

Zimbabwe's tobacco producers earn less despite increased exports

By Annelie Coleman | 13 March 2024 | 5:30 am

Zimbabwe's tobacco exports increased markedly in the first two months of 2024. A total volume of 56 500t of tobacco was exported in January and February.



Tobacco exports from Zimbabwe have seen a remarkable increase in 2024, but farmers are struggling to reap the benefits due to market challenges and loan repayments, highlighting the complexities of the industry.

Photo: FW Archive

This represented a 106% upsurge from the 27 600t exported during the same period in 2023, according to data released by Zimbabwe's [Tobacco Industry and Marketing Board](#) (TIMB).

The value of tobacco exports also rose steeply, reaching US\$369,6 million (about R6,9 billion) in 2024 compared with US\$122,2 million (R2,28 billion) in 2023. This presented a growth of nearly 200%, according to [chronicle.co.zw](#).

The Far East was the largest recipient of tobacco exports in both years, with exports to the region more than quadrupling in 2024 to 40 600t. Exports to Africa and the Middle East also showed significant increases.

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After export earnings, however, a significant portion of the proceeds were used to pay off offshore loans used to finance tobacco contract schemes, further diminishing net earnings.

[The Zimbabwe Tobacco Growers Association](#) (ZiToGA) said in a statement that the Reserve Bank of Zimbabwe's (RBZ) foreign currency retention facility, pegged at 25% in local currency, had been eroded by inflation.

"The issue of forex retention, which was limited to 75% forex and 25% local currency, will negatively affect the profitability of the farming business to the ordinary growers as most, if not all, production costs are in US dollars," said ZiToGA.

According to ZiToGA, the 25% component would be eroded by the parallel market rate that is currently trading at almost double the official market rate.

The association pointed out that there was a real need for the state, the TIMB, growers' associations and other stakeholders to act collectively for the benefit of tobacco growers.

"To make it worse," stated ZiToGA, "merchants offer growers manipulatively low prices on their high-quality tobacco during the marketing season. They are not worried about the welfare and financial empowerment of the key producers but mainly focus on making huge profits. The system also compromises the independence of the growers, stripping them of their powers to choose a market of their choice."