





A man in a green shirt is working with tobacco leaves in a workshop. He is looking down at his work, which involves rolling or shaping the leaves. The background shows shelves with more tobacco and some equipment.

# RWANDAN REVIVAL

*Rwanda has come a long way since the 1994 genocide. Now a local company wants to supply the global industry with regionally grown tobaccos.*

By Taco Tuinstra

The most disturbing part of the Rwandan Genocide Memorial Centre in Kigali comes at the end. In a somberly lit room, young children gaze at the visitor from a series of enlarged photographs donated by surviving family members. Underneath are short descriptions of their personalities, similar to the at-a-glance celebrity profiles you might find in tabloid magazines but with a sickening twist.

Like this:

Name: Dominique

Age: 3

Favorite drink: Fanta

Personality: shy

Favorite sport: football

Cause of death: hacked to pieces with a machete

Last memory: mother being raped by *Interahamwe* militia members

Name: Odette

Age: 7

Favorite food: chocolate

Dream: to become a doctor

Favorite pastime: playing hide-and-go-seek with her big brother

Cause of death: beheaded with an axe

Last words: "UNAMIR<sup>1</sup> will come rescue us soon"

<sup>1</sup>The UN peacekeeping mission in Rwanda

This story is about a promising Rwandan tobacco company and its ambitions to export regionally grown tobacco with its international partner, but it's impossible to write about Rwanda and ignore the horrific events that took place there only 16 years ago.

Between April and June 1994, Hutu extremists killed almost 1 million Tutsis and moderate Hutus—some 10 percent of Rwanda's population. As the Kigali memorial explains, the genocide wasn't the spontaneous outburst of ethnic hatred that lazy commentators have made it out to be. Rather, it was a carefully planned and orchestrated attack on a minority that enjoyed privileges during colonial times but had been systematically prosecuted by their resentful countrymen after independence from Belgium in 1962.

Despite its low-tech execution (axes and machetes were the weapons of choice) the Rwandan genocide was remarkably effective from the *genocidaires'* perspective. Author Philip Gourevitch called it the most efficient mass killing since the atomic bombings of Hiroshima and Nagasaki. "The dead of Rwanda accumulated at nearly three times the rate of Jewish dead during the Holocaust," he wrote in his 1998 book *We wish to inform you that tomorrow we will be killed with our families*.

## The Switzerland of Africa

Against this ghastly background, the country's recovery is nothing short of spectacular. Today, Rwanda is more stable





Hotel des Mille Collines, which was featured in the famous movie *Hotel Rwanda*, has undergone a thorough makeover—just like the rest of the country.

and safer than many other African countries. The economy is growing (albeit from a low base) and incomes are up. Rwanda has a national healthcare system, burgeoning countrywide education and some of the best roads in the Great Lakes region. Its military is—perhaps out of necessity—among the most formidable in Africa. As a member of the East African Community, the country benefits from increasingly free trade with its neighbors. And in 2009, it joined the Commonwealth of Nations, becoming only the second member that was not formerly a British colony to be admitted to the group.

Paul Kagame, the leader of the Tutsi rebel army that drove the *genocidaires* into exile, is likely to be re-elected at the polls scheduled for this fall. A billboard near Kigali airport proclaims his government's priorities—"Corruption, no; investment, yes."

The statement appears to be more than just a catchphrase to please visitors from donor countries. Two years ago, *Fortune* magazine published an article titled "Why CEOs love Rwanda." In it, executives from Google, Starbucks and Costco fawned over Rwanda's favorable investment climate and the opportunities on offer.

Of course, today's Rwanda is not without flaws. While democratically elected, Kagame's government doesn't suffer dissent lightly. The press, for example, is said to be even more restricted than it is in Zimbabwe, and government critics have reported harassment. And despite the ruling party's insistence that there are no Hutus or Tutsis anymore—just Rwandans—ethnic tensions are unlikely to be eliminated by decree. The fact that the Kigali Genocide Memorial is guarded by soldiers with machine guns suggests there are Rwandans with different views of history, who, given the opportunity, might express their grievances violently.

Compared with the horrors that went on before, however, Rwanda today is an oasis of peace, and people seem to be getting on with their lives to the best of their abilities.

### Tobacco too

The relative stability has created opportunities for multinationals and local businessmen alike, including those in the tobacco

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industry. On a recent February morning in Kigali, a sales consultant for a leading European original equipment manufacturer was showing off his machinery's capabilities to Vianey Mpakanyi, the factory manager of Premier Tobacco Co. Sitting in front of a laptop, the two discussed "quick changeovers," "improved efficiency" and other issues that tend to arise in such conversations.

Manufacturing about 1 billion cigarettes per year, PTC is currently running at full capacity. Company owner Assinapol Rwigara wants to not only increase production but also improve product quality. In addition to evaluating new tobacco machinery, he is in the process of setting up his own cigarette carton factory. "Producing our own cartons will reduce our dependence on imports and enable us to supply other industries as well," he says. "Our carton factory will be the only such facility in Kigali."

To say Rwigara is ambitious would be an understatement. He is involved in the insurance industry, personal care products and wheat flour, among other businesses. In February, he was putting the finishing touches on a new Kigali hotel built to help accommodate the growing number of tourists and foreign businessmen visiting Rwanda. But tobacco, says Rwigara, accounts for the lion's share of his activities. It also presents the greatest potential for growth.

Rwigara knows an opportunity in tobacco when he sees one;

he has been in the business since 1975, when he started working as the Rwandan agent for Tanzania Cigarette Co. (now part of JTI), and later British American Tobacco Kenya.

The local market was dominated by Tabarwanda at the time, a manufacturer jointly owned by Rothmans and the Rwandan government. To protect its investment against competition from foreign-made cigarettes, the Rwandan government increased duties to the point where it became unviable to import cigarettes. In response, BAT Kenya asked Rwigara to set up a local factory and produce BAT brands under license. Rwigara bought machinery and manufacture started in 1989.

Then, in the early 1990s, an army of exiled Tutsis invaded Rwanda from Uganda and life became increasingly difficult for local Tutsis, whom the government accused of supporting the rebels. Rwigara went into exile, spending time in Belgium and Uganda, among other places. He saved his family from the genocide by smuggling them to Burundi in the trunks of diplomatic vehicles.

Upon return to Rwanda in 1994, Rwigara found all his property destroyed or stolen.

Undeterred, he started selling cigarettes again, importing at first but manufacturing locally later. He purchased new machinery, and Rwandan production of BAT brands resumed in 1998.

The next year, BAT and Rothmans merged their operations. The new government had no interest in the tobacco business and sold its stake in Tabarwanda. Unable to agree on the terms



Assinapol Rwigara



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Premier Tobacco Co. is expanding. Here, Kigali women check out listings of available positions posted at the factory gate.

of cooperation with the enlarged BAT, Rwigara started manufacturing his own cigarettes. He developed two brands—Filter Star and Premier—which hit the store shelves in 2002. Filter Star is sold in hinge lids while Premier comes in soft packs. Both brands target the lower end of the market.

Through clever marketing and efficient distribution, PTC gradually increased its market share. Today, the company's brands account for 45 percent of cigarette sales in Rwanda. PTC exports limited quantities to Congo and has plans to enter Sudan.

### From Rwanda to the world

Rwigara's cigarettes contain a mixture of flue-cured and burley tobaccos. Flue-cured comes from the Ariwara area in neighboring Congo, where PTC contracts with some 2,000 smallholder farmers. The company's burley is grown by 2,100 farmers in Masindi, Uganda. Because both areas are few days' drive from Kigali, Rwigara is also looking into developing domestic production. He has already bought a plot in Kibungo, near the country's border with Burundi, which is only three hours by car from Kigali. Because Rwanda doesn't have enough trees to support flue-curing, Rwigara says the growers in Kibungo will be producing burley.

PTC is more than self-sufficient in leaf tobacco, and it hopes to sell its surplus on the world market. To help market its leaf

internationally, the company recently entered into an agreement with Newco Leaf, a young but growing international tobacco merchant registered in Singapore. Richard Dendy, Newco's African representative, sees plenty of opportunity for PTC's tobaccos on the world market. "The multinationals, China—there's a large base of potential customers for this leaf," he says. "I can even see some pipe tobacco applications."

Like Rwigara, Dendy is an experienced tobacco hand. He joined African Leaf Tobacco of Rhodesia (now Zimbabwe) in 1972 and has since worked with companies such as Transtabac (Zimbabwe), Gebrüder Kulenkampf (Germany) and Hong International (Cambodia) and consulted to Monus (Serbia) on tobacco issues. For a while, he owned a tobacconist shop in Durban, South Africa. In late 2009, he received a call from Rainer Busch, one of the founders of Newco, who knew Dendy from his days at Gebrüder Kulenkampf. Busch needed somebody to represent Newco in Africa, and Dendy didn't hesitate long before saying yes.

Since joining Newco, Dendy has been commuting to Rwanda from his home in England, staying in Kigali one or two weeks at a time. In Kigali, he works hand in hand with Rwigara's daughter, Anne. Armed with degrees in electrical engineering and computer science from the University of California at Berkeley (USA), she has a keen interest in her



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Anne Rwigara inspects the company's newly installed tobacco redryer. The processing factory was expected to come online this summer, in time for the 2010 harvest.

father's tobacco business. With further training and assistance from Newco and others, she aims to bring PTC's product up to international standards.

Although much work remains to be done in terms of packaging and presentation, Dendy has been impressed with the quality of PTC's tobacco, which he compares to that grown in Zambia. "It's a nice leaf—soft-natured and open grained, with lots of stretch," he says. "And it has a sound, balanced chemistry; good oil and the stem size is good and standard. What's more, the leaf is grown organically, without using pesticides or fertilizer."

To properly market tobaccos on the world market, Dendy is helping Rwigara set up a leaf processing facility on the premises of his cigarette factory. Processing in Kigali makes sense. Although there are factories in Tanzania and Kenya that might consider packing for third parties, the prevailing cost of inland transportation is prohibitive.

The factory is scheduled to come online in June, with the final bits of machinery being put in place in time for the 2010 harvest. A \$4.5 million investment, the plant will have a capacity of 4,000 tons per year and offer work to 30 full-time and 300 seasonal employees.

If everything goes according to plan, PTC will be able to

supply hand-stripped and threshed leaf. While the volumes will increase only gradually, Dendy reckons the company will comfortably have 500 tons available for initial marketing. And crucially, the tobacco will be competitively priced.

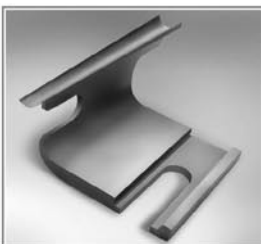
International customers have already shown an interest in PTC's leaf. "Cigarette manufacturers are always keen to explore new origins," says Dendy. "We are confident that, over time, we can make a name for Rwandan tobaccos." Producing acceptable volumes, he says, should not be a problem. "PTC will be able to grow 5 million kg to 6 million kg in due course—and even more if domestic production takes off."

Rwigara is equally bullish. If the project succeeds, it will mean more factory jobs in Kigali and greater financial security for thousands of farmers in Congo, Uganda and Rwanda. Cigarette manufacturers, in turn, will gain access to a new source of tobacco, improving the industry's security of supply. And last but not least, the leaf exports will generate much-needed foreign currency. As any economist will tell you, trade is a more efficient motor for growth than aid. By bringing regionally grown tobaccos to the world, PTC, though Newco, will help sustain Rwanda's economic recovery as the country slowly moves out of the shadow of its horrific past.

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