



PRELIMINARY ASSESSMENT OF THE 2019 TOBACCO MARKETING SEASON

WEEK ENDING 29/03/19

The Zimbabwe Land & Agrarian Network (ZiLAN) visited 6 tobacco auction sales floors from the 24th to the 26th of March 2019 as part of its efforts of seeking to ensure that smallholders are not short-changed when marketing their crop and are able to derive maximum incomes from their sales. The tobacco auction floors visited are Agritrade Leaf Tobacco (ALT), Pamuka Tobacco Merchants (PTM), International Leaf Tobacco (ILT), Bigway Tobacco, Golden Barn and Tobacco Sales Floor (TSF). Of the visited sales floors, only two (TSF and Golden Barn) were operational during the second week of the tobacco marketing season while the other four (Agritrade Leaf Tobacco, Tamuka, Bigway and International Leaf Tobacco) are expected to open in the third week of tobacco marketing which commence on the 1st of April 2019. The major reason advanced for the late opening of the floors was the uncertainty over the pricing policy. Farmers are also uncertain about the prices and according to the farmers interviewed, many farmers have chosen not to market their tobacco in these early stages in anticipation of improved prices in weeks to come.

ZiLAN managed to interview a few farmers at the floors who stated that prices remained far lower than their expectations. The farmers reiterated that the issue of middlemen 'Makoronyera' remains one of the greatest challenges they face as they lure most farmers to sell tobacco to them at slightly higher prices than the official prices offered by tobacco merchants yet end up paying lower prices than promised. In addition, the farmers also expressed dissatisfaction with the method of payment used by merchant companies. The initial promise through the Monetary Policy Review statement announced by the Reserve Bank of Zimbabwe Governor Dr. John Mangudya on 20 February 2019 was that farmers were going to get their income sales in USD

and RTGS dollars in halves. Nonetheless, this is not the case as farmers are getting their payments in RTGS dollars which is deposited into their bank accounts. According to one farmer:

“What is happening is that, our tobacco is sold in USD but they rate the USD at a rate of USD1:2.5RTGS and then deposit half into the account while the rest is deposited later on an unknown date”.

Another farmer remarked that, “I grow tobacco in Goromonzi but could not sell all tobacco”, on being asked why, he replied that “it does not matter whether I sell today or tomorrow because tobacco don’t go bad, I will just sell it another day”. In terms of accommodation, the farmer indicated that he is not worried this time because there are few farmers and thus, they can just come and go the same day because they will be served.

Farmers also alleged that there is serious corruption at the tobacco floors. As one farmer said, “zvoda kungwara izvi, haungangogare (you have to wise up) because if you let your guard down you can go home with nothing. You should be clever, those guys need money, if you want a quick and a lucrative sale just bribe the sales person he can make your tobacco a high grade thus fetching high price on the floor”.

To him the advantage at the floor so far is that there is less chaos since there are few farmers, and also there are fewer costs in terms of handling the bales because they are now picked and moved in a conveyor belt.

Recommendations

- In light of higher costs incurred by producers when purchasing inputs using RTGS dollars, it is strongly recommended that the original USD component as per Monetary Policy Review Statement be retained. This not only improves farmer incomes but also helps farmers to return to the field in the 2019/2020 agricultural season. The rating system is ineffective and unfair for farmers.
- In addition, ZiLAN also recommends that, during the grading and selling processes, farmer representatives should be involved as a way of promoting fairness. Under the current system, merchant firms have more say leading to exploitation of small holder farmers.

