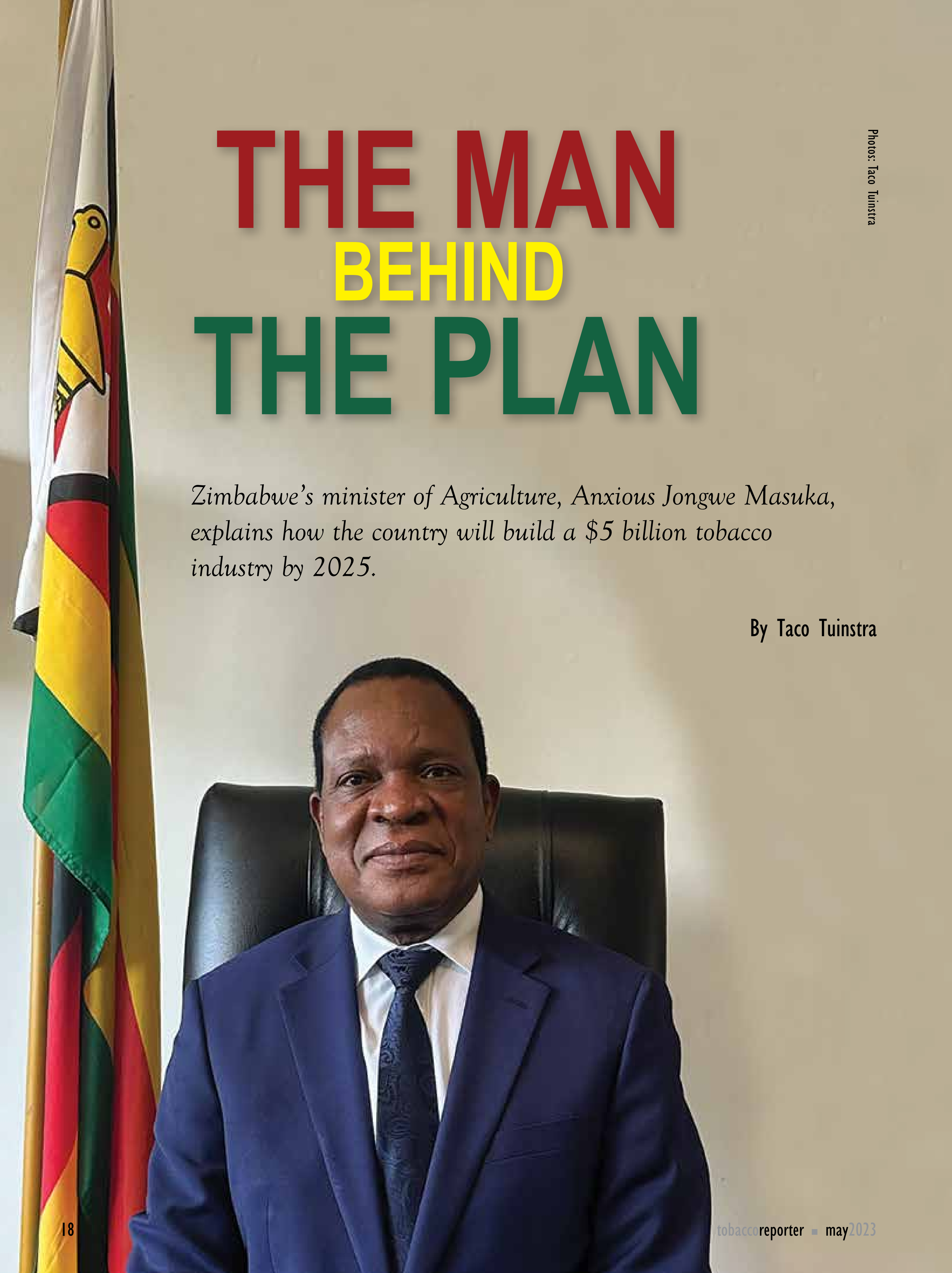

THE MAN BEHIND THE PLAN

Photos: Taco Tuinstra

Zimbabwe's minister of Agriculture, Anxious Jongwe Masuka, explains how the country will build a $5 billion tobacco industry by 2025.

By Taco Tuinstra

Following the resignation of Zimbabwe's longtime president, Robert Mugabe, in late 2017, the new government invited private citizens to provide ideas on how to improve agriculture. Drawing on his extensive background in agriculture, policy and strategy, Anxious Jongwe Masuka wrote a letter in which he detailed the steps that he believed would help the nation achieve a prosperous, sustainable and competitive agricultural sector.

One of the issues he mentioned was tobacco, the country's most important agricultural export by a wide margin. Zimbabwe has the potential to generate and retain much more value from its tobacco industry than it is getting now, Masuka argued in his missive, unaware that he would soon be put in charge of the sector.

"Then, when I was appointed a minister, President Emmerson Mnangagwa handed me back my letter and said, 'I fully agree with what you have written here, and now please go ahead and implement it,'" recalls Masuka.

Tobacco Reporter caught up with Masuka at the Ministry of Agriculture in Harare to discuss the details of what is now known as the Tobacco Value Chain Transformation Plan.

***Tobacco Reporter*: Please briefly sketch the economic significance of tobacco to Zimbabwe. How much of the value created is retained domestically, and why does it fall short of its potential?**

Anxious Jongwe Masuka: The context of the tobacco industry in Zimbabwe is exciting, since the first tobaccos were grown by missionary priests and presented at a show in 1895. Tobacco is one of [the] great successes for the country. By 1998, 1,500 large-scale white farmers produced a record 239 million kg. At the time, only a handful of small-scale Black farmers, less than 1,000, produced the crop. Following the land reform program from 2000 onward, the demography has dramatically shifted. A new record 260 million kg was produced in the 2019/2020 season, predominantly by smallholder farmers who constitute over 85 percent of the growers.

The tobacco crop annually supports up to 160,000 households, accounts for more than 50 percent of agricultural exports and contributes 25 percent to agriculture GDP.

Tobacco production is now a catalyst for accelerated rural development. Tobacco is grown predominantly by smallholder farmers, who constitute 85 percent of producers. Tobacco supports, directly and indirectly, 10 percent of Zimbabwe's population (1.5 million).

Some 98 percent of tobacco is exported in a semi-processed form. However, according to the Reserve Bank of Zimbabwe, only 12.5 percent of total exports is the net benefit after payment of external loan obligations by tobacco merchants.

Zimbabwe produces 6 percent of the world's tobacco. The global tobacco market is estimated at US$850 billion, and 6 percent of the value translates to $51 billion of the global market value of tobacco. In 2020, Zimbabwe produced and exported over 200 million kg of tobacco worth only $991 million, so clearly there is scope for massive value retention in the country.

This is the basis for the Tobacco Transformation Plan, an idea I floated to the president in 2018 when I was still in the private sector and before being appointed minister in August 2020.

What are the Tobacco Transformation Plan's main objectives?

From the mentioned statistics, it is clear that the industry must transform for value preservation and for sustainability. The Tobacco Value Chain Transformation Plan seeks to increase tobacco production to 300 million kg by 2025 and transform the value chain into a $5 billion industry through exports of tobacco value-added products. The broad objectives of the plan are to accelerate localization of tobacco funding; increase tobacco productivity and production from 210 million kg to 300 million kg; increase production of alternative crops and increase their contribution to farmers' incomes; increase the level of tobacco value addition and beneficiation into cut rag and cigarettes; and ensure sustainability and traceability in the production of the crop.

Why is such a large share of cultivation currently funded by contractors? And how does the Tobacco Transformation Plan seek to remedy this situation?

Collateral, title deed-based financing collapsed in 2000, when all agricultural land became state land. By 2004, tobacco production had plummeted to 48 million kg from a high of 239 million kg. A dual marketing system was then introduced by government—a contract system was allowed, operating alongside the established auction system. Over the years, the contract system was refined to provide agronomic and farm infrastructure and equipment support in addition to inputs and working capital. Resultantly, and cumulatively, over 95 percent of production is currently funded through contract farming. This contract production financing model of tobacco requires that tobacco be prefinanced by offshore funding.

Local lending by local financial institutions for farming purposes is limited, particularly for small-scale farmers who do not meet the collateral requirements following the collapse of title-based lending in 2000.

The localization plan will involve government availing $60 million as seed finance to establish a revolving facility. The plan will operate alongside contract production of the crop. This will anchor the growth to 300 million kg.

How do you view the role of tobacco buyers in the future? Will they still be funding tobacco cultivation after the Tobacco Transformation Plan has been carried out?

Zimbabwe envisages growing the tobacco industry to a 300 million kg crop by 2025—an additional 90 million kg from the current average production of 210 million kg—so there is room for both contractors and local financing. The government is not replacing anyone in the current system, especially contractors and buyers. In fact, the exact opposite—we require more contractors and more localization of financing. We envisage that contractors can operate in both systems, whether the source of financing is offshore or is local, a contractor will be required alongside some direct lending to farmers.

According to some economists, one of the reasons smallholder tobacco growers have struggled to access funding in the past was lack of titles to their lands. What is the current situation in terms of property rights? Does the Tobacco Transformation Plan deal with this issue?

Those economists are misguided. Tobacco production has

The Scientific Approach: Boosting Production Through Innovation

The tobacco transformation plan aims to boost production without expanding the farmer base or laying claim to significantly more farmland (see interview with Anxious Masuka on page 18). To help the government achieve its objectives, the Tobacco Research Board (Kutsaga) (TRB) is developing improved seed varieties, innovating to reduce post-harvest losses and creating education programs for tobacco growers.

Frank Magama

According to TRB CEO Frank Magama, the key to sustainable growth is improving yields. Just recently, the TRB released four new flue-cured tobacco varieties developed for marginal growing areas in the south of Zimbabwe, which is dryer than the rest of the country. With traditional tobacco varieties, farmers in that region have been getting yields of about 1,100 per hectare. Magama hopes the new varieties will boost that number to 2,500 kg per hectare.

The varieties have been issued on a so-called limited-release protocol. "We allow 20 farmers to grow one hectare each so we can get more data and learn whether the new varieties are suitable," says Magama. If, in consultation with the growers, the breeders are satisfied with the results, they will move to the next stage of the trials. In the second season of evaluation, the TRB will distribute seed for these varieties among a larger number of farmers for further testing. In addition, tobacco merchants will test-smoke cigarettes manufactured with tobacco from the new varieties to make sure they deliver the desired flavor. Altogether it will take between three years and four years from the start of the trials until the new varieties will be available to all growers in the targeted areas.

The TRB is also looking at reducing post-harvest losses. According to Magama, smallholder farmers may lose up to 50 percent of their crops due to inadequate handling. "If you look in the field, it may be a 4 ton crop," he says. "But what goes to auction is perhaps 1.5 tons."

The problem starts before the tobacco even leaves the farm. After curing, the leaf is very brittle, and to prevent breakage while moving the leaf from the curing barn to the shed, it must be conditioned. Ideally, this is done with a misting system, but this requires piping and electricity, which are often unavailable in the rural areas. So small-scale farmers may just use boiling water, which doesn't generate the proper mist. As a result, a needlessly high share of good tobacco ends up as scrap that may sell for perhaps $0.10 per kg—or, more likely, end up as compost.

"It's an issue of infrastructure," says Magama. In partnership with a tobacco equipment manufacturing company, the TRB evaluated a portable firewood steam boiler for tobacco conditioning. This portable unit can be moved from barn to barn and also to grading facilities with ease and without a need for extension pipes. "If we solve that aspects of losses, we can significantly boost yields."

At the same time, Kutsaga is working to reduce the amount of wood required for tobacco curing and other farm activities. The shift from commercial growing (which uses mostly coal as a curing fuel) to smallholder production has put considerable pressure on Zimbabwe's forest cover. Innovations such as the rocket barn and Kutsaga's counter-current barn use up to 50 percent less wood than conventional barns. And while the rocket barn is comparatively expensive, Magama believes farmers can significantly reduce its cost through materials substitution, by making their own bricks, for example.

The TRB has also been distributing eucalyptus tree seedlings to farmers but with mixed success. Tobacco growers are not always keen to plant trees on land that could be used for other crops. So the board is also working with schools in rural areas. "We donate seedlings and presented it as an educational and commercial opportunity," says Magama. Tending to the trees is light work—you will need to protect them against termites, for example—and within three years to four years, the schools will have timber that they can sell to tobacco farmers and other users. "The initiative with the schools has gotten a lot more traction than working directly with tobacco growers," says Magama.

Another way to improve tobacco yields is through education and training. This is extensively done through what Kutsaga terms tobacco improved productivity sites (TIPS), where training is done on farms in selected tobacco-growing areas. Farmers from the area are provided with all the necessary inputs and then trained year-round on these sites. The TRB is currently also building a 6 ha model farm at its Kutsaga Station to teach tobacco growers good agricultural practices: How do you properly rotate tobacco and food crops, and what else can you cultivate on your farm? "We are also doing this to prepare growers for a future with less smoking," says Magama. Upon completion of construction of the facility, the TRB will select a grower to live and work full time on the farm with his family. Supported by the best agronomic advice, this farmer will then become a visual model for other growers to emulate.

Meanwhile, the TRB itself is adjusting to a changing market with declining cigarette consumption. Following the legalization of industrial hemp and cannabis for medicinal use in Zimbabwe in 2019, the board has set up three stations for hemp research. According to Magama, it would be relatively easy for tobacco farmers to get into hemp. "We hope that eventually hemp can be grown on tobacco farms, either as a rotation crop with tobacco or eventually as an alternative to tobacco," he says. Kutsaga is also investigating crops such as stevia and chia.

Looking further ahead, Magama would like the TRB to venture into biopharming, using tobacco to develop compounds of value, such as pharmaceuticals or vaccines. He hopes some of the board's current innovations will help generate money to fund the modern labs required for such endeavors. For the time being, it remains a dream only. If it becomes reality, however, it will provide an unrivaled boost to Zimbabwe's effort to extract more value from its tobacco business. *—T.T.*

reached an all-time high in the current tenure system, post-land reform. All agricultural land is vested in the state, and for the right reasons, following the land reform program. Farmers got offer letters, and now securitized A1 and A2 permits and thereafter 99-year leases. It is in this context that tobacco production has grown through strong value chain or contract-growing support.

Government is currently seized with the legal reviews to make permits and leases more attractive to financiers, so issues of collateralization, transferability and valorization are being discussed.

It is also important, for emphasis, to highlight that the Tobacco Transformation Plan is an agronomic plan, not a land reform plan.

Are you confident that Zimbabwe can sell a 300 million kg crop even as global cigarette consumption stagnates?
Zimbabwe will achieve 300 million kg of production by 2025 through increased yields and reduced post-harvest losses. Zimbabwe produces flavor-style tobacco, currently marketed to 60 countries. This style of tobacco will continue to be in demand for the foreseeable future in these countries and beyond. We are also exploring new markets to replace lost markets. Tobacco smoking is by choice, and we think many will continue to choose to smoke Zimbabwean tobacco.

Tobacco cultivation has environmental impacts, such as deforestation. What measures are in place to protect the environment as the tobacco industry expands?
The targeted increase in volume to 300 million kg is not from area increase but from post-harvest loss reduction and yield increase. There is, therefore, no envisaged additional deforestation from the increased production. However, the government has created a law for tobacco farmers, so there is an afforestation levy administered by the Ministry of Environment, Climate, Tourism and Hospitality to reverse deforestation caused by the tobacco sector. The industry has a sustainable forestry association, which plants tens of thousands of eucalyptus trees annually.

Alongside this, research and development has also led to more efficient curing systems, reducing wood and coal usage from 10 kg [of tobacco] to 1 kg [of] tobacco and 6 kg [of tobacco] to 1 kg [of] tobacco, respectively, to almost 1 to 1 for coal to tobacco in current continuous curing systems. Biofuels are also promising fuel alternatives to curtail deforestation.

All contractors have now signed the sustainability code, and traceability has been heightened to ensure farmers use alternative curing fuel. Growers are also encouraged to plant 1 hectare of trees for every 7 hectares of tobacco, and seedlings are readily available.

This cocktail of measures will reduce the industry's environmental footprint.

Please comment on the Tobacco Transformation Plan's goal to promote alternative crops. What crops are you targeting, and how do they compare to tobacco in terms of earnings for the farmers and economic contributions to the country?
Tobacco is already grown in rotation with various crops, for example, maize, and there is also livestock grazing on rotation grass. We need to enhance these and look for alternative crops, for example, industrial hemp and cannabis. The objective is to *complement* tobacco, not to replace it.

In 2018, Zimbabwe legalized cannabis for medical and industrial use, with some predicting earnings on par with those of gold. How has the cannabis industry developed since 2018? What have been the major lessons of Zimbabwe's experience with this crop to date, and what are your expectations for its future?
Zimbabwe has just legalized the production of cannabis and has issued licenses to 60 growing units. This industry is at a developmental stage, and we expect rapid growth.

The Tobacco Transformation Plan seeks the beneficiation of tobacco by encouraging value-added production. What progress has been made in this area to date? Please comment on the reports about local cigarette factories planned by Cut Rag Processors and Iranian Tobacco Co.
The environment for investment has seen much improvement, and we expect investors to take advantage of this, including Cut Rag Processors, the Iranians and many others.

What do you consider to be the greatest challenges to achieving the objectives of the Tobacco Transformation Plan? And how are you addressing those challenges?
By far the greatest threat is from the World Health Organization Framework Convention on Tobacco Control, which seeks to eliminate tobacco smoking. This will have tragic consequences for tobacco-dependent African countries such as Malawi, Tanzania, Zambia, Mozambique and Zimbabwe.

Then there are issues of adherence to sustainability and traceability and ensuring growers' viability.

More discerning markets want their tobacco to be produced ethically and sustainably. These are legitimate concerns. We are taking this on board and going to every length to show we are producing this tobacco in a sustainable manner, eliminating child labor, traceability, harmful substances, etc.

Ultimately, growth in this industry will depend on grower viability. Due to the war between Russia and Ukraine—two major sources of raw materials for fertilizer production—and disruptions to the global supply chain, among other factors, the cost of production for tobacco [has] increased by 30 [percent] to 40 percent. Without a corresponding increase in the price, this means that farmers are squeezed and will therefore have to produce the crop more efficiently.

We must highlight also that success of the Tobacco Transformation Plan depends on a whole-of-industry approach. The government has created a tobacco working group involving all stakeholders. Every quarter, representatives of tobacco growers, labor unions, buyers, bankers and regulators meet to discuss progress of the Tobacco Transformation Plan, and we look forward to accelerating its implementation.

Have the various stakeholders generally been receptive to the Tobacco Transformation Plan?
They have been extremely receptive. The Tobacco Transformation Plan was long overdue. TR

The Trade's Perspective: Leaf Merchants Urge Sustainable Growth

Stakeholders in Zimbabwe's tobacco business have generally been receptive to the Tobacco Value Chain Transformation Plan (TVCTP), which among other things aims to boost leaf production and move up the value chain (see interview with Anxious Masuka on page 18). "The plan has some sound fundamentals," says Mark Mason, managing director of Zimbabwe Leaf Tobacco Co., a subsidiary of Universal. "It sensibly talks about *vertical* growth—boosting tobacco production by improving yields and cutting losses rather than expanding hectarage or increasing the number of farmers. Those are admirable objectives."

At the same time, the industry is counseling caution and realistic expectations. In recent years, some entrepreneurs have moved beyond Zimbabwe's mainstay of flue-cured Virginia (FCV) production. Several companies, including Mosi Oa Tunya Cigars (see "The Smoke that Thunders," *Tobacco Reporter*, June 2021), are now manufacturing cigars with locally grown tobacco. Cavendish Lloyd is experimenting with low-nicotine FCV for shisha products (see "Great Expectations," *Tobacco Reporter*, May 2022). There are also several companies producing cigarettes for the local market. In October 2022, Cut Rag Processors announced it would build an $80 million cigarette factory in Harare. Iranian Tobacco Co. has expressed interest as well, though the discussions are only at an exploratory stage.

But while BAT and some of its smaller competitors have been happy to manufacture limited amounts of cigarettes in Zimbabwe, it's doubtful that big players such as Philip Morris International and Japan Tobacco International will build factories in Zimbabwe. Serving global markets and headquartered in Western capitals, the multinationals are guided by purely commercial considerations and generally seek to establish their manufacturing operations in countries with smooth roads, reliable power and business-friendly legislation—areas in which Zimbabwe faces strong competition. For these and other reasons, significant local cigarette production for exports by the majors may remain a bit "pie in the sky," according to one tobacco veteran.

The merchants, in turn, are content with their current position in the value chain, which ends after the transformation of green leaf into unmanufactured tobacco. Currently, there are three tobacco processing factories in Harare—ZLT, Mashonaland Tobacco Co. (MTC) and Tobacco Processors Zimbabwe, which is managed by Northern Tobacco. "We have no investments beyond processing," says Rob Holmes, executive officer of the Tobacco Leaf Exporters Association of Zimbabwe (TLEAZ), which represents nine leaf dealers with lamina exports of at least 1 million kg each and accounts for 85 percent of the contracted crop. According to Holmes, moving into cigarette manufacturing would put the merchants in direct competition with their customers—a situation they are obviously keen to avoid. "So, monetary-wise, the value addition described in the plan would take place very much after our stage of the chain," he says.

Contracting with tens of thousands of farmers, the merchants are better positioned to help grow the crop. But here, too, they are urging caution. "In the current world market, we would struggle to sell 300 million kg," says Holmes. "There has been a bit of an increase in the demand for our leaf from China [which purchases 40 percent of Zimbabwean volumes] but not to the extent that you can soak that up." According to Holmes, the styles that normally go into China are unique to that market and relatively expensive. "Where do you find customers for the excess volumes of those styles?" he asks.

The demand for Zimbabwe's prized flavor grade tobacco, too, is limited. "International customers require only so much of that style," says Holmes. "Otherwise, you'd be getting into more filler grade tobaccos, and then you are competing purely on price whilst you've got cost-of-production issues." Supply chain disruptions in the wake of Covid and the war in Ukraine have driven up the cost of inputs such as fertilizer and fuel considerably during the most recent growing season. In addition to such global factors, the Zimbabwean industry has had to cope with local cost pressures this season, such as erratic supplies of electricity and exchange rate rules that force businesses to buy Zimbabwean dollars at official rates while paying significantly higher parallel-market rates for their supplies.

Leaf merchants also want to make sure the tobacco transformation targeted volume increases are achieved sustainably. "We support the government's goals, but we need to make sure that they are aligned with customer expectations," says Alex Tait, managing director of MTC, a subsidiary of Alliance One International. Leading cigarette manufacturers these days expect their tobacco to be produced in line with strict environmental, social and governance (ESG) criteria, which means keeping close track of agricultural practices, labor conditions and environmental impacts, among other issues.

The shift from commercial tobacco production to smallholder cultivation has put tremendous pressure on Zimbabwe's forests. Before the land reforms at the start of the century, the bulk of Zimbabwe's crop was produced by about 1,500 commercial farmers, who at their peak in the late 1990s brought some 239 million kg to market. Today, similar volumes are cultivated by nearly 160,000 growers, the vast majority (85 percent) of them smallholder farmers. But whereas the commercial farmers use primarily coal to cure their tobacco, the smallholders rely mostly on wood, creating a voracious demand for timber.

In a presentation to industry stakeholders, including the ministry of agriculture, which drew up the TVCTP, the tobacco industry stressed the importance of meeting ESG objectives, noting that there is no point in growing additional volumes if you cannot sell them. Failing to fulfill ESG requirements, the industry cautioned, will prompt customers to source their leaf elsewhere, leaving the Zimbabwean tobacco grower impoverished.

To ensure sustainable growth, tobacco merchants have been developing renewable sources of curing fuel by establishing woodlots and providing farmers with seedlings. Financed by a voluntary leaf dealer contribution, the industry's Sustainable Afforestation Association has been planting trees since 2013 and is preparing for its first harvest next season. Despite its considerable efforts, the organization still does not have enough renewable wood to cure the current crop, let alone the additional volumes described in the transformation plan.

One of the constraints, according to industry representatives, is access to land close to the tobacco growing areas, which has been mostly in state hands since the land reform program. The prime lands for timber production are in the east of the country, which means added cost for transportation. The government meanwhile collects levies from growers to invest in reforestation, although critics say it is unclear how the money is being invested.

In addition to increasing its supply of sustainable wood, the industry is working to reduce its consumption by helping farmers adopt more efficient curing systems. Innovative designs, such as the rocket barn, allow growers to reduce their wood consumption by up to 50 percent, although costs are a hurdle. At $2,000 per unit, the rocket barn is out of reach for the typical smallholder tobacco grower. The industry is also researching alternative energy sources, such as gas, biomass and briquettes, to curtail deforestation.

Meanwhile, the trade is contributing to vertical growth by helping small-scale growers increase their yields. Benefiting from tailored inputs and agronomic extension services, contracted growers have in recent years increased their productivity to an average of 1,700 kg per hectare, a figure the industry hopes to drive up to 2,200 kg per hectare in the future. The national average, which includes independent growers selling at auction, is estimated at only 800 kg per hectare, however, suggesting considerable opportunity for growth.

"In well-managed contract schemes, with the right service levels, the right inputs and the right advice, you can get very good yields," says Mason. "That needs to roll out throughout the industry. There is definitely opportunity for the newer contractors or the smaller contractors to push through better programs."

Zimbabwe's regulator, the Tobacco Industry and Marketing Board, is in the process of implementing a minimum input standards package recommended by the TLEAZ—not only to increase the crop size and benefit the national economy but also to improve the profitability and livelihoods of individual growers. As all stakeholders interviewed for this article acknowledged, the latter will be crucial for the success of the tobacco transformation plan. After all, the opportunity for Zimbabwe to extract more value from its tobacco industry begins and ends with the ability of the farmer to make a living income. —***T.T.***

'Not Really a Gamble': Leaf Dealers Look Forward to a Good Quality Crop

While the Tobacco Industry and Marketing Board had yet to release official figures at the time of *Tobacco Reporter*'s visit to Zimbabwe in early April, traders were expecting farmers to bring 230 million kg to market in the 2023 selling season. That compares with 212 million kg in 2022, which in turn was up from the two years prior.

The increase was due in part to good climate conditions despite the influence of an El Nino. The periodically recurring atmospheric phenomenon typically results in wetter than normal conditions in southern Africa from December to February. But in the event, it wasn't all that wet.

"The crop was planted on time, and weather patterns were generally favorable," says Alex Tait, managing director of Mashonaland Tobacco Co., a subsidiary of Alliance One International. As is the case throughout Africa, curing space proved a constraint in Zimbabwe this year. Fast ripening in some areas created some quality challenges toward the tail-end of the season, but nothing pointing to disaster. "It was a normal season," says Tait.

Zimbabwean volumes have largely recovered from the disruption that followed the government's land reform program, which shifted the emphasis from commercial growing to small-scale farming during the 2000s and at one point saw the crop plummet to 50 million kg.

The quality produced by smallholders has also been steadily improving, thanks in part to contractors' extensive support of their growers. This season, overall quality is fair to good, according to Mark Mason, managing director of Zimbabwe Leaf Tobacco Co. (ZLT), which is associated with Universal. "Despite the majority being smallholder, the Zimbabwean tobacco grower is a good farmer," he says. "If they are serviced well, they produce a very acceptable crop." In fact, Zimbabwe's combination of climate, soils and skills means tobacco merchants have come to *expect* a decent crop, observes Mason. "It's not really a gamble for us—unless the weather gets very poor," he says.

Volumes this year were further boosted by good pricing in the 2022 marketing season, which spurred growers' interest. What's more, the payment modalities have recently improved, with growers receiving a higher share of their earnings in U.S. dollars as opposed to the less valuable local currency.

Meanwhile, pricing has become quite competitive in the contracting arena. "We have a situation in which more contractors are chasing fewer growers," says Mason. "If you want to expand in this market, you have to coax a grower to come and join you. You have to argue your case, explain why he should leave X and join Y. The pricing this year will take into account some of those costs."

Mason expects an increase of about 9 percent in the average per-kilo tobacco price this year, also as a result of the rising cost of production. The price of fertilizer, in particular, spiked in the run-up to this growing season, mostly due to the war in Ukraine, which traditionally supplied many of the raw materials needed for fertilizer production.

At the same time, erratic power supply in Zimbabwe forced commercial growers, who need electricity to operate their curing barns, to use diesel generators, which is more expensive than pulling power from the grid. The shortages were driven by low water levels in Lake Kariba, which houses a major hydroelectric power dam and is crucial to regional energy security, and maintenance at the Hwange power station. Power supply will likely remain a concern going forward, but Tait is cautiously optimistic that recent rains in the catchment areas along with progress at Hwange will help ease the shortages next season.

Despite the anticipated price hikes, exporters expect demand for Zimbabwean leaf to be firm again this season. Tait believes part of that is due to the lingering impact of Covid. "People thought that smoking would go down during the pandemic, but it actually went up," he says. So the global crop size dipped over the past two years even as cigarette consumption increased. "Of course, there is a question about how long that situation will last," says Tait. "Zimbabwe's crop has gone up, as has Brazil's, so we may see demand level out next year."

The switch to smallholder growing has radically changed the leaf merchants' business models. "In the past you used to go and buy what you liked and sell it; now you get a crop throw and you have to figure out how to market that effectively," says Mason. With contracting accounting for 90 percent of Zimbabwean volumes, dealers these days operate extensive agronomic departments. ZLT alone has well over 100 on-the-ground field staff along with countless cars and motorbikes to service its growers in the countryside. The merchants have also (reluctantly) assumed the role of financiers because the new growers have no collateral with which to secure bank loans. Post land reform, all agricultural land belongs to the state in Zimbabwe.

While dealing directly with thousands of smallholders is a herculean logistical exercise with a huge impact on cost, the shift has also had an unexpected advantage for the tobacco merchants. "In a way, it's what has allowed us to tick the right boxes because now everything is traceable," says Tait. "The manner in which ESG [environmental, social and governance] requirements have evolved in recent years is working out for us because we are right down to the farm level to make sure that what the grower is doing is compliant." ***—T.T.***