and thus contributing to the overall welfare in these countries. The per capita income of tobacco farmers is significantly higher compared to non-tobacco farmers. In addition, rural economies receive a significant injection during the tobacco harvesting season.
GOAL 12: Responsible Consumption and Production	The tobacco companies have programs to promote the sustainable management and efficient use of natural resources. These include reforestation, increasing efficiency of curing barns, using mulching and manure to increase soil fertility, crop rotation. In general, they promote Good Agricultural Practices
GOAL 15: Life on Land	Tobacco companies have soil and water conservation programs – vetiver grass, contour ridges, storm drains, crop rotation, inclusion of legumes to increase nitrogen and organic materials. On protecting biodiversity most of the responsible tobacco companies have awareness programs and recommendations to improve or maintain biodiversity.

REGIONAL TRADE

Only the trade in unmanufactured tobacco and tobacco refuse as reported by FAO stats are discussed since most of the trade in the region falls into this category. Apart from South Africa, trade in Product: 2403 (FAO product code) Manufactured tobacco and manufactured tobacco substitutes and “homogenized” or “reconstituted” and Product: 2402 (FAO product code) Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes is relatively small.

Uganda

Uganda imports very small volumes of unmanufactured tobacco (in some years zero). Uganda exported about 17 000 tons of unmanufactured tobacco in 2017. The 5-year average export volumes indicate that about 55% of Uganda exports are destined for Kenya (see Error! Reference source not found.).

Kenya

Kenya imported about 13 800 tons of unmanufactured tobacco in 2017 mainly from Uganda for processing in Kenya. The five-year average volumes imported indicates that about 87% were imported from Uganda.

Kenya exported about 10 000 tons of unmanufactured tobacco in 2017. The 5-year average export volumes indicate that the key markets are to Belgium (17%) and Sudan (11%), Russia (7%) and Jordan (7%)

Tanzania

Tanzania imports about 2 500 to 3 000 tons of unmanufactured tobacco every year. During 2017 imports was about 2 500 tons. The five-year average import volumes indicate that imports are mainly from Uganda (58%), Kenya (8%) and Belgium (7%).

During 2016 Tanzania exported about 78 000 tons of unmanufactured tobacco of which more than 57% were exported to Belgium. However, the five-year average export volumes indicate that about 46% exported to Belgium followed by Germany (7%) and France (5%).

Malawi

Malawi imported about 17 000 tons of unmanufactured tobacco in 2017. Considering the 5-year average imports the majority (69%) is imported from Zambia followed by Mozambique (14%) and Tanzania (8%).

During 2017 Malawi exported about 150 000 tons of unmanufactured tobacco in 2017. The 5-year average export volumes indicate that the key export markets for Malawi unmanufactured tobacco is Belgium (21%), Poland (16%) and Germany, Russia and Egypt each contributing 7%.

Zambia

Zambia is not a major importer of unmanufactured tobacco. In 2017 they imported about 1 100 tons of tobacco. The 5-year average import volumes indicate that 92% is from Zimbabwe. During 2017 export of unmanufactured tobacco picked up again after 3-years of decline. During 2017 about 27 000 tons of tobacco were exported. The 5-year average export volumes indicate that the key markets are Malawi (45%), China (15%) and Germany (10%).

Zimbabwe

Imports of unmanufactured tobacco by Zimbabwe decreased significantly in 2012 from about 44 000 tons to less than 5 000 tons in 2016(see Error! Reference source not found.). The 5-year average import volumes indicate that most of the tobacco is imported from Zambia (69%) and Malawi (12%).

From 2013 to 2016 Zimbabwe exported between 140 000 to over 150 000 tons of tobacco per annum. The 5-year average export volumes indicate that South Africa (90%) is the main export market for unmanufactured tobacco from Zimbabwe.

Mozambique

Mozambique imports relatively small volumes of unmanufactured tobacco. During 2017 imports was only about 1 600 tons. The 5-year average import volumes indicate that South Africa (40%), Malawi (23%) and Zimbabwe (14%) are the key countries from where Mozambique source unmanufactured tobacco.

From 2015 to 2017 Mozambique's export of unmanufactured tobacco declined from just below 70 000 tons to just below 50 000 tons. Belgium is the largest buyer (23%) followed by Turkey (7%) and Switzerland (9%).

South Africa

During 2016 and 2017 South Africa imported about 35 000 tons of unmanufactured tobacco. The 5-year average import volumes indicate that imports are mainly from Zimbabwe (29%), Brazil (23%) and India (7%).

In general, unmanufactured tobacco export volumes have decreased significantly during the last decade. During 2017 South Africa exported less than 2 000 tons. The five-year average export volumes indicate that exports are mainly to Mozambique, China and Georgia. However, the reader should note that there is huge variation and very small export volumes which distort the picture (e.g. in 2014, according to FAO statistics, there was a once off export of 3000 tons to Mozambique). In general, more consistent export destinations (albeit small volumes) are Germany, Sweden and Nigeria.

It is important to note that the tobacco industry in South Africa is significantly more focused on secondary processing and trade (manufacturing tobacco products for the local market and importing manufactured tobacco for the local market and for exports to other African countries).

SHARED CONSTRAINTS AND KEY RECOMMENDATIONS

CONSTRAINT	RECOMMENDATION
<p>BALANCED AND UPDATED LAWS & REGULATIONS GOVERNING TOBACCO –</p> <p>In most countries lack a national regulatory framework which tobacco growing counties can align with. In some instances, there is a lot of government interference without actual support and clear regulation.</p>	<ul style="list-style-type: none"> • Governments should adopt clear regulatory frameworks governing tobacco with a view of supporting the growth of the industry. Governments need to create a forum together with the TC's in order to find sustainable solutions to challenges. • In addition, consultation with farmers on tobacco-growing legislation is required as they are the largest stakeholder group in the sector.
<p>ACCESS TO LAND – Lack of access to land ownership and when access is available the associated costs to obtain land are great. Stakeholders indicated that production should be shifted to where land is available. Sometimes it is cheaper to rent land compared to buy the land.</p>	<ul style="list-style-type: none"> • Governments should Strengthen land holder ship or titles to land and ensure equitable access to land. This has a bearing on access to finance.
<p>INADEQUATE GOVERNMENT SUPPORT IN EXTENSION AND RESEARCH</p> <p>Government involvement in provision of extension services and conducting research on tobacco leaf limited. Research and extension services are primarily industry driven but there remains a gap as most countries do not have enough funding, staff and facilities.</p>	<ul style="list-style-type: none"> • Governments should encourage investment in extension services and research services. • There is also scope for regional harmonization of research initiatives by countries to leverage on countries that have strong or existing tobacco research institutions.
<p>FOCUS ON YIELD AND QUALITY IMPROVEMENT-Considering diminishing land sizes available for farming coupled with population increases, the next frontier in tobacco growing is yield and quality.</p>	<ul style="list-style-type: none"> • Farmers will have to produce more per unit area of land for tobacco growing and simultaneously also improve quality to remain attractive and sustainable. • Increased investment by all stakeholders in climate smart agriculture, water harvesting, and irrigation is necessary.

CONSTRAINT	RECOMMENDATION
<p>REDUCTION OF COST OF PRODUCTION (COP) – It is of paramount importance to remain competitive and sustainable in the long-run.</p>	<ul style="list-style-type: none"> Tobacco companies and farmers to continuously strive towards reducing the COP through adoption of several innovations (e.g. labor-saving technologies and production and processing technologies) to increase farmer profit margins.
<p>LACK OF ORGANIZED MARKETS FOR OTHER CROPS OTHER THAN TOBACCO</p> <p>Though tobacco farmers may want to adopt alternative crops in line with global regulations; there are no attractive markets for them.</p>	<ul style="list-style-type: none"> Governments are called upon to work with industry towards developing sustainable markets for alternative crops. This can be through promoting the development of alternative supply chains and promotion of national and regional commodity markets.
<p>MARKETING AND SALE OF TOBACCO- Several challenges include side marketing, speculation in prices and in some instance lack of transparency between buyers and sellers.</p>	<ul style="list-style-type: none"> A balanced and enforceable contractual relationship between buyers and sellers in contractual farming. Including strengthening the Tobacco Boards where they exist. Self-regulation of the industry should be promoted (e.g. ASETU in Uganda). Production should be aligned with demand to eliminate cyclical trends of tobacco production which result in insecurity of supply and affects customer confidence. Market studies should be conducted to estimate future demand to enhance sustainable tobacco production.
<p>ILLICIT TRADE - is a major constraint in several COMESA countries. Some value chain actors assert that it is causing a serious adverse effect on industry growth. Illicit cigarettes defraud government of much needed taxes, while at the same time eroding the legal tax paying industry. Ultimately, this also impacts on the primary production and processing side.</p>	<ul style="list-style-type: none"> Strengthening the enforcement of anti-illicit trade legislation by empowering policing authorities technically, financially and with means to increase their efficiency in eliminating illicit trade.
<p>INFRASTRUCTURE - Lack of infrastructure in transport routes is prohibitive to the development of new tobacco growing areas. The associated added transport costs are detrimental to the production in new areas.</p>	<ul style="list-style-type: none"> Government should work towards the development of infrastructure, particularly roads in most farming areas to ensure connectivity.
<p>ACCESS TO FINANCE</p> <p>Farmers face challenges in accessing finance due to lack of collateral and the prohibitive cost of commercial loans.</p>	<ul style="list-style-type: none"> Continued dialogue with banking & insurance Institutions is required (in some countries there are success stories – e.g. in Tanzania farmers are bankable through a Central Bank Government guarantee to commercial banks). There is need for the development of Agricultural Bank's (in countries where they don't exist) where all available funds for small holder farmers should be channeled.

CONSTRAINT	RECOMMENDATION
<p>TOBACCO GLOBAL OUTLOOK</p> <p>The global drive against consumption of tobacco products have a significant impact on the sustainability of the tobacco industry. This will ultimately affect the tobacco farmers in tobacco growing COMESA countries.</p>	<ul style="list-style-type: none"> • There is need to increase evidence-based research as this study to highlight the impact and contribution of tobacco farming within the region. Furthermore, to increase advocacy and widely distribute studies to ensure a balanced approach to tobacco regulation.
<p>CORPORATE SOCIAL RESPONSIBILITY</p> <p>CSR can meet some of the social economic gaps in communities where tobacco industry operates.</p>	<ul style="list-style-type: none"> • There is need for industry to scale up CSR initiatives. • Communities must take ownership of any community-based projects, if not, they are not sustainable. • To increase transparency; there is also need for a Tobacco Global Good Agricultural Practices (G.A.P) with independent certification. (Most companies have GAP programmes, but they are based on self-assessment).
<p>STATISTICS: Accurate statistics on the tobacco industry in most countries is either not available or not comprehensive enough to inform decisions. Data on farmer registrations is usually outdated or inaccurate.</p>	<ul style="list-style-type: none"> • Most of the countries should invest more resources to upgrade and to increase their statistical capacity. • The administration system in most countries should be improved through investment in national traceability systems for the registration and traceability of farmers.

