

MINUTES OF THE TOBACCO INDUSTRY AGREEMENT
STAKEHOLDERS MEETING HELD ON TUESDAY, 1ST
OCTOBER, 2019 AT SOUTHERNSUN RIDGEWAY HOTEL

1. PRESENT:

Ministry of Agriculture	-	Mr. Alick Daka	- Chairman
Roland Imperial Tobacco	-	Mr. Aliport Ngoma	
JTI Leaf Zambia	-	Mr. Rob Glen	
		Mr. Litiya Matakala	
		Ms' Chilum Simukoko	
Central Growers Association	-	Mr. B. D. Mungabo	
Southern Tobacco Growers Association	-	Mr. Type Kadyamoto	
Alliance One International	-	Mr. Russel Deary	
Western Tobacco Leaf Association	-	Mr. Richard T. Kamocha	
Eastern Fodya Association of Zambia	-	Mr. Franklin Mwale	
Tobacco Association of Zambia	-	Mr. Phonto Mumbi	
Tombwe Processing Limited	-	Mr. A VanderVinne	
		Mr. S. Donkar	
British American Tobacco	-	Mr. Godffrey Machanzi	
		M's Chihego Zulu	
Tobacco Board of Zambia	-	Mr. James Kasongo	
		Mr. Morgan Simbeya	
		Mr. Teddy Chirwa	
		Mr. Robert Mwale	
		Mr. Tyndale Kasongole	
		Ms' Malumbo Namposya	

2. APOLOGIES

Ministry of Agriculture	-	Mr. Songowayo. Zyambo
Tobacco Association of Zambia	-	Mr. Albert VanVyck
Central Growers Association	-	Mr. Joseph Banda

3. OPENING REMARKS

3.1 The meeting was opened with a prayer at 10:14 hours by Ms' M. Namposya. Mr. Alick Daka, Deputy Director Crops from Ministry of Agriculture chaired the meeting on behalf of the Permanent Secretary, Mr. Songowayo Zyambo.

3.2 In his opening remarks he requested for the Introduction of the participants present. He later reminded the participants to refer to the meeting that was previously held which resulted to have a Memorandum of Understanding (MOU) in place to facilitate the 2019 Marketing Season. He mentioned that unfortunately, during the same meeting some participants decided to walk out of the meeting

and could not take full participation of the proceedings. He said these same participants were the ones bringing confusion by writing to the Minister of Agriculture to pull down the efforts made towards the document that had been produced.

3.3 The Chairman stressed that the MOU that was produced was submitted to Ministry of Justice through the Attorney General's office for further guidelines as per recommended procedure. They edited the document which was submitted back with the major change being that the document could no longer be called MOU but as Tobacco Industry Agreement.

3.3 The Chairman requested to have the Tobacco Industry Agreement document be read to the participants as per instruction guidelines from his Superiors. He further advised that after the Tobacco Industry Agreement document had been read, those wishing to sign could do so and for those that feel that they needed sufficient time to study the document and make some consultations with their Lawyers were free to do so before signing. He further proposed that the participants were free to send their thoughts until they reach a consensus. He explained that the Agreement once signed would stand the test of time until the Tobacco Act was amended as it was regarded as outdated. Tobacco Industry Agreement main purpose was to protect every ones interest in terms of tobacco value chain and to bring harmony in the industry.

3.4 A concern was raised that JTI had some information regarding the Consent judgment with Ministry of Agriculture and needed clarification on the way forward regarding the discussion that were going on.

3.5 In his response, the Chairman mentioned that he was not aware of the Consent judgment with the Ministry of Agriculture.

Responding to the same question the Tobacco Board of Zambia Chief Executive Offer explained that in August, 2019, the TBZ lawyers called him to find out if TBZ was aware of the discussion going on between the Ministry of Agriculture, the Ministry of Justice, JTI, Alliance One Zambia and TAZ regarding the consent judgment. The Chief Executive Officer emphasized that he was not aware of such a development, and if there was such a discussion, TBZ was ready to implement the outcome of such a discussion as long as the Ministry of Agriculture through the Permanent Secretary, Ministry of Agriculture puts in written such a directive.

3.6 The meeting submitted that the Tobacco Industry Agreement was circulated in less than 24 hours hence not giving them sufficient time to digest the content. It was noticed that the MOU document was not in line with what was contained in the Tobacco Industry Agreement. Hence the request to have sufficient time to review with their Lawyers and submit their concerns.

3.7 In response the Chairperson requested the meeting to point out areas that are different from the original MOU and whether such adjustment as made by the Ministry of Agriculture and Ministry of Justice had any negative impact to the industry.

3.8 In response the participants indicated that they had no copy of the original MOU with them, hence difficult to clearly point out areas that are different from the original MOU.

3.8 After the above deliberations the meeting agreed to read through the Tobacco Industry Agreement and the following were the issues raised;

PAGE & ITEM NO.	DETAILS	STAKEHOLDER AGREEMENT DURING THE MEETING.
Page 4, item 9	Eastern Fodya Association of Zambia registered under Societies Act Chapter 111 of the Laws of Zambia whose registered office is at P.O. Box 510351, Chipata, <u>Lundazi</u> (hereinafter referred to as "EFAZ"); and	Replace "Lundazi" with "Eastern Province"
Page 5 & 6, Item 12	WHEREAS The Parties are desirous to enter into an understanding to regulate the sale and facilitate the marketing of the 2019 Tobacco crop in Zambia and to provide a basis for the interaction amongst key market players; This Agreement sets forth an understanding by and among the Parties by which the Parties are committed to be bound; The Parties HEREBY AGREE as follows:	Delete 2019
Page 6 Article 2	Article 2 Effectiveness and Duration This Agreement shall become effective upon signature by the Authorised Representatives of the Parties and will remain in force until modified or terminated by all Parties by mutual consent or the repeal of the current Tobacco Act, Cap 237	Include "Tobacco Levy Act Cap 238" of the laws of Zambia

	of the Laws of Zambia and enactment of a new Tobacco Act, whichever is earlier.	
Page 6 Item 3.1	Any person intending to grow tobacco shall register with TBZ in the manner prescribed by The Tobacco <u>(Registration of Growers) SI No. 85 of 2018</u> between 1 st April and October 31 st .	Remove "Registration of Growers SI No. 85 of 2018"
4.6	TBZ shall ensure that the Buyers who provide financial, technical and logistical support and crop inputs are registered and licensed as contract Tobacco Buyers at the time of Farmer Registration	Delete the all entire clause
Page 7, 6.1	The Buyer shall not purchase tobacco from growers not duly registered by TBZ in a particular selling season or from any other Growers outside the contract. Should the buyer purchase such tobacco, TBZ shall suspend the Buyer's license and apply the penalties as provided for in the Tobacco Act.	Agreed upon, but TBZ to give the final list of registered growers to all stakeholders by 31 st December, 2019
6.2	In respect of 6.1 above, the 2019 crop shall be exempt to ensure total compliance for non-registered growers for the current crop.	Delete the all Clause
6.5	TBZ shall officially declare the volumes produced by Self-Sponsored Growers to the Ministry and the buying companies before the official commencement of tobacco marketing.	Include the date when the volumes will be declared: 31 st March of each year
6.6	TBZ shall produce the list of Self-Sponsored Growers clearly showing the area they come from, the type of tobacco grown and the hectareage to the Ministry and all stakeholders.	Include the date when the hectareage will be declared: 31 st December of each year
7.1	All holders of floor Licences shall ensure that the scales are properly certified by the <u>Zambia Weights and Measurements Agency (ZWMA)</u> before commencement of the marketing season.	Change "Zambia Weights and Measurements Agency" to "Zambia Metrology Agency"

7.2	All holders of floor Licences shall ensure that they obtain a valid Phytosanitary Certificate from Plant Protection and Quarantine (PPQ) Unit ZARI before commencement of the marketing season.	Include date: 31 st March of each year
7.4	<u>Any bales with foreign matter, i.e, Non-Tobacco Related Material (NTRM) or</u> Nested tobacco bale may be confiscated and forfeited to TBZ and shall attract a penalty as stipulated in the Tobacco Act	Remove “Any bales with foreign matter, i.e, Non-Tobacco Related Material (NTRM) or”
7.6	All Holders of Floor Licences shall on <u>daily basis</u> upload sales information to TBZ Bright Leaf Information System to ensure that TBZ is able to consolidate the information, calculate levies and monitor the marketing processes in general.	Replace “Daily basis” with “day after sales”
8.3	The <u>Buyer</u> shall notify TBZ of bales delivered to each selling point and furnish TBZ Sales Supervisors before each sale with a statement giving the following particulars on all tobacco to be sold: - i. the registered names and numbers of the Growers; ii. the number of bales and mass of tobacco	Replace “Buyer” with “Floor Operator”
8.4	The Buyer shall ensure that contract tobacco is delivered to designated Sales Floors or Auction Floors where the Buyer shall purchase it using an approved price grade matrix.	Delete the all clause
8.5	The Buyer shall furnish the TBZ Sales Supervisor after each sale within 24 hours of such sale having taken place, with the following information: - i. sales return showing number of bales sold with full valid registration details of participating growers; ii. total mass and value of tobacco <u>sold</u> , the <u>rejection rates</u>	Replace “sold” with “bought” and delete “rejection rate”

8.6	<p>The buying process shall follow the procedure below:</p> <ul style="list-style-type: none"> i. The Buyer shall start the sale by placing his class on the bale <u>on the</u> ticket; ii. The Grower's Representative in the company of the Farmer/Agent shall follow close behind and agree or disagree with the offer made by the Buyer. If the Grower's Representative/Agent disagrees, he shall propose an alternative grade; iii. The Buyer shall have a second look and if he disputes and is unable to negotiate the difference with the Grower's Representative, then the following will apply: <p>d) <u>The Arbitrator shall be a senior representative of the Tobacco Board of Zambia.</u></p> <p>iv) <u>The Tobacco Board of Zambia Classifier shall classify the tobacco bought for research and statistical purposes.</u></p>	<p>Delete "on the"</p> <p>Replace "senior" with "Senior Technical" representative of the Tobacco Board of Zambia</p> <p>Replace "The Tobacco Board of Zambia Classifier shall classify the tobacco bought for research and statistical purposes" with "TBZ to electronically Classify tobacco bought by Buyers for research and statistical purposes"</p>
9.3.1	<p>The Grower's Representative shall be responsible for technically advising the <u>Farmer</u> and has the duty to advise:</p>	<p>Replace "Farmer" with "Grower"</p>
10.1	<p>The Buyer shall deduct and remit the Growers' statutory levy to TBZ on such tobacco purchased from Registered Growers at the rate of 2% <u>in line with and</u></p>	<p>Remove "in line with and in the manner specified in SI No. 67 of 2018 within 21 days</p>

	<u><i>in the manner specified in SI No. 67 of 2018 within 21 days upon completion of purchase transactions. A Buyer who does not remit the levy within the specified time frame will have the Buyer's License suspended</i></u>	upon completion of purchase transactions. A Buyer who does not remit the levy within the specified time frame will have the Buyer's License suspended “
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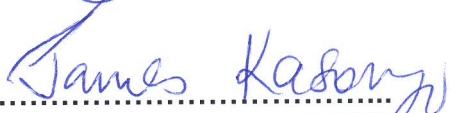
4.0 After deliberations and corrections made on the Agreement, the meeting agreed that TBZ makes the corrections and concerns raised on the Tobacco Industry Agreement and share the same with the Stakeholders by Friday 4th October 2019. Stakeholders shall submit their input by Friday, 11th October 2019 and a final document shall be produced by Friday, 17th October, 2019. Thereafter, the Stakeholders together with their witness shall sign the Agreement at the Ministry of Agriculture. The meeting further agreed that the signing at the Ministry of Agriculture will not require a meeting but that each institution will go as individuals based on the invitation by the Permanent Secretary Ministry of Agriculture.

5.0 In the Chairman's closing remarks, he thanked all the participants for their contributions and for attending the meeting on short notice. He said Tobacco was a important crop that contributes greatly to the GDP of Zambia. He further mentioned that with proper policies in place and the unit of all the stakeholders in the Industry, Tobacco can uplift the economy of Zambia. He further mentioned that the Tobacco Act was being discussed at a high level and as a Ministry they would ensure that the Tobacco Act was well stipulated, protecting everyone in the value chain. He emphasized on working as a family and that meeting was called to discussed tobacco related issues, unity should apply and everyone was encourage to attend the meetings being called not only meetings called by the Permanent Secretary. He further advised not to segregate by choosing which meeting to attend to and looking at who calls for a meeting.

6.0 The meeting was closed at 12:58 hours with a prayer from Ms. Malumbo Namposya.


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CHAIRMAN


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NAME


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SECRETARY

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NAME

