The Evolution of Zimbabwe's Tobacco Industry: From Colonial Klondike to Contract Farming

YUMI SAKATA
(International Fund for Agricultural Development)
PIUS NYAMBARA
(University of Zimbabwe)
MARTIN PROWSE
(University of East Anglia)

This article outlines the historical and contemporary landscape of tobacco production and marketing in Zimbabwe. It highlights patterns of boom and bust dependent on global demand, trading frameworks and degrees of government support to the industry, which are reminiscent of cycles of tobacco production elsewhere in the region. It illustrates at the national and farm level the importance of diversified marketing channels: how the Zimbabwean tobacco industry has twice been at the intersection of two distinctly different global tobacco markets and has, with varying degrees of success, managed to survive and thrive by balancing the competing demands of buyers in these different domains. At the farm level, peasants now also have diversified marketing channels and are able to select between the auction floors and a range of contracting companies. The article outlines a case study of contracting practices in Mashonaland East and highlights that there is currently a lack of functional organisational platforms that can help to redress power imbalances between peasants and contracting companies. It concludes by outlining an incremental approach to setting a regulatory framework that can set sufficient checks and balances for producer associations to hold contracting companies to account.

Keywords: tobacco; contract farming; peasants; Zimbabwe; producer organisations

Introduction

With the enforcement of the Fast Track Land Reform Programme (FTLRP), Zimbabwe's tobacco industry absorbed numerous peasants who had been allocated relatively small plots through the programme.[1] Through this process, the main unit of tobacco production shifted from large-scale units run by white farmers (many of whom were linked to families who had dominated the agricultural sector during the colonial era) to small-scale units run by peasant farmers. Within a few years, the tobacco market in Zimbabwe, which was mainly based on the auction floor system, also welcomed the introduction of contract farming, which resuscitated the tobacco industry but, in doing so, precipitated the sudden inflow of a variety of transnational companies into rural villages and linked peasant farmers to global capital.

1 W. Chambati, 'The Political Economy of Agrarian Labour Relations in Zimbabwe after Redistributive Land Reform', *Agrarian South*, 2, 2 (2013), pp. 189–211; S. Moyo, 'Changing Agrarian Relations after Redistributive Land Reform in Zimbabwe', *Journal of Peasant Studies*, 38, 5 (2011), pp. 939–66; S. Moyo and W. Chambati (eds), *Land and Agrarian Reform in Zimbabwe: Beyond White-Settler Capitalism* (Dakar, CODESRIA, 2013).

The unequal power balance between peasants and contracting companies is widely discussed in the literature on contract farming.[2] While contract farming integrates peasants into global markets,[3] small farmers' reliance on global capital may lead to monopolistic/monopsonistic exploitation.[4] This article outlines the historical and contemporary landscape of tobacco production and marketing in Zimbabwe before detailing contractual arrangements between peasants and a range of contracting companies in Mashonaland East. In doing so, it makes three arguments. It highlights patterns of boom and bust dependent on global demand, trading frameworks, land reform and degrees of government support to the industry, which are reminiscent of cycles of tobacco production elsewhere in the region. It illustrates at the national and farm levels the importance of diversified marketing channels: that the Zimbabwean tobacco industry has twice been at the intersection of two distinctly different global tobacco markets and has, with varying degrees of success, managed to survive and thrive by balancing the competing demands of buyers in these different domains. At the farm level, peasants are now also able to select between marketing channels: the auction floors and a range of contracting companies. The article outlines a case study of contracting practices in Mashonaland East and highlights the current lack of functional organisational platforms that can help to redress power imbalances between peasants and contracting companies.[5] It concludes by outlining how an incremental approach to setting an institutional framework that can create sufficient checks and balances for producer organisations to hold contracting companies to account. The article consists of four further sections. The first section offers a brief summary of the history of the tobacco industry in Zimbabwe. The following section discusses the introduction of contract farming and penetration of tobacco companies into rural zones in Zimbabwe. The third section explores how peasants interact with tobacco companies in Mashonaland East and offers insights into current contract farming practises based on findings from a non-random survey of 67 tobacco farmers. The final section concludes and outlines an incremental approach to offering a regulatory framework that can allow producer organisations to hold companies to account.

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2 See F. Mazwi, W. Chambati and G.T. Mudimu, 'Tobacco Contract Farming in Zimbabwe: Power Dynamics, Accumulation Trajectories, Land Use Patterns and Livelihoods', *Journal of Contemporary African Studies*, 38, 1 (2020), pp. 55–71; M. Prowse, 'Contract Farming in Developing Countries: A Review', *A Savoir*, 12 (Paris, Agence Française de Développement, 2012).

3 F. Chimbwanda, *Implications of Incomplete Factor Markets on Tobacco Contract Farming: A Case Study of Mashonaland Central Province (Zimbabwe)* (Saarbrucken, Lambert Academic Publishing, 2011); UNCTAD, *World Investment Report 2011: Non-Equity Modes of International Production and Development* (Geneva, UNCTAD, 2011); World Bank, *World Development Report 2008: Agriculture for Development* (Washington DC, World Bank, 2007).

4 R. Clapp, 'Representing Reciprocity, Reproducing Domination: Ideology and the Labour Process in Latin American Contract Farming', *Journal of Peasant Studies*, 16, 1 (1988), pp. 5–39; S. Sivramkrishna and A. Jyotishi, 'Monopsonistic Exploitation in Contract Farming: Articulating a Strategy for Grower Cooperation', *Journal of International Development*, 20 (2008), pp. 280–96; M. Watts, 'Life Under Contract: Contract Farming, Agrarian Restructuring, and Flexible Accumulation', in P.D. Little and M. Watts (eds), *Living under Contract: Contract Farming and Agrarian Transformation in Sub-Saharan Africa* (Madison, University of Wisconsin Press, 1994), pp. 21–77.

5 Prowse, 'Contract Farming in Developing Countries'; Mazwi *et al.*, 'Tobacco Contract Farming in Zimbabwe', p. 62.

History of Tobacco Industry in Zimbabwe

The story of tobacco in Southern Rhodesia (S. Rhodesia) is intricately linked to the failed hopes of finding a second Rand north of the Limpopo. Tobacco, like cattle ranching and maize, was seen as a potential primary export that could place agriculture and the colonial economy in general on a sounder footing. It is not quite clear who and when the first settlers began to grow tobacco. What is certain, however, is that tobacco culture was already widespread among pioneer settlers and well established among Africans long before European settlement north of the Limpopo. Rubert points out that, as early as 1892, nearly 300 settler farms had been registered, 'with at least a few of those farms toying with the idea of growing tobacco commercially'.[6] Among Africans, tobacco growing was already an established tradition. They grew, according to Rubert, a coarse, heavy, dark leaf that was used as pipe tobacco. While Ncube[7] makes reference to the Tonga, whose diverse variety of crops of maize, bulrush millet, finger millet and sorghum also included a small tobacco that was grown in large quantities on the banks of the Zambezi during the winter months. In a similar fashion to how *Nicotiana rustica* was grown and traded elsewhere in southern Africa at the end of the 19th century,[8] people living near the River Shangani paid their tribute to the Ndebele King Lobengula in the form of tobacco.[9] According to Palmer,[10] tobacco was used in barter trade between low-potential and high-potential agricultural areas. For example, in bad years, the former exchanged salt, dried fish, palm wine, mats, baskets and cloth for grain and tobacco. It was with these varieties of indigenous tobacco, mentioned by Ncube, Palmer and Rubert,[11] that the first settlers experimented, but with little commercial success.

Virginia flue-cured tobacco, which was to dominate the tobacco industry, was first grown during the 1903/04 season. The success of this crop encouraged both the company and settlers hoping to venture into agriculture to believe that flue-cured Virginia tobacco had the potential to become a successful export crop. This, in addition to government-initiated research and policies directed at supporting the agricultural sector, made tobacco a prime choice for the arriving settler. In the following years, and as the British South Africa Company (BSAC) started to administer what then came to be known as S. Rhodesia, settlers developed tobacco production, including establishing agronomic experts in the department of agriculture and sending them to study tobacco

6 S. Rubert, *A Most Promising Weed: A History of Tobacco Farming and Labour in Colonial Zimbabwe: 1890–1945* (Athens, Ohio University Centre for International Studies,1998), p. 2.

7 G. Ncube, *A History of Northwestern Zimbabwe, 1850–1960* (Kadoma, Mondo Books, 2004).

8 R. Palmer, *Land and Racial Domination in Rhodesia* (London, Heinemann, 1977); see also K.G. Davies, *Royal African Company* (New York, Longmans, Green and Co., 1957); J. Goodman, *Tobacco in History: The Cultures of Dependence* (London and New York, Routledge, 1993).

9 The king of Ndebele, King Lobengula, served between 1870 and 1894 as a king for the Ndebele people in the western part of the country. According to Kosmin, the tobacco given as tribute for King Lobengula was Inyoka tobacco, produced by the people of Inyoka: B. Kosmin, 'The Inyoka Tobacco Industry of the Shangwe People: The Displacement of a Pre-Colonial Economy in Southern Rhodesia, 1898–1938', in R. Palmer and N. Parsons (eds), *The Roots of Rural Poverty in Central and Southern Africa* (London, Heinemann, 1977), pp. 268–88. The people of Inyoka live in an area of the present-day Gokwe district and still produced tobacco in the 1960s (*ibid.*).

10 Palmer, *Land and Racial Domination in Rhodesia*, p. 14.

11 Ncube, *A History of Northwestern Zimbabwe*; Palmer, *Land and Racial Domination in Rhodesia*; Rubert, *A Most Promising Weed*.

in America, Turkey and Greece in 1903.[12]

In the case of Mashonaland East, which is the focus of our case study, BSAC started administering the area in 1890. In their effort to create 'reserves', the company drove black Africans away from their original domiciles along the Salisbury–Umtali main road into the neighbouring hills.[13] Led by Chief Svosve, residents confronted the company but were forced to relocate to the rocky high land in 1897.[14] In the Marondera area, Svosve people clustered in an area known as Svosve Reserves.[15] The white settlers, on the other hand, had by 1930 set aside about 850,000 acres of flat, fertile land for their own settlement in the area.[16]

From the outset, S. Rhodesian tobacco was geared for the international market, with South Africa providing the first outlet. Some individual farmers did experiment with proto-industries that manufactured cigarettes for the local market, which was isolated from the outside world, but most tobacco flowed south.[17] Access to the South African market through the signing of the South African Customs Union of 1902 ensured S. Rhodesian tobacco was guaranteed free entry.[18] This led to a mini-boom that lasted until the outbreak of the First World War in 1914. During the 1890s and right through the period of company rule, the S. Rhodesian economy, and particularly its mining sector, has been described as speculative.[19] This was no less true of the tobacco industry, where planters responded to the customs union with South Africa by overproducing. This became evident during the selling season of 1913, when South Africa was unable to absorb S. Rhodesia's entire harvest.[20] Such overproduction was clear evidence of a lack of mechanism, private or state initiated, to control the quantity and quality of tobacco. This was compounded by the outbreak of the First World War a year later, which cut S. Rhodesian tobacco off from the South African market. At the same time, the South African Agricultural Union began to agitate for protection of the local market for South African growers.[21]

When serious production resumed after the war, it was not until 1921 that production exceeded the 3-million-pound (lb) mark of the pre-1914 period.[22] However, the South African market was no longer receptive to Rhodesian tobacco, and an alternative market had to be sought elsewhere. More importantly, the changing

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12 Palmer, *Land and Racial Domination in Rhodesia*; Rubert, *A Most Promising Weed*.
13 *Ibid.* **[AQ1]**
14 *Ibid.*
15 Palmer, *Land and Racial Domination in Rhodesia* reviews the size of the each of the reserves in 1914–15 in Mashonaland East as follows: Svosve (28,488 acres), Shiota (159,185 acres) and Wedza (207,458 acres), p. 261.
16 R. Hodder-Williams, *White Farmers in Rhodesia, 1890–1965: A History of the Marandellas District* (London and Baingstoke, Palgrave Macmillan, 1983), p. 5.
17 F. Clements and E. Harben, *Leaf of Gold: The Story of Rhodesian Tobacco* (London, Methuen, 1962), p. 58.
18 C. Munhande, 'The Second World War and the Changing Fortunes of the Tobacco Industry of Southern Rhodesia with Special Reference to Marketing, 1939–1965' (MA dissertation, University of Zimbabwe, 2000), p. 5.
19 Phimister, *An Economic and Social History of Zimbabwe*.
20 Munhande, 'The Second World War and the Changing Fortunes of the Tobacco Industry', p. 5.
21 *Ibid.*
22 V.E.M. Machingaidze, 'The Development of Settler Capitalist Agriculture in Southern Rhodesia with Particular Reference to the Role of the State,1908–1939' (PhD thesis, University of London, 1980), p. 166.

political environment in South Africa as a result of the coming to power of the Pact government in 1924 was no longer favourable to the continued entry of S. Rhodesian goods duty free.[23] This inevitably led to the renegotiation of the customs agreement in 1924, reducing the quantity of Rhodesian leaf that could enter.[24] Disaster was averted only through three-year contracts that were entered into between the Tobacco Co-operative Society and the United Tobacco Companies, through which prices were fixed for standard grades. This created a semblance of industrial stability.[25] The overall effect was to put pressure on the new government to look for alternative markets.

Palmer[26] explains that white settler farming during the 1920s was concentrated on maize, tobacco, and cattle, with these products exported mainly to 'South Africa, the Belgian Congo, Mozambique, Britain, Germany, and Northern Rhodesia, with South Africa taking some 80 per cent of the total'. After S. Rhodesia officially became a colony of Great Britain in 1923, the new colonial government fully supported tobacco farmers through providing financial loan schemes for tobacco farmers in the 1920s. Journals that focused on the technical information required for growing quality tobacco were created, and an agricultural college was subsequently established.[27] With both financial and technical support from the colonial government, tobacco farming prospered from the early 1920s, and tobacco eventually surpassed gold in terms of S. Rhodesia's export value in 1945.[28]

British Market and Expansion of Tobacco Industry

It was during the 1920s and the 1930s that the tobacco sector made significant inroads in establishing a foothold in the UK market – the jewel of all tobacco markets at that time. This was timely, as it coincided with the saturation of the South African market, upon which S. Rhodesia had depended throughout the period of company rule. The first step in gaining the confidence of the British market came in 1919, when Britain began a policy of imperial preference, by which she bought primary imports from her colonies.[29] This policy was influenced in part by the economic crisis that followed the end of the First World War. Secondly, and in reference to tobacco, it can be seen in the light of the attempt by British capital interests, such as those of the powerful Imperial Tobacco Company, to find alternative sources of tobacco to the USA. Indeed, the Imperial Tobacco Company was to establish a presence in both Nyasaland and S. Rhodesia, with a processing plant being established in the former in 1908 and the latter in 1927.[30] Despite the arrival of imperial preference in 1919, S. Rhodesian growers continued to rely heavily on the Union market and remained partly at the mercy of the United Tobacco Company.

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23 Munhande, 'The Second World War and the Changing Fortunes of the Tobacco Industry', p. 5.
24 *Ibid.*
25 Machingaidze 'The Development of Settler Capitalist Agriculture', p. 167.
26 Palmer, *Land and Rural Domination in Rhodesia*, p. 146.
27 Rubert, *A Most Promising Weed*, pp. 21–2.
28 *Ibid.*, pp. 9–10.
29 F.A. Stinson, *Tobacco Farming in Rhodesia and Nyasaland, 1889–1956* (Salisbury, Tobacco Research Board, 1956), p. 4.
30 *Ibid.*

The favourable response that S. Rhodesian tobacco received at the Empire Wembley exhibition held in 1924 and the raising of imperial preference in 1925 gave a further impetus for British cigarette manufacturers to purchase S. Rhodesian leaf.[31] The immediate result was a flood of settlers hoping to strike gold through tobacco farming and a leap in production from 2.5 million lbs in 1925 to 5.6 million lbs in 1926 and to a high of 24.9 million in 1928.[32] Another mini boom had begun. However, in spite of the improved market prospects of S. Rhodesian leaf in Britain, its fortunes remained mixed. Neither the imperial preference of 1925 nor the Empire exhibition of 1924 were enough to convince British buyers that S. Rhodesian tobacco could wholly replace the trusted American leaf. As Machingaidze[33] points out, S. Rhodesian leaf, and indeed most leaf from the empire, was mainly used for blending purposes, and British manufacturers were not keen to alter the taste of their cigarettes. The planters, oblivious of the character of the international tobacco market, kept on increasing the acreage under leaf. Unsurprisingly, a further depression ensued. According to Machingaidze, 'the problem … was that the huge crops of 1926–7 and 1927–8 not only produced a surplus beyond the absorptive capacity of the country's current markets, namely the UK and Southern Africa, but also depressed prices of empire tobacco'.[34] The position of S. Rhodesian leaf as an export leaf was made worse by the great depression that began in 1929. Responding to the depression, tobacco farmers set up the Rhodesian Tobacco Association (RTA) in 1928 as a commodity association within the Rhodesian Agricultural Union to represent the growers' interests in the production and marketing of tobacco.

S. Rhodesia entered the 1930s with the UK market unable to take all of S. Rhodesian leaf just as the customs union with South Africa became antagonistic to primary exports. As the 1930s began, an estimated 700 farmers, about three quarters of tobacco growers, quit tobacco farming altogether. The cumulative effect of this loss was to convince government that it had to step up its efforts in both production and marketing legislation.[35] These included the Tobacco Levy Act of 1933, the Tobacco Reserve Pool Act of 1934 and the Tobacco Marketing Act of 1935.[36] Perhaps the most important of these was the Tobacco Marketing Act, which gave birth to the Tobacco Marketing Board (TMB), which operated the duty-free quota to South Africa, giving allocations to the various buyers drawn from a pool.[37] The board also oversaw the issuance of licences for auction floors and the buying and selling of tobacco.[38] The free auction system gave marketing the order that had been lacking in the industry since tobacco began to be grown on a commercial basis. Despite the general depressed conditions at this time, Rhodesian leaf continued to establish itself in the UK market. The government was also engaged in an extensive publicity campaign aimed at 'selling' Rhodesian leaf to UK cigarette manufacturers.[39] This finally paid off with the UK's

31 Clements and Harben, *Leaf of Gold*, p. 90.
32 Munhande, 'The Second World War and the Changing Fortunes of the Tobacco Industry', p. 5.
33 Machingaidze 'The Development of Settler Capitalist Agriculture', p. 174.
34 *Ibid.*
35 Munhande, 'The Second World War and the Changing Fortunes of the Tobacco Industry', p. 7.
36 *Ibid.*
37 Clements and Harben, *Leaf of Gold*, p. 90.
38 *Ibid.*
39 Machingaidze 'The Development of Settler Capitalist Agriculture', p. 225.

decision in 1933 to grant imperial preference to S. Rhodesian tobacco for a further 10 years. This came after the 1932 Ottawa conference, where the UK began its efforts to abandon the gold standard and to trade more with her colonies.

When the Second World War broke out in 1939, demand rose, and the necessary legal and marketing frameworks were in place to kick-start a tobacco boom. During the war years, the price of tobacco rose from 10/11 (ten shillings and eleven pence) per lb in 1939 to 21/78**[AQ2]** per lb in 1945.[40] The UK's greater dependence on primary exports from colonies relieved a shortage of dollars and was framed as part of the British Empire's contribution to the war effort.[41] Secondly, the market for tobacco grew, accommodating Rhodesian leaf, in response to the changing smoking habits in Europe and in the UK in particular, with soldiers smoking more while women, with new-found independence, began to smoke publicly for the first time.

It is important to note that S. Rhodesia had regional competitors during these early decades. As mentioned above, the British Imperial Tobacco Company (ITC) established a factory outside Blantyre, Malawi, in 1908 to supply tobacco to the British market and elsewhere.[42] Initially, the ITC supported flue-cured Virginia tobacco production on estates and, by 1913, Malawi was producing the largest quantities of Virginia tobacco outside the USA. However, the agronomy in Malawi, especially away from the estates established in the southern region, favoured a further type – burley tobacco – which came to dominate the evolution of the Malawian tobacco industry from the 1950s onwards, with flue-cured Virginia tobacco becoming a less important variety. Prowse highlights how the differential evolution of tobacco in what became Zimbabwe and Malawi is significant, as it had a profound effect on labour relations: flue-cured Virginia tobacco is usually grown using direct labour, as there are distinct peaks in labour demand (for instance, during planting and reaping), while burley tobacco (as well as fire-cured tobacco, which boomed in Nyasaland from the 1920s onwards through the intervention of Barron and Wallace in the Central region), when grown on estates, uses tenants, as labour demand is smoother.[43] Thus the labour regimes in the tobacco industries bifurcated from the 1920s onwards and have remained different ever since.

British enthusiasm for Rhodesian tobacco continued after the war until 1965. Against the backdrop of the shortage of dollars available in the UK, the Exchange Control Act was enacted to limit the convertibility of sterling into foreign currencies such as US dollars. Because of this limitation, British tobacco manufacturers were 'forced' to shift their source of tobacco to S. Rhodesia.[44] For example, the colonial primary products committee, established in 1947 to review the capacity of colonial production, placed S. Rhodesia's tobacco as a priority and a 'dollar-saving commodity'.[45] The resulting high demand for S. Rhodesian tobacco raised 1947

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40 Munhande, 'The Second World War and the Changing Fortunes of the Tobacco Industry', p. 12.
41 *Ibid.*
42 M. Prowse, 'A History of Tobacco Production and Marketing in Malawi, 1890–2010', *Journal of Eastern African Studies*, 7, 4 (2013), pp. 691–712.
43 *Ibid.*
44 S. Ncube, 'Colonial Zimbabwe's Tobacco Industry: Global, Regional and Local Relations, 1947–1979' (PhD thesis, University of the Free State, 2018), p. 47.
45 *Ibid.*, p. 177.

tobacco prices.[46] Responding to this, British tobacco manufacturers sent invitations to S. Rhodesia's tobacco producers to discuss the future stability of tobacco supply.[47] At the end of 1947, representatives of the RTA signed an agreement with the Tobacco Advisory Committee on behalf of British manufacturers, which laid down that British manufacturers would purchase two-thirds of S. Rhodesia's tobacco up to 70 million lbs each year, with the minimum take of 40 million lbs guaranteed, for the next five years.[48] In return, S. Rhodesia allowed British tobacco manufacturers to secure their portion of tobacco at reasonable prices and let other markets have the remainder of the crop.[49]

According to Hodder-Williams,[50] the number of tobacco growers increased threefold and total sales (in lbs) increased twofold between 1945 and 1952. Ncube, however, points out that these increases were due mainly to strong British demand for S. Rhodesian tobacco, and not necessarily to the leadership of the S. Rhodesian industry players.[51]

Liberalis ation of the Tobacco Market

The Rhodesian tobacco boom due to greater UK demand did not last long. In the 1950s, the UK made a rapid post-war economic recovery and started to shift towards market liberalis ation. In 1953, the export controls that favoured the UK market were lifted, a measure that also reflected an increased emphasis within S. Rhodesia to diversify their tobacco markets.[52] In the UK, there were both internal and external pressures for liberalis ation. The USA pushed the UK to liberalis e the tobacco market, based on General Agreement on Tariffs and Trade protocols, against the backdrop of S. Rhodesia becoming the USA's competitor in the lucrative British market.[53] Internally, British tobacco manufacturers were concerned that changing the composition of tobacco within their cigarettes may damage domestic demand.[54] While the content of US tobacco for the cigarettes manufactured in the UK was 100 per cent in pre-war 1939, it was reduced to 61 per cent with the introduction of Exchange Control Act.[55] The UK's gradual liberalisation of trade s ation and continued interest in the traditional US tobacco market softened demand for Rhodesian tobacco. Consequently, in 1956, the tobacco price declined for the first time since the signing of the export agreement with the UK. This marked a turning point in the fortunes of S. Rhodesia's tobacco industry.[56]

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46 *Ibid.*, p. 27.
47 *Ibid.*, p. 28.
48 *Ibid.* , p. 29.
49 *Ibid.*, pp. 28–9.
50 Hodder-Williams, *White Farmers in Rhodesia*, p. 189.
51 Ncube, 'Colonial Zimbabwe's Tobacco Industry', p. 56.
52 *Ibid.*
53 *Ibid.*, p. 69.
54 UK Parliament, 'House of Commons Hansard', 567 (26 March 1957), available at https://hansard.parliament.uk/Commons/1957-03-26/debates/f2bf264d-7034-444a-a17e-3f47dd89a0f7/EmpireTobacco(Imports)?highlight=tobacco%20rhodesia#contribution-4e5bb0dd-3b05-491b-a8b1-01cb0cfbf27b, retrieved 3 August 2020.
55 UK Parliament, 'House of Commons Hansard', 561 (5 December 1956), available at https://hansard.parliament.uk/Commons/1956-12-05/debates/f247c2bf-078c-4ac4-955b-aec8ce746be9/DollarImports?highlight=tobacco%20import#contribution-d52b38c0-349b-40ef-8b82-c390a3fd8ba8, retrieved 3 August 2020
56 Ncube, 'Colonial Zimbabwe's Tobacco Industry', p. 56.

The 1956 price fall was so serious that the TMB suspended the tobacco auction sales to protect growers from further losses.[57] The TMB also sent a delegation to the UK to discuss with the Tobacco Advisory Committee (TAC) about the erratic and uncertain market.[58] However, the outcome of the discussion announced by the TMB revealed that they did not achieve a favourable arrangement for S. Rhodesia.[59] It was clear that 'the local tobacco industry could not afford to quarrel with the TAC', and the UK trip underlined 'the power gap between local tobacco growers and big tobacco manufacturing companies in Britain'.[60]

Against this background, the TMB intensified its efforts to secure more markets for tobacco.[61] In 1958, the tobacco industry formed Tobacco Export Promotion Council of Rhodesia (TEPCOR), whose main aim was to foster 'worldwide interest in Federal tobaccos'.[62] With the full support of the government, TEPCOR aggressively embarked on international promotional tours, including Far Eastern countries, which accounted for over 20 million lbs of exports by 1962.[63] The European Economic Community (EEC) and European Common Market (ECM), which came into effect in 1957, also became an important market.[64] Rhodesian tobacco exports to the ECM increased annually, with 61 million lbs in 1962 constituting almost 30 per cent of the total tobacco exports.[65]

TEPCOR's international tobacco marketing was taking place at the dawn of African nationalism. The chairman of TEPCOR in 1960 stated in a letter sent to the minister of economic affairs that the Congo's independence achieved in the same year and the constitutional talks in Nyasaland had 'shaken the confidence of some manufacturers and merchants in the continuity of supply of flue-cured tobacco from us'.[66] In 1963, the Federation of Rhodesia and Nyasaland was dissolved, which increased doubt among European buyers about Rhodesia's capacity to guarantee continuity of tobacco supply.[67] Apart from concern about the longevity of the Rhodesian tobacco industry, Winston Field was ousted as Prime Minister in 1964 and replaced by Ian Smith. Responding to Field's failure to make any headway in the quest to obtain independence from Britain, Smith was determined to gain the country's independence under white rule at all costs.[68] To grant independence, however, Britain placed conditions, among them the improvement in the status of Africans and an end of all forms of racial discrimination.[69] Despite a series of diplomatic negotiations

57 *Ibid.*, p. 48.
58 *Ibid.*
59 *Ibid.*, p. 51.
60 *Ibid.*, pp. 52–3.
61 *Ibid.*, p. 58.
62 *Ibid.*, p. 82.
63 *Ibid.*, p. 98.
64 *Ibid.*, p. 75.
65 *Ibid.*, p. 98.
66 *Ibid.*, p. 91.
67 *Ibid.*, p. 99.
68 A.S. Mlambo, *A History of Zimbabwe* (New York, Cambridge University Press, 2014), p. 149.
69 J. Mtisi, N. Munyaradzi and T. Barnes, 'Social and Economic Development during the UDI Period', in B. Raftopoulos, A.S. Mlambo (eds), *Becoming Zimbabwe: A History from the Pre-Colonial Period to 2008* (Harare, Weaver Press, 2009), p. 119.

between Salisbury and London since the political change in 1964,[70] Smith made a unilateral declaration of independence (UDI) from Britain, and the UDI period started in 1965.

UDI and the Depression of Tobacco Industry

In spite of the changing global markets and foreseen instability driven by African nationalism, S. Rhodesia became the world's second biggest tobacco producer after the USA in 1965.[71] However, international reaction to UDI was both swift and negative.[72] Immediately after Smith's UDI, Britain imposed various economic sanctions against S. Rhodesia, which included an import ban on Rhodesian tobacco. In 1966, the UN Security Council resolved that no member nation should aid or recognise the Rhodesian regime, and it instituted international economic sanctions on Rhodesia.[73] Tobacco was particularly affected by the economic sanctions. In 1965, tobacco accounted for 80 per cent of agricultural output value and one-third of total export value.[74] This predicament forced the UDI government to diversify the agricultural sector away from tobacco. Generous loans and cheap credit were advanced to more than 6,000 commercial farmers in 1975 for the production of non-tobacco crops.[75] With sanctions and through the agricultural diversification measures to reduce the dependency on tobacco, the share of tobacco in gross value of output declined threefold in the decade after 1965.[76] Meanwhile, the agriculture sector expanded production of maize, wheat and cotton.[77]

During this time, Rhodesia survived partly because of the international community's general lack of commitment to following the UN mandatory agreement.[78] South Africa and Portuguese Mozambique refused to implement sanctions on Rhodesia. During the UDI period, South Africa became the 'lifeline' of Rhodesia as the trade relationship of the two countries was strengthened.[79] Mozambique continued to receive smuggled Rhodesian tobacco.[80] By 1972, Rhodesia's total foreign trade had reached its pre-UDI level in value.[81] In the 1970s, tobacco growers began to re-expand

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70 *Ibid.*

71 S. Rubert and K. Rasmussen, *Historical Dictionary of Zimbabwe: Third Edition* (Maryland and London, Scarecrow Press, 2001), p. 325.

72 *Ibid.*, p. 289.

73 *Ibid.*

74 Mtisi *et al.*, 'Social and Economic Development'; C. Mumbengegwi, 'Continuity and Change in Agricultural Policy', in I. Mandaza (ed.), *Zimbabwe: The Political Economy of Transition, 1980–1986* (Dakar, CODESRIA, 1986), pp. 203–22.

75 Mumbengegwi, 'Continuity and Change in Agricultural Policy', p. 206.

76 Mtisi *et al.*, 'Social and Economic Development'; C. Mumbengegwi, 'Continuity and Change in Agricultural Policy'.

77 According to Mumbengegwi, the output of cotton increased from a 3% share in 1965 to an average share of 22% for the 1970–74 period. The corresponding figures for wheat and maize are 0%; 8% and 14%; 28%, respectively: Mumbebgegwi, 'Continuity and Change in Agricultural Policy', p. 209.

78 Mtisi *et al.*, 'Social and Economic Development', p. 133; Rubert and Rasmussen, *Historical Dictionary*, p. 289. Mtisi notes that 'a number of "neutral countries" such as West Germany, Switzerland, China, Bangladesh and North Korea did not ratify the sanctions on Rhodesia', and Rubert and Rasmussen note that Japan traded covertly with UDI Rhodesia.

79 Mtisi *et al.*, 'Social and Economic Development', p. 134.

80 *Ibid.*

81 Rubert and Rasmussen, *Historical Dictionary*, p. 290.

production under the sanctions regime. However, the intensification of the internal guerrilla war harmed production.[82] The tobacco industry did not recover until the end of the economic sanctions and the Lancaster House agreement in 1979.

Tobacco After Independence

With independence in 1980, Zimbabwe rapidly increased her tobacco exports. Zimbabwe became the largest exporter of leaf in Africa and fourth in world trade after China, Brazil and the USA. Exports by volume increased by 40 per cent from 1981/1983 to 1996/1998 and became the largest single export crop during the two decades after 1980. In 1996–98, average annual exports of tobacco were 127,000 tonnes, of which flue-cured tobacco accounted for more than 95 per cent. Total output increased by 137 per cent from 95,817 tonnes in 1980 to 226,970 tonnes in 2000. Planting over the same period increased from 50,150 hectares to 92,685 hectares, and yields increased by more than 25 per cent, from 1,900 to 2,510 kilograms per hectare. The sector also suffered stiff competition from other countries, particularly Brazil, which had emerged as a tobacco powerhouse. This development prompted a policy initiative by the government to institute measures to improve the quality of tobacco through research. Field trials were initiated at Kutsaga Tobacco Research Centre on leaf ripeness, curing and various aspects of tobacco culture. By 1990, the quality had improved considerably, earning the country the reputation of producing one of the finest tobaccos in the world.

Structure of the Tobacco Sector

From 1980 to 2000, the tobacco sector was dominated by large-scale commercial farms (LSCFs), a continuation of the structure during the colonial period. These large farms were characterised by their use of modern machinery, overhead and drip-line irrigation, and permanent waged labour. Holdings were very large, and estimates suggest that fewer than 5,000 farmers occupied 21 per cent of Zimbabwe's total land area of 8.2 million hectares. Less than 20 percent of all LSCFs were smaller than 200 hectares, and half were greater than 1,000 hectares, although only a relatively small area was suitable for cropping. Most cultivated 100–500 hectares per year. None the less, small-scale communal farms (SSCFs)**[AQ3]** constituted a significant part of the sector. These were a continuation of the holdings that were first developed by the S. Rhodesian government between 1930 and 1961 in an effort to decongest the communal areas. Between 1980 and 2000, SSCF comprised about 9,000 holdings, occupying about 1.5 million hectares.

With the dawn of independence in 1980, the structure of the tobacco sector altered slightly . Before independence, flue-cured tobacco was reserved largely for the white settlers, while blacks grew oriental and burley tobacco on a small scale. In an endeavour to meet the demands of the masses of black Zimbabweans at independence, however, the government extended the production of the high-value flue-cured tobacco to blacks. In 1980, the Zimbabwe Tobacco Association (ZTA) began to train black farmers. Despite some technical hitches in the first five years, training resumed in 1987 at Trelawney training centre. In 1990, the ZTA established a pilot project for smallholder farmers at some farms near Marondera in Mashonaland East province.

Several stakeholders provided support for the development of small-farm

82 Mtisi *et al.*, 'Social and Economic Development', p. 139.

tobacco in Zimbabwe at this time. These included the Tobacco Trade Association, the Tobacco Research Board, the Agricultural Finance Corporation and the Department of Agriculture Technical Extension Services. These institutions provided help in marketing, research, finance and extension services, respectively. As a result, the number of small-farm registered growers increased from 340 in 1990 to 6,700 in 2000. The small-farm sub-sector increased its share of flue-cured tobacco from 0.5 per cent in 1991 to 2.8 per cent in 1998. Despite the continued rise in the number of smallholder farmers in the tobacco sector, LSCFs continued to dominate tobacco production up to 2000.

Fast Track Land Reform Programme (FTLRP) and Contract Farming

Through the FTLRP initiated in 2000, agricultural lands were transferred from the dominant white large-scale farmers to African peasant farmers. Mamdani[83] argued that the scale of Zimbabwean land reform led to the greatest transfer of property in southern Africa since colonisation. FTLRP was aimed at adjusting the racial land possession imbalance and has been characterised as a drastic transformation of the agricultural structure.[84] In 1980, while white Zimbabweans constituted less than 2 per cent of the population, 47 per cent of the agricultural land was owned by about 5,400 mainly white farmers along with a few hundred agro-estates.[85] There were about 700,000 African peasant households and 8,000 small-scale black commercial farmers, which accounted for more than 95 per cent of the population, congested on the remaining land.[86] In contrast, as a result of the FTLRP, about 13 per cent of Zimbabwe's entire agricultural land was held by a range of middle-scale farmers (A2), while more than 70 per cent was held by small-scale farms (A1), and only 8 per cent was held by large-scale commercial farms and agricultural estates. The number of remaining white farmers was around 300 by the end of 2011.[87] Moyo *et al.* argue that this reconfiguration of the agrarian structure was a form of 're-peasantization', meaning that peasants became the driving force of the agricultural structure by the number of farms they account for, the quantity of land owned and the volume of agricultural production.[88]

It is important to offer some clarity on the use of this term 'peasant' in the Zimbabwean context. Sachikonye[89] defines peasants or small-scale farmers as 'rural petty commodity producers who own land which they exploit mainly for subsistence but also for commercial crop production on a small scale'. The definition used in this study,

83 M. Mamdani. 'Lessons of Zimbabwe', *London Review of Books*, 4 December 2008, available at http://www.lrb.co.uk/v30/n23/mahmood-mamdani/lessons-of-zimbabwe, retrieved 2 May 2020.

84 While FTLRP was the most drastic and redistributive land reform, the country had implemented land reforms since independence. Moyo has articulated its land reform programmes that started after the independence into three phases: S. Moyo, 'Land Reforms and Redistribution in Zimbabwe Since 1980', in Moyo and Chambati (eds), *Land and Agrarian Reform in Zimbabwe*, pp. 29–77.

85 Moyo, 'Changing Agrarian Relations'.

86 *Ibid.*

87 Moyo, 'Land Reforms and Redistribution'.

88 S. Moyo and P. Yeros, 'The Zimbabwe Model: Radicalization, Reform and Resistance', in Moyo and Chambati (eds), *Land and Agrarian Reform in Zimbabwe*, p. 355; S. Moyo, P. Yeros and P. Jha, 'Imperialism and Primitive Accumulation: Notes on the New Scramble for Africa', *Agrarian South: Journal of Political Economy*, 1, 2 (2012), pp. 181–203.

89 L. Sachikonye, 'The State and Agribusiness in Zimbabwe Plantations and Contract Farming', *Leeds Southern African Studies*, 13 (1989), p. xxxv.

however, relies more heavily on Moyo and Yeros's[90] conceptualisation of the peasantry, which is that peasants 'reproduce [themselves] as both capital and labour simultaneously and in internal contradiction'.[91] To clarify what is meant here, peasants, including those referred to in this study, have access to agricultural land (usually through customary forms of tenure), and, while occasionally hiring labour (as a capitalist would), they also exploit themselves by relying on the excessive application of family labour for their agricultural production.[92] More specifically, peasants or small-scale farmers in the case of Zimbabwe after the FTLRP comprised communal farmers and the resettled A1 farmers. Communal farmers live in communal areas where land is accessed through customary forms of tenure (these areas were formerly named as native reserves and tribal trust lands).[93] Farmers in this category hold usufruct permits over their agricultural land and depend mainly on family labour and own finances for social reproduction.[94] We now turn specifically to how the changes from the FTLRP affected the tobacco sector.[95]

The Reconfiguration of the Tobacco Industry in Zimbabwe

Table 1 shows yield and area planted for tobacco among the three scales of tobacco production.[96] Small farms in the table consist of communal, old resettlement, and A1 farms. Medium farms consist of small-scale commercial farms and A2 farms. Large farms consist of large-scale commercial farms. Table 1 demonstrates that the industry was transformed a decade after the introduction of the FTLRP.

In 1995, before the reforms, dominant large farms produced about 98 per cent of tobacco; about 94 per cent of the tobacco area was controlled by this size of production unit. After the FTLRP in 2012, the share of total tobacco production by large farms had decreased to 21 per cent, medium farms increased their share to 26 per cent, and small farms had the largest share, growing to 53 per cent. In 2012, small and medium farms accounted for more than 85 per cent of the entire tobacco-growing area (62.9 per cent and 23.4 per cent respectively). FTLRP created an agrarian structure for small- and medium-scale farms to engage in the industry and become the dominant tobacco growers. We now turn to the introduction of contract farming and interaction of peasants and contracting companies in Mashonaland East.

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90 S. Moyo and P. Yeros, 'The Resurgence of Rural Movements under Neoliberalism', in S. Moyo and P. Yeros (eds), *Reclaiming the Land: The Resurgence of Rural Movements in Africa, Asia, and Latin America* (London, Zed Books, 2005), pp. 8–64.

91 *Ibid.*, p. 25.

92 *Ibid.*

93 According to Moyo, the communal areas account for about 42% of land in the country, and 74.2% of these areas are located in the poorest rainfall zones: S. Moyo, 'Land Tenure Issues in Zimbabwe during the 1990s', unpublished paper, Centre for Applied Social Studies, University of Zimbabwe, 1992, p. 9.

94 S. Moyo and N. Nyoni, 'Changing Agrarian Relations after Redistributive Land Reform in Zimbabwe', in Moyo and Chambati (eds), *Land and Agrarian Reform in Zimbabwe*, p. 203; F. Mazwi, R. G. Muchetu and G.T. Mudimu, 'Revisiting the Trimodal Agrarian Structure as a Social Differentiation Analysis Framework in Zimbabwe: A Study', *Agrarian South: Journal of Political Economy*, 10, 2 (2021), pp. 318–43.

95 The statistics referred to below do not discuss the tobacco grown by large-scale commercial farms and estates because neither the Central Statistics Office nor TIMB provide such data.

96 The large-scale farm class comprised only white farmers (100%) at independence; the proportion slightly decreased to 83% by 2010: S. Moyo 'Land Reforms and Redistribution in Zimbabwe', p. 43.

<PLEASE PLACE TABLE 1 NEAR HERE>

Introduction of Contract Farming and Tobacco Companies

The reconfiguration of the agrarian structure in Zimbabwe was soon followed by the introduction of contract farming in the industry. While the FTLRP opened tobacco farming for small- and medium-scale farms to engage much more meaningfully with the industry, the introduction of contract farming supported farmers to engage in tobacco farming. Until 2004, all the tobacco produced in the country was sold at only three licensed auction floors: the Boka Tobacco Auction Floor, the Tobacco Sales Floor Limited, and the Premier Tobacco Auction Floors. Since the introduction of contract farming, however, tobacco growers have been able to choose the marketing channel for their tobacco: to use the auction floor system or go through contract arrangements. Under a tobacco contract arrangement, farmers receive inputs in advance to produce tobacco, and the company deducts the costs incurred from their tobacco sales.[97]

Figure 1 shows a simplified structure of the tobacco market regulated by the Tobacco Industry and Marketing Board (TIMB).[98] When farmers decide to grow tobacco, they are required to register as a grower at TIMB, which enables farmers to purchase tobacco seeds. If they choose to grow tobacco under contract agreements with one of the authoris ed tobacco companies, farmers are required only to sign the contract; the company will register the contracted farmer as a grower at TIMB. By offering this service to smallholder farmers, companies overcome a last-mile problem, where farmers intend to register but never actually do so.

Contract farmers should produce their tobacco only with the inputs supplied by the company in advance, contract with only one company per season, and deliver their tobacco bales directly to the contracted company. At the contractor's selling points, normally set up inside company premises, the company grades the tobacco delivered by farmers with prices arbitrated by the TIMB, which supervises the pricing of tobacco to ensure that delivered bales are priced fairly. After tobacco is priced, the company deducts the cost of input goods supplied in advance from the contract farmers' sale. Contract farmers are not formally allowed to sell their tobacco at the auction floor but must deliver their entire crop to the contracted companies.

On the other hand, farmers who choose to grow tobacco without contractual arrangements (independent farmers) deliver their entire crop to the licensed auction floor. They purchase all inputs themselves, including deciding which agronomic extension advice to use to grow tobacco. At the auction floor, several tobacco buyers will bid for their tobacco.

97 Prowse defines this form of exchange as 'a contractual arrangement for a fixed term between a farmer and a firm, agreed verbally or in writing before production begins, which provides resources to the farmer and/or specifies one or more conditions of production, in addition to one or more marketing conditions, for agricultural production on land owned or controlled by the farmer, which is non-transferable and gives the firm, not the farmer, exclusive rights and legal title to the crop', Prowse, 'Contract Farming in Developing Countries', p. 13.

98 TIMB is a parastatal established in 1936 through the Tobacco Marketing and Levy Act. The main role of TIMB is to control and monitor the tobacco market, among other activities. TIMB avails rich reports and tobacco statistics on its website, available at http://www.timb.co.zw, retrieved 10 May 2020.

<PLEASE PLACE FIGURE 1 NEAR HERE>

Since 2009, the price for contracted tobacco has been higher than the price at the auction floors.[99] In the 2018/19 agricultural season, for example, the average price of tobacco was US$2.23 per kilogram for contracted tobacco and US$1.74 at the auction floors.[100] TIMB staff asserted that competition between companies for farmers was one reason for these higher prices.[101] Here, the premium paid by manufacturers corresponds to the traceability that contract farming affords – it allows manufacturers to trace tobacco from seed through to cigarette, thus mitigating some litigation risk. In this respect, tobacco manufacturers pay a premium for traceable contract-farmed tobacco.[102]

Tobacco Companies

In the case of the 2014/15 tobacco season, 15 tobacco contracting companies were registered as authoris ed contractors: five local companies and ten international companies or subsidiaries of foreign companies with varying degrees of local ownership.[103] Among the ten international or 'foreign' companies, three were from China, three were connected to the USA, two were working with (or for) a Japanese company, one was a part of a British group, and the other had connections with the United Arab Emirates.[104] More than 30 contracting firms were officially registered during the 2018/19 agricultural season,[105]

As we have seen above, S. Rhodesia relied historically on Britain and neighbouring countries in the tobacco trade, while export markets during and after the FTLRP include players from the Far East.[106] After the FTLRP, EU members and Canada, the USA and Australia imposed a series of 'targeted sanctions' against selected members of the leading party, the Zimbabwe African National Union (Patriotic Front) (ZANU[PF]). The International Monetary Fund (IMF) and the World Bank also stopped providing financial assistance. Hyperinflation took hold.[107] As financial flows from the west slowed to a trickle at the beginning of the 21st century and the domestic economy was hamstrung by hyperinflation, tobacco contract-farming schemes from 2004 onwards allowed existing tobacco firms to issue inputs on loan (denominated in US dollars), with these loans repaid from the sale of tobacco in US dollars (thus delinking farmers from the risks of inflation). Government also encouraged foreign investors, especially from China, under their Look East policy.[108]

Among the companies authoris ed to undertake contract farming,

99 TIMB, *TIMB Annual Statistical Report* (Harare, TIMB, 2014).
100 TIMB, *TIMB Annual Statistical Report* (Harare, TIMB, 2020).
101 Interview with TIMB staff, TIMB office, Harare, 10 May 2015. All interviews for this article were conducted by the authors.**[AQ4]**
102 See also J. Moyer-Lee and M. Prowse, 'How Traceability is Restructuring Malawi's Tobacco Industry', *Development Policy Review*, 33, 2 (2015), pp.159–74.
103 Interview with an anonymous informant, Harare, 20 May 2015.
104 The companies' origins are based on the interview with an anonymous informant, 20 May 2015.
105 TIMB, *Annual Statistical Report*, 2020.
106 Mazwi *et al.*, 'Tobacco Contract Farming in Zimbabwe', pp. 60–61.
107 See, for example, K. Bird and M. Prowse, 'Vulnerability, Poverty and Coping in Zimbabwe', Research Paper 2008/041 (Helsinki, UNU–WIDER, 2008).
108 Moyo and Nyoni, 'Changing Agrarian Relations'.

Tian-Ze was the biggest buyer and possibly the biggest contractor in terms of volume.[109] Tian-Ze is a Chinese state-owned company from Yunnan province.[110] The company was buying tobacco both from contracted farmers and at auction. Mukwereza noted that Tian-Ze played a 'pivotal' role in resuscitating the tobacco industry and was instrumental in the success of the Look East policy within the tobacco sector.[111] The company was founded after the visit of a high-level Chinese government delegation at the invitation of the government of Zimbabwe in 2004.[112] Since then, Tian-Ze has invested heavily in the Zimbabwean tobacco sector. According to Mukwereza, the company 'brought capital, competition, confidence, and improved prices'.[113] It should also be noted that Chinese interest in Zimbabwe's tobacco industry reflects consumer preferences for cigarettes made entirely of flue-cured tobacco. Despite China being the world's largest tobacco producer, rapid industrialisation in recent decades and changing consumer habits moved it from being a net exporter to net importer of tobacco, including the high-quality flue-cured tobacco that Zimbabwe provides.

The expansion of agriculture among small to medium-sized farms through the FTLRP and the introduction of contract farming for tobacco production from 2004 has led to small-scale growers dominating the tobacco industry. While the number of tobacco growers at the time of independence in 1980 was 1,547, there were 87,166 farmers registered as tobacco growers by 2014. With regard to the composition of the farmers, approximately 36 per cent of these (31,487 growers) were A1 farmers,[114] and about 44 per cent (39,094 growers) were communal farmers.[115] This means that, by 2014, more than 80 per cent of tobacco growers were small-scale farmers or peasants.

Figure 2 shows the area of tobacco planted and the volume of tobacco sales, which started to climb from an all-time low of about 49 million kilograms in 2008 to 216 million kilograms in the 2014 harvest.[116] The area planted with tobacco has increased even more markedly: it reached over 100,000 hectares by 2014. Figure 2 also shows that productivity per hectare improved dramatically from a low point in 2008 but has not reached quite the same level as before the FTLRP.

<PLEASE PLACE FIGURE 2 NEAR HERE>

Figure 3 shows the volume of tobacco sold through contract arrangements and tobacco auction floors since the introduction of contract-farming schemes in 2004. In 2008, when the volume of tobacco sales was the lowest it had been for several decades,

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109 The number of contractors under the company remains small, since they contract exclusively with middle- to large-scale farmers.
110 L. Mukwereza, 'Situating Tian Ze's Role in Reviving Zimbabwe's Flue-Cured Tobacco Sector in the Wider Discourse on Zimbabwe–China Cooperation: Will the Scorecard Eemain Win–Win?', China and Brazil in African Agriculture (CBAA) Working Paper, 115, February 2015.
111 *Ibid.*, p. 8.
112 *Ibid.*, p. 9.
113 *Ibid.*, p. 10.
114 Of the entire national A1 farms – about 146,000 farms – 20% are registered as tobacco growers.
115 TIMB, *Annual Statistical Report*, **[AQ5].**
116 The year 2008 was marked as the peak of hyperinflation; it also affected the lower production of tobacco.

64 per cent (31 million kilograms) of tobacco was sold through contractual arrangements. In 2014, the volume of tobacco sales increased to around 216 million kilograms, and 76 per cent (165 million kilograms) was sold through contract arrangements. While the entire volume of tobacco sales grew fourfold between 2008 and 2014, tobacco sales through contract arrangements increased fivefold during the same period. This section has summarised how new actors and a new form of exchange, contract farming, resuscitated the tobacco industry in the 2000s. By 2014, the industry was producing as much tobacco as in the late 1990s. We now explore the interactions between those peasant farmers who received land as part of the FTLRP and new contracting companies.

<PLEASE PLACE FIGURE 3 NEAR HERE>

Connecting Peasants to Global Capital

The data presented in this section are based on interviews conducted with 47 contracted farmers and 20 independent farmers in Ward 7 of Marondera district in Mashonaland East province. The data was collected in 2015 and 2016. The ward is situated about 40 kilometres south of Marondera, the capital of Mashonaland East, about 100 kilometres south-east of Harare. In 2012, the population of Ward 7 was 5,417 people in 1,346 households.[117] All the farmers interviewed were A1 farmers resettled in the area through the FTLRP. The A1 interviewees were selected purposely among those gathered at public places, such as communal tobacco barns, village assembly points or grocery shops. A sampling frame was not used. They were interviewed in open spaces or at their own homestead at their request.

The ward was one of the first areas where land occupations were carried out in the late 1990s, before the government officially launched the FTLRP.[118] As highlighted earlier, the area was, until the arrival of white settlers, governed by Chief Svosve, and about 1,890 people were forced to move to a rocky, less fertile area, now called Svosve communal land. From then, the whole ward was settled by LSCFs until the land occupations led by ‘war veterans’ and the Svosve people in the late 1990s and into the year 2000. The area is now redistributed among A1 and A2 farmers.

The survey found four different companies operating in the area (see Table 2). Foreign companies operating in Zimbabwe needed to meet the requirements of the Indigenization and Economic Empowerment Act of 2008, which required any company operating in the country to transfer at least 51 per cent of its ownership to a domestic company.[119] According to an interview with TIMB,[120] among the four companies operating in the area, two were from the USA and one of the local companies was apparently producing tobacco for a Japanese company.[121] Table 2 shows the breakdown of respondents by tobacco company. This shows that farmers are fairly

117 Zimbabwe National Statistics Agency, *Census 2012: Mashonaland East* (Harare, Zimstat, 2012).
118 ‘Svosve Villages Agreed to Return Home’, *The Herald*, Harare, 28 June 1998; ‘Svosve Villagers at Home on New Land’, *The Herald*, 6 January 1999.
119 In August 2019, the government repealed the act.
120 Interview with TIMB official, Harare, 10 May 2015.
121 *Ibid.*

equally distributed across the companies (and the status of being an independent farmer).

<PLEASE PLACE TABLE 2 NEAR HERE>

Among the 47 contracted farmers surveyed, 38 (80 per cent) stated that their contracts were agreed when company staff came to the area for recruitment. Fifteen per cent, or seven farmers, responded that they themselves visited the companies in the capital to sign a contract, while one farmer (2 per cent), answered that he had been referred to the contracting companies by other farmers in the area. The interview results indicate that tobacco companies take an active interest in recruiting small-scale farmers by visiting rural villages, suggesting a degree of competition within the ward.

Every company had representatives working on the farming sites where they operate, each of whom supervised 100–150 farmers. A representative from Company D explained how assessment criteria for farmers included the applicants' assets, including tobacco barns and scotch carts, applicants' financial status, productivity and farm soil quality. According to the same representative, contracts were made only with farmers who can produce more than 1,000 kilograms and had no outstanding debt.[122] Company D's contract ensured that the growers should keep their assets in reserve until they pay their debt back to the company. In this respect, the firm not only pushes production risk on to the farmer, but also ensures that the farmer has sufficient collateral in case of contract breach.[123]

Contracts also try to ensure the integrity of tobacco by ensuring that the farmers us e the inputs provided by the firm. It is within the company's discretion to decide the kinds and the amounts of inputs to be delivered to contracted farmers. If they agree, farmers receive the inputs that the company considers appropriate for tobacco production. Interest accrues on the grower's debt 'at the rate of 3% per annum calculated from the date of each delivery slip on the total US dollar figure reflected thereon' (clause 2).[124]

The company's representatives are responsible for explaining the contract arrangements when they sign contracts with farmers. All 47 contracted farmers who were interviewed agreed that the company representatives had explained the contract arrangement details, in both Shona[125] and English. In our interviews, all the contracted farmers acknowledged that they fully understood their deal with the companies. None, however, had read the fine print. One of the four companies did not give copies of the contracts, or terms and conditions, to their contracted farmers.

The contracted farmers were asked whether they paid for any service charges

122 Details from contracts with one company showed that the grower 'shall not, without the company's prior written approval, incur any debts or liabilities after the date of execution' and, in connection with the production of the tobacco on the farm, he should not sell, pledge, or dispose of assets (clause 8). In clause 18, the grower is reminded not to dispose or encumber any assets while any part of the debt to the company remains unpaid.

123 Prowse, 'Contract Farming in Developing Countries'.

124 Additionally, 'any payment due by the company to the grower in respect of flue-cured tobacco purchased by the company shall be made within two business days of the date of delivery', with deduction to the growers' debt (clause 4).

125 Shona is the local language spoken at the research site and widely in Zimbabwe generally.

through their contractual arrangement with the companies. As shown in Table 3, 24 of the contracted farmers, about half, answered that they were charged a service fee, while 20 answered that they were not charged such a fee. The lack of awareness of such charges does not vary systematically by company. The 24 who were aware of such charges were also asked whether they knew what they were paying such charges for: ten answered that they paid penalties for shipping delays, and eight that they paid interest for arrears from the previous season's debt (not shown), which illustrates the dependence that contract farming can create.

<PLEASE PLACE TABLE 3 NEAR HERE>

The contracts between growers and the companies are made on the condition that the latter will recoup investments regardless of external circumstances. Both production risk and the risk of so-called 'Acts of God' are on the farmers' shoulders. Under the contractual agreement, the company and the farmers are not in a joint venture but are simply signing a loan agreement with collateral, essentially a forward contract with conditions. Although about half of the farmers interviewed understood that they needed to pay some extra costs through their contracts, they were not fully aware of whether it was interest, a service fee or a penalty.

Input Supply from the Company

Table 4 shows the kinds of inputs required for tobacco farming and those supplied by the four companies (A to D). All tobacco farmers need to prepare the items listed under the inputs column to grow tobacco, whether independent or contracted farmers.[126] The kinds of inputs the companies supply are similar. All four companies supplied fertiliser, chemicals such as pesticides and fungicides, and tobacco baling materials. Company B organises transport for the farmers, at a cost of US$10 per bale. Companies C and D supply labour costs, in cash, at US$100 per hectare. Company D supplies firewood as well.

<PLEASE PLACE TABLE 4 NEAR HERE>

Although a variety of input goods were supplied by each company, most farmers were not satisfied with the input goods they received from the companies. Table 5 shows the farmers' satisfaction derived from receiving the inputs. Out of 47 contracted farmers, 34 expressed their concern in terms of the inputs provided by the company, as they felt that these were insufficient. The farmers explained that, while the amount of chemicals they receive was adequate or more than enough, the amount of fertiliser provided was almost half of what they were recommended to use for tobacco farming per hectare. Farmers reportedly side-sell excess chemicals and buy extra fertiliser (see Table 5). Farmers also reported that they could not choose the kinds and the amount of input goods they receive as it all comes as a set. This reflects the demands of most tobacco manufacturers, who stipulate strict conditions on the types of inputs to be used.

126 The inputs marked by dots on Table 4 are provided in advance as a loan and are deducted at the end of the season during tobacco sales.

<PLEASE PLACE TABLE 5 NEAR HERE>

Peasants' Negotiation Power

The research in Marondera district asked farmers if they believed their contractual agreement to be fair. Out of the 47, 29 (62 per cent) answered that the agreement was fair and 18 (38 per cent) answered that it was unfair. The study further assessed whether respondents had taken some form of remedial action if their contractual agreement was not fair. Thirty-one (66 per cent) answered that they had already acted to address an unfair agreement. The research also enquired about whom they complained to or asked for assistance: of the 31 who had taken action, 17 (55 per cent) answered that they complained directly to their contract companies, 8 approached TIMB and 6 complained to both TIMB and the companies. Our study observed that none of the respondents sought assistance from other avenues, such as farmers unions or producer organisations. According to our interviews, out of 31 farmers who took action to complain about their situation, 21 did not receive a satisfactory solution to their complaint.

Turning to the provision of extension advice, while there were two extension officers under the ministry of agriculture who could provide farmers with technical support, both had considerable transport constraints such that none of our respondents had received any agronomic advice from these officers. In contrast, Table 6 shows the frequency with which the 47 contract farmers met with company representatives. More than 70 per cent met with the company representatives at least once a month, 13 per cent met with representatives when they received inputs – that is, three to four times a year.[127]

<PLEASE PLACE TABLE 6 NEAR HERE>

Our study observed that the contract farmers in the study sites have a much closer relationship with their companies than with any other party. At the same time, most interviewees have directly or indirectly complained about their companies. This tension, of being reliant on a company for inputs and extension advice at the same time as having to seek redress directly from the same firm, highlights the precariousness and dependence of small farms. While three tobacco growers' associations and several other farmers' unions existed in 2016, none of the farmers interviewed utilis ed such associations. In this respect, and away from the regulatory oversight of TIMB, there appears to be a lack of functional civic organisational platforms through which farmers can increase their negotiation capacity, as also revealed by Mazwi *et al.*[128] Prowse highlights how the 'explicit involvement' of third parties such as producer organisations can rebalance the power relationship between firms and farms by connecting farmers not only within and between communities but also with outside players such as firms

127 On the demand for private sector extension from contract farming schemes, see the overview and case study in P.F. Jensen, M. Prowse and M.N. Larsen, 'Smallholders' Demand for and Access to Private-Sector Extension Services: A Case Study of Contracted Cotton Producers in Northern Tanzania', *Journal of Agrarian Change*, 19, 1 (2019), pp. 122–34.
128 Mazwi *et al.*, 'Tobacco Contract Farming in Zimbabwe'.

and development agencies.[129]

It is important to note that such producer organisations are not the state-owned co-operatives, which have a chequered history in Zimbabwe, not least through Model B relocation schemes from the 1980s.[130] Instead, member-owned producer organisations can offer collective bargaining, provide an avenue for complaints and increase the likelihood that firms will honour responsibilities. There are also advantages for firms, including reduced co-ordination costs and working with small groups who may be jointly and severally liable for loans.[131] However, the farmers interviewed in the research site did not have access to such organisations; rather, they negotiate individually and directly with the companies and in doing so they lack a meaningful form of countervailing power.

Peasants' Motivation

Despite the disadvantageous contractual terms, out of 41 contracted farmers, 31 expressed the wish to renew their contractual agreement in the following year. This finding chimes with the recent study by Scoones *et al.*, which showed that the groups of tobacco farmers under contract are satisfied with their business, while emphasising that the outcomes of contract farming are diverse among their sample of farmers.[132] Scoones *et al.* demonstrated that contracted farmers who are ' able to afford inputs and grow sufficient maize to cover food needs can profit significantly from tobacco '.[133] Our survey assessed why peasants opted for contract farming while the conditions are not favourable to them. Table 7 shows the motivations of the farmers for contracting with the tobacco companies. About 90 per cent of the farmers responded that they entered into contracts with companies seeking the advantage of access to financing to cover input costs.[134]

<PLEASE PLACE TABLE 7 NEAR HERE>

The lack of finance after FTLRP is explored also by Moyo and Nyoni.[135] The volume of government agricultural credit declined to below US$3 million in 2007, whereas it had averaged around US$25 million per annum between 2000 and 2007, with US$104 million in 2004 being the highest in this period.[136] The volume of private agricultural credit also 'declined from over $315 million in 1998 to about $6 million in 2008'.[137] While hyperinflation ended with the introduction of a multi-currency

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129 Prowse, 'Contract Farming in Developing Countries', p. 85. See also M. Prowse 'Making Contract Farming Work with Co-operatives', ODI *Opinion*, 87, (London, Overseas Development Institute, 2007).
130 See K. Akwabi-Ameyaw, 'The Political Economy of Agricultural Resettlement and Rural Development in Zimbabwe: The Performance of Family Farms and Producer Cooperatives', *Human Organization*, 49, 4 (1990), pp. 320–38.
131 Prowse, 'Making Contract Farming Work with Co-operatives'.
132 I. Scoones, B. Mavedzenge, F. Murimbarimba and C. Sukume. 'Tobacco, Contract Farming, and Agrarian Change in Zimbabwe', *Journal of Agrarian Change*, 18, 1 (2018), pp. 22–42.
133 *Ibid.*, p. 30.
134 On this topic, see S. Singh and M. Prowse, 'The Rise in Contract Farming is Likely to Exclude Smallholder Farmers Rather than Benefit Them', *Food Chain*, 3, 3 (2013), pp. 131–6.
135 Moyo and Nyoni, 'Changing Agrarian Relations'.
136 *Ibid.*, p. 235.
137 *Ibid.*

system in 2009, it was still very difficult for farmers, especially small-scale farmers, to secure agricultural finance.

The farmers interviewed had no access to agricultural loans from financial institutions such as banks, apart from loans from the tobacco companies. Table 8 shows the availability of family support for farming and demonstrates that 26 per cent of the contracted and 15 per cent of the independent farmers received such support. Most of them borrowed money from family members, while two farmers received remittances from their sons working in South Africa. Given the scarcity of agricultural credit for farmers, tobacco contract-farming schemes have been working as an agricultural finance solution when markets for other crops, such as growing maize for sale to the Grain Marketing Board, have been uncertain.

<PLEASE PLACE TABLE 8 NEAR HERE>

The dominance of contract farming in Zimbabwe now and the number of firms operating contracting schemes raises the question of the regulatory framework of managing the industry to ensure competition and stability. For crops of strategic relevance, including cotton in west Africa, governments have historically applied concessional zoning to limit side-selling through creating mono- or oligopsonies. This had the advantage of allowing firms to make strategic investments in processing factories, the costs of which would be recouped over decades.[138] Such an approach to regulating contract farming is much less widespread now than it was in the 1980s. In the Zimbabwean tobacco sector, firms are operating within the same districts and are offering different inputs and contracts, allowing farmers to select between firms. Prowse and Grassin highlight how, in such a situation, there are three separate roles that a regulatory framework can separate and allocate: an independent third party to advise on contract design and pricing mechanisms; an independent third party explicitly to support producer organisations and smallholders; an independent ombudsman who arbitrates and seeks resolution in the case of dispute prior to legal avenues. The first role helps to co-ordinate and motivate participants. The second can play a role in ensuring the quality of inputs, produce, grading, scales and payment. The third limits the need for expensive legal proceedings. The degree to which the regulatory framework in Zimbabwe reflects these roles and the extent to which the rapid emergence and dominance of contract farming has led to blanket legislation, or that case law and jurisprudence has contributed to step-by-step revisions, are key areas for further research.

Conclusions

The economic history of Zimbabwe cannot be separated from tobacco. Tobacco was the basis of the S. Rhodesian economy, the basis of the dualistic agrarian structure, which responded to two distinctly different global tobacco markets. The industry relied, first, on the South African and the British markets during the colonial era and later on a more diversified set of export markets with strong links with the global east. While the industry developed on the basis of settler capitalism during the colonial era, the FTLRP transferred land from a small cohort of white commercial farmers to tens of thousands of peasants, and the structure of the tobacco industry was radically altered.

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138 Prowse, ‘Contract Farming in Developing Countries’.

Global capital has been able to permeate rural Zimbabwe steadily, with peasants becoming much more strongly connected to the global economy through contract farming.

However, the contract agreements signed between farmers and companies are not favourable to the former. The inputs provided to the farmers are not enough for them to cover the whole tobacco production process. Nevertheless, farmers still opt for contract farming owing to a lack of alternative financial options. Peasants are vulnerable within negotiations with the companies: many lack forms of association that would provide some countervailing power. Without links to association and financial institutions, peasants under contract are directly and individually exposed to global capital.

The article has placed this micro-level assessment of contractual arrangements, marketing and production in its historical context. In doing so, the article highlights key themes that resonate across more than a century of tobacco production. It has highlighted patterns of boom and bust dependent on global demand, trading frameworks, land reform and degrees of government support to the industry, which is reminiscent of cycles of tobacco production elsewhere in the region. It illustrates at the national and farm level the importance of diversified marketing channels: how the Zimbabwean tobacco industry has twice been at the intersection of two distinctly different global tobacco markets and has, with varying degrees of success, managed to survive and thrive by balancing the competing demands of buyers in these different domains. At farm level, peasants are now also able to select between the auction floors and a range of contracting companies. The article outlines a case study of contracting practic es in Mashonaland East and highlights the current lack of functional organisational platforms that can help to redress power imbalances between peasants and contracting companies. It concludes by outlining an incremental approach to setting a regulatory framework that can set sufficient checks and balances for producer associations to hold contracting companies to account.

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YUMI SAKATA
Country Programme Analyst, Nigeria IFAD Country Office, 4th Floor, African Development Bank Building, Abuja, Nigeria. Email: sakata.yumi@gmail.com

PIUS NYAMBARA
*University of Zimbabwe***[AQ7]**

MARTIN PROWSE
External Researcher, School of International Development, University of East Anglia, Norwich Research Park, Norwich, Norfolk NR4 7TJ, UK. E-mail: prowsemartin@hotmail.com; M.Prowse@uea.ac.uk