

VALLIS REPORT
TOBACCO IN AFRICA



© Figure 1: Photo taken from The Pulse, <https://why.org/segments/as-americans-quit-smoking-farmers-give-up-tobacco/>

Introduction

The tobacco industry is a vast industry with a global turnover of US\$814 billion. Health campaigns and a reputational requirement to include in companies' portfolios a range of products have led to a shrinking in the area of land used for tobacco farming in most countries, even while the consumption has increased. However, the opposite is true in Africa, where the tobacco industry is growing rapidly. From 1995-2012 the area used for tobacco farming shrunk by 10.6% globally, while in Africa it increased by 65.3%, totalling in 2012 at 8.6% of global output.

African countries have found it brings investment, create jobs, and is suited to climatic conditions, particularly in east Africa.



Figure 2: Photo taken from Africa Global Village, <http://www.africaglobalvillage.com/efforts-tobacco-industry-southern-africa-support-sustainability/>

Why is tobacco suited to Africa?

90% of tobacco is now grown within low and middle income countries. One reason for this is the reduction of tobacco subsidies and price supports in many high income countries, such as the US and Canada, resulting in a loss of leaf quality, and a loss of production overall. This has opened up the market for low or middle income countries, who have improved their production and are filling the gap, often still with state subsidies.

Most other crops require infrastructure, or are specific to a country, meaning tobacco is often the obvious choice for a farmer, especially as the demand for tobacco leaf is consistent, providing stability in the market. From a local perspective, the tobacco industry brings economic benefits, promotes exports, generates local revenue, and uses less fertile land which might not otherwise be agriculturally useful.

It makes sense for tobacco companies as well. Climatically, African countries often have the right conditions. Labour is readily available, with many people eager to begin tobacco farming, and government regulations are less restrictive than in higher income countries. As a result, countries like Zambia and Mozambique are perfect for investment by tobacco companies.

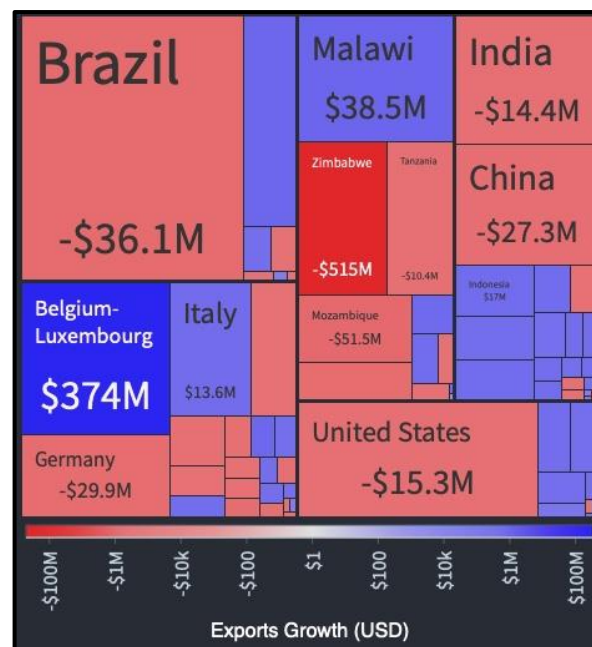


Figure 3: Exporters of tobacco, taken from OEC, <https://oec.world/en/profile/hs92/tobacco-unmanufactured-stemmed-or-stripped>

Who are the top producing countries in africa?

The majority of Africa's tobacco industry is situated in East Africa, with 86.3% of tobacco produced there, followed by West Africa with 6.7%.

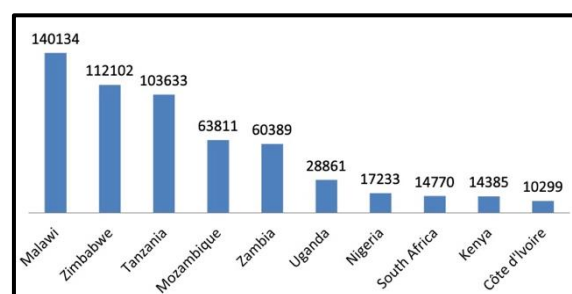


Figure 4: Top 10 producers of tobacco leaf in Africa in 2012, taken from WHO and UNCTAD.

25 years ago, Malawi and Zimbabwe were responsible for the majority of tobacco production in Africa, however in recent years (as shown in Figure 4), Tanzania, Mozambique and Zambia

have rapidly expanded their tobacco industries to a comparable level of production.

Figures 5 and 6 show the diversification of the tobacco industry within Africa, between 1995 and 2012. Since 2012, these leading countries have continued to dominate, with Zimbabwe producing the most tobacco in 2018 (132,200 tonnes), followed by Zambia (115,950 tonnes) and Tanzania (107,010 tonnes).

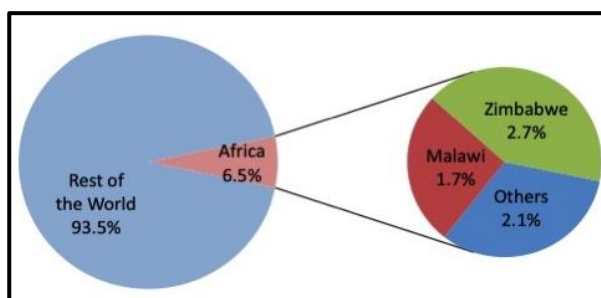


Figure 5: Tobacco leaf production by country in 1995, taken from WHO and UNCTAD.

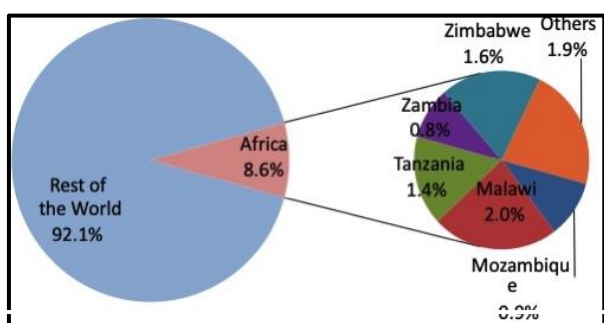


Figure 6: Tobacco leaf production by country in 2012, taken from WHO and UNCTAD.

Who are the top importing and exporting countries in africa?

As shown in Figure 7, Malawi and Zimbabwe are the biggest tobacco exporters in Africa, accounting for 67.1% of tobacco leaf export between them. In Malawi, Zimbabwe and Mozambique, tobacco was the top agricultural export in 2011.

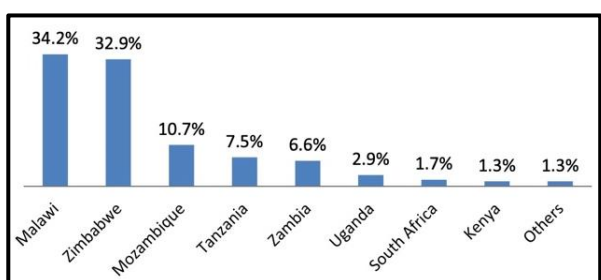


Figure 7: Main tobacco leaf exporters in Africa in 2012, taken from WHO and UNCTAD.

Malawi relies on the tobacco industry for 60% of its annual earnings. Zimbabwe exports 98% of its tobacco yield, generating between 10 and 43% of GDP every year. The majority is exported to the Far East, with African countries as the next biggest importers. Due to high taxes for both producers and suppliers, the Zimbabwean government receives more government income from tobacco than any other country in the world.

Zimbabwe is also the greatest importer of tobacco in Africa, followed by Egypt, South Africa and Côte d'Ivoire.

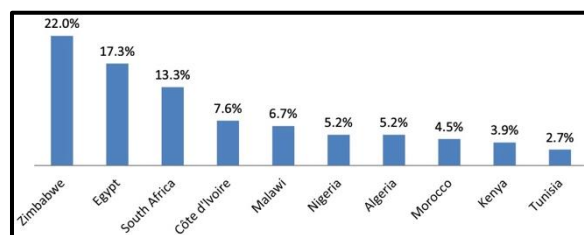


Figure 8: Main tobacco leaf importers in Africa in 2012, taken from WHO and UNCTAD.

Whilst countries within WHO's EMRO region (Eastern Mediterranean region) grow only 2% of tobacco leaf in Africa, they are significant regarding imports, with Egypt, Morocco and Tunisia importing nearly ¼ of imported tobacco in Africa.

The tobacco leaf trade in Africa has increased hugely since 1995, with exports increasing by 234.2% and imports by 244.1%. This change is partly down to large companies having better access to new tobacco markets across Africa. However, Africa remains dominated by exports.

What is the process for farming tobacco?

- **Preparing the land** – the seedbeds are built, and seeds are planted and watered. After two months the plants can be transplanted and left to grow for three more months. Regular watering and cultivation is necessary to maximise the yield and reduce the risk of pests.
- **Harvesting the crop** – burley is harvested as a whole plant, whereas Virginia and oriental tobacco are harvested by the leaf.
- **Curing** – air curing is used for burley, flue curing used for Virginia and sun curing for

oriental tobacco. The quality of the tobacco is very dependent on this stage.

- **Processing** – the right moisture content is needed to dry the tobacco, which is then sorted, packed and sold.



Figure 9: taken from Holt's clubhouse
<https://www.holts.com/clubhouse/cuban-cigars/cuban-tobacco-fields-plantations>

How is the tobacco industry regulated and who assesses quality?

The tobacco industry is regulated across several different certification, regulation and quality assessment bodies. Globally, ISO (International Organisation for Standardisation) sets forth the method for testing the amount of nicotine and tar within tobacco products. This method has been widely disputed as being accurate in measuring tar and nicotine delivered to the smoker, partly due to the experimental details and partly due to cigarette design. This method cannot be used to support health claims, however until a more advanced and accurate method is developed, the ISO test is used to “ensure high levels of public health protection” (European Union).

ISO bases its regulations on data and advice delivered by CORESTA (Cooperation Centre for Scientific Research Relative to Tobacco). Other areas studied by CORESTA include:

- Determining organochlorine pesticides residues.
- Methods for preparation, conditioning and sampling of fine cut tobaccos and smoking articles.
- Analysis of genetically modified tobacco.

- Determination of nicotine in Environmental tobacco smoke (ETS) through gas chromatographic methods.

Another global regulation is the WHO Framework Convention on Tobacco control – Article 9 (Regulation of contents of tobacco products), in which a conference of the parties along with competent international bodies propose guidelines for testing and measuring the contents and emissions of tobacco products. It currently has 182 parties, covering 90% of the worlds population. Zimbabwe recently began to follow these rules despite previous opposition.



Figure 10: taken from Fin 24,
<https://www.news24.com/fin24/economy/analysis-heres-how-the-state-justified-the-tobacco-ban-in-court-will-it-be-enough-20200611>

Within Africa, individual countries have their own regulations. In Zimbabwe, this consists of the [Public Health \(Control of Tobacco\) Regulations 2002](#) (Statutory Instrument 264 of 2002).

These regulations are assessed by enforcement bodies. For example, South Africa uses the South African Qualifications Authority to inspect quality. See [here](#) for an example certificate on Tobacco Production.

Individual companies assess quality at multiple stages in the supply chain. Alliance One have a policy of Total Product Integrity (TPI) in which they inspect the tobacco when fresh, green and packed. By doing this, they aim to remove all sub-quality tobacco early in the supply chain.

Most countries have differing tariffs on the imports and exports of tobacco. See [here](#) for tariff data specific to each country, from the World Trade Organization (WTO).

Environment, social and corporate governance

The tobacco industry has faced criticism for its damaging impact on the environment. Tobacco farming can cause deforestation, soil erosion and the pollution of rivers.

British American Tobacco (BAT) have implemented policies to reduce the negative impacts and promote sustainability, including:

- Defining climate change as a standalone priority. This has included reducing CO₂ emissions by 47% since 2000, increasing the use of renewable energy and improving fuel efficiency.
- Focusing on their water and waste impact. For example, water withdrawals have decreased by 13.1% since 2017 and waste sent to landfill by 13.8%. 90% of all waste is now recycled.
- Implementing sustainable agriculture. This involved providing farmers with access to new technologies, reducing carbon emissions in tobacco curing and offering training regarding environmental best practice.
- Reducing the amount of plastic. BAT have aligned their targets with the UK Government's "Plastics Pact".



Figure 11: taken from Geographical, <https://geographical.co.uk/people/development/item/3172-dossier>

BAT also aim to deliver a positive social impact:

- Taking steps to reduce human rights risks. Human rights criteria are specified in due diligence procedures for suppliers, as well

as digital monitoring of farms as part of human rights impact assessments.

- Enhancing farmer livelihoods to reduce poverty. Tobacco seeds have been developed to offer improved yield and quality, and farmers are supported in growing other crops for food or to sell.
- Protecting the health and safety of staff and farmers. Health and safety programmes are offered, as well as Personal Protective Equipment (PPE) and best practice health and safety training.
- Providing a diverse and inclusive culture for staff. This involves diversity and inclusion schemes, and employees are able to give feedback and share their views.

The tobacco industry faces constant scrutiny and allegations of misconduct in their activities. Against this backdrop, they aim to ensure high governance standards and invest in Environmental, social and governance (ESG), to create a positive impact on the societies they work in.

Sustainability

The UN Sustainable Development Goals (SDGs) set aims for short term and long term global peace and prosperity, including objectives such as no poverty, no world hunger, quality education and good health and wellbeing. Part of Goal 8 describes a universal, fully equal, non-discriminatory multilateral trading system under the WTO.



Figure 12: taken from Tobacco Asia, <https://geographical.co.uk/people/development/item/3172-dossier>

To ban the tobacco trade would risk this objective, but the tobacco industry is aware of its responsibility to promote sustainability, particularly in areas of limited economic governance.

For example, tobacco farming requires an accurate land register, and in places where this may not be the case for the majority of farmers, tobacco farmers will be supported by their regulators in order to do this, opening up a functioning real estate tax system and opportunities for farmers to apply for mortgages.

The same can be said for wages – the tobacco industry can ensure farmers receive a fair price for their crop, allowing their children the opportunity to go to school, providing access to healthcare, and paying for energy and water supplies.

Natural resources are another area of focus. The industry is focused on replacing trees that have been cut down for tobacco, providing schemes where tree seedlings are given to farmers in order to encourage reforestation. Several schemes in Malawi and Zimbabwe have been successful enough to invest in commercial and small scale woodlots, reducing the negative impacts of tobacco farming and curing.

The contract farming system encourages food production, supporting the SDG regarding food security. In some countries like Malawi and Mozambique, food grown this way makes up 5-10% of national food crop output.

Two main initiatives have been created by the tobacco industry in order to support the success of SDGs:

- Contract systems such as the Integrated Production System (IPS) in Malawi have been introduced in several countries. Farmers are offered a package of fertilizers, seed, credit facilities and personal advice on crop rotation, Good Agricultural Practices (GAP) and Agricultural Labour Practices (ALP). This particularly helps where tobacco farmers also grow other crops for themselves and to sell. Contract systems allow them to increase their output per hectare, the quality of their crops, and therefore their profit.

- Schemes promoting reforestation are also on demand, in which tobacco companies fund the regrowth of forests. An example is the “one-tree-one-child” initiative, where children in Malawi are encouraged to value education as they plant and care for trees over their school years. Another example is the newly established forestry department in Zimbabwe, which is focused on using tobacco energy wood-lots instead of forest wood to cure tobacco.

Challenges

Recent months have been tough for tobacco farmers. In Zimbabwe farmers have been hit hard by the COVID-19 pandemic, which has caused issues with labour. In addition, drought is making sustained irrigation difficult.

In South Africa, a ban on tobacco introduced as a lockdown measure during the COVID-19 pandemic will continue, possibly until 2021. The Democratic Alliance has strongly opposed this decision.

Campaigns against smoking and tobacco have become more widespread, reducing opportunities for exports. Currently, over 80% of the 1.3 billion tobacco users are resident in low or middle income countries, and with more education in higher income countries, this number is set to increase, narrowing the market.

Conclusion

Despite the above changes in the tobacco industry, the demand for production continues to be significant and even be on the increase in some parts of the world, such as Africa. Climatic, social and economic factors make Africa an obvious choice for investment in this sector, although careful management is required to reduce the possible negative environmental and social impacts.

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