



The Sam Moyo African Institute
for Agrarian Studies

**INTERNATIONAL COMPANIES
AND CONTRACT FARMERS AFTER FAST TRACK
LAND REFORM PROGRAMME IN ZIMBABWE**

By: Yumi SAKATA



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1 INTRODUCTION

Zimbabwe's Fast Track Land Reform Programme (FTLRP), which drastically reconfigured the agricultural structure in the country, has received widespread criticism both locally and internationally. However, it did not completely isolate the country's agriculture from the world. The land reform rather opened gateways for the small-scale farmers to be connected to foreign capital, especially with regards to cash crops like tobacco. This paper studies the reconfiguration of the tobacco industry, changing tobacco markets, and the impact of tobacco contract farming on peasants in rural Zimbabwe.

The FTLRP was implemented to redress the racially skewed land tenure formed during the era of 'settler-colonial agrarian capitalism' (*Moyo and Nyoni 2013:195*). The reform undertaken during the 2000s has redistributed land to over 150,000 households, peasants in the communal areas being most of the beneficiaries of the reform (*Binswanger-Mkhize and Moyo 2012; Moyo 2011a*). Through the reform, the agrarian structure in Zimbabwe has been reconfigured from a bi-modal structure which was characterised by an unequal distribution of land between predominantly large-scale farmers and the marginal peasant, to a tri-modal structure comprising of the peasantry, medium to large-scale capitalist farms, and estates (*Binswanger-Mkhize and Moyo 2012; Moyo et al. 2009; Moyo and Chambati 2014 and Moyo and Yeros 2013*).

Among other agricultural sectors, the tobacco sector has been greatly affected and drastically transformed in structure by the land reform. While tobacco was traditionally grown under the bi-modal agrarian structure until the mid-2000s, dominantly in large-scale farms and marginally by peasants, under the current tri-modal structure, thousands of small-scale farmers, and the farmers in communal areas, both the beneficiaries of the reform, have joined the tobacco production value chain despite the crop's intensive capital and labour injection requirements. The small-scale farmers have eventually become the drivers of tobacco production and successfully led to the recovery of the country's tobacco export value in 2013 to the level of 1999 (*which had shrunk after the FTLRP*). In 2014, more than half of the country's tobacco was produced by small-scale farmers, such as A1 resettlement farm beneficiaries and farmers in communal area² (*TIMB 2014*). This paper discusses the two incentives that led to the revival of the tobacco industry in the last decade. The first is de-racialisation of the industry as a result of the FTLRP and the other is re-insertion of capital by the introduction of tobacco contract arrangements in 2004.

²The FTLRP has redistributed lands through small-scale farm (A1) and medium-scale commercial farm (A2) schemes. While the size of A1 farms varies depending on the condition and the environment of agricultural lands, Moyo (2013) showed that the average size of A1 farms is 20 hectares, including access to common grazing areas, and the average size of an A2 farm is 142 hectares. The reform produced about 145,800 A1 farms and 23,000 A2 farms by 2010 (*Moyo 2013:43*).

Most of the tobacco companies providing the contract arrangement in the country are either of foreign origin or have foreign influence, from both the West and the East, that is, countries such as the U.K, China, Japan, etc. While the tobacco industry was traditionally run by settler agrarian capital with the dominant influence of Europe, the industry has been re-internationalized to include participants from the East. Much of the literature has described the current inflow of foreign capital into Africa as a 'new scramble' (*Carmody 2011; Melber and Southall 2010; Moyo et al., 2012*). The continent has received more global investment in the early years of the 21st century than at any time in the past five decades (Melber and Southall 2010), although this situation, which was characterized by limited inflow of foreign investment, was once depicted as the 'African Crisis' (*Arrighi 2002*). While the 'new scramble' for Africa tends to be perceived in the context of land grabbing, scramble for mineral resources and remilitarization, among others., this paper examines whether the inflow of foreign capital through contract farming arrangements also creates room for the 'new scramble' in rural Zimbabwe. And if so, what kind of 'new scramble' is generated, and what is the impact of the scramble on the peasantry?

The paper starts by briefly explaining the reconfiguration of the agrarian structure through the FTLRP. Then it presents the evolution of the tobacco industry after the FTLRP. The paper then focuses on the tobacco contract arrangement mechanism and the players in the industry (*the farmers, local and foreign tobacco companies*). Finally, using data from the field, the paper shows how small-scale farmers have participated in contract-farming arrangements and then concludes by analysing the extent the 'new scramble' is taking place in the rural Zimbabwe through tobacco contract farming.

2. RECONFIGURATION OF THE AGRARIAN STRUCTURE

Zimbabwe's FTLRP undertaken in the 2000s has been extensively debated and documented. Works undertaken by the Sam Moyo African Institute of Agrarian Studies in Harare show that the FTLRP has reconfigured the agrarian structure from bi-modal to tri-modal (*Chambati 2013; Moyo 2011a, 2013; Moyo and Nyoni 2013; Moyo and Yeros 2013*). The bi-modal structure consisted of Large-scale commercial farms and plantations operated by domestic and foreign capital one hand and black peasants on the other while the tri-modal agrarian structure is composed of peasants, middle to large sized capitalist farms, and estates (*Chambati 2013; Moyo and Nyoni 2013; Moyo and Yeros 2013*).

Table 2-1 shows the reconfigured agrarian structure from bi-modal to tri-modal. The new agrarian structure is unique in the sense that it is based on a clear demarcation in the state policy, distinct land holding size, form of land tenure, social status of landholders, and dominant forms of labour used (*Moyo and Nyoni 2013; Moyo and Yeros 2013; Moyo 2011a*). The peasantry or small-scale farm group is dominant in terms of the aggregate number of farms in the country, and is comprised of communal, old resettlement, and AI farms (shown as Group 1 in Table 2-1). The farmers who belong to this category hold usufruct permits over their agricultural land, and depend on self-employment of family labour (*Moyo and Nyoni 2013; Moyo and Yeros 2013*). The second group, medium to large-scale capitalist farms, is comprised of small-scale commercial farms (SSCF), A2 farms, and large-scale commercial farms (LSCF) (shown as Group 2 in Table 2.1). The farmers found in this category hold 99-year non-tradable leases over their land, and depend more on hired labour than family labour (*ibid*). The third group is comprised of agro-estates that include state and private owned, conservancy and institutional estates. They hire large numbers of permanent and seasonal labour and contract out-growers (*shown as Group 3 in Table 2.1*) (*Moyo 2011a; Moyo and Nyoni 2013*).

Table 2-1 Agrarian Structure: Estimated land holdings from 1980 to 2010

	Farms/households (000's)						Area held (000 ha)				Average Farm size (ha)			
	1980 No	%	%	2000 No	%	2010 No	%	1980 ha	%	%	2000 ha	1980	2000	2010
Group 1 Peasantry	700	98	98.7	1 125	98	1 321	49	16 400	61	79	20 067	23	18	20
Group 2														
<i>Mid-Sized Farms</i>	8.5	1	1	8.5	2	30.9	4	1 400	4	13	1 400	165	165	142
<i>Large farms</i>	5.41	1	0.4	4 956	0.1	1 371	39	13 000	27	4	8 691.6	2 407	1 754	844
Group 2 Sub-total	3.9	2	1.4	13 456	2.1	32 271	43	14 400	31	17	10 091.6	2 572	1 919	986
Group 3 Estates	0.296	0.1	0.02	0.296	0.02	0.247	8	2 567	8	5	2 567	8 672	8 672	6 051
Total	714	100	100	1 139	100	1 352	100	33 367	100	100	32 726	46.7	28.7	24.3

Source: Adapted from Moyo and Nyoni 2013 (Table 6.1)

The FTLRP has enlarged the peasantry and middle-sized farms while decreasing the number of LSCF; most of them are white-owned (see *Table 2.1*). With the addition of thousands more black-owned A2 middle-sized and large-sized farms, the reform has created a 'de-racialized' tri-modal agrarian structure (*Moyo 2011b*). While agro-estates are retained for about 5% of the entire agricultural land, actors involved in their business as out-growers, shareholders, etc, are diversified in terms of race, nationality, and class (*Moyo and Nyoni 2013:203*).

3 THE EVOLUTION OF THE TOBACCO INDUSTRY

De-racialization of The Industry

Among other agricultural sectors, the tobacco sector has steadily aligned with the entire agricultural class transformation undertaken due to the FTLRP. The number of small to middle-sized tobacco growers largely increased and the structure of the tobacco industry became 'de-racialized' after the FTLRP. With the arrival of the British South African Company Column in 1890, high value was attached to tobacco production which later on went to become key source of foreign exchange (Rubert 1998). The immigrants from Europe and also from the South started growing tobacco in the early 1920s and tobacco eventually surpassed gold for Southern Rhodesia's export value by 1945 (ibid). The tobacco farming exercised before the FTLRP is marked as dualistic bi-modal between the whites as capitalists and the blacks as their employed labours (ibid), although an insignificant proportion of the crop was grown by the peasantry before the FTLRP. The FTLRP has largely reconfigured the tobacco growers' structure from bi-modal to tri-modal, but largely parallel with the new national agrarian structure which we discussed in the previous section.

Table 3-1 shows yield and area planted for tobacco by the three classes. Small-scale farms in the table consist of communal, old resettlement, and A1 farms. Medium-scale farms consist of SSCF and A2 farms, while large-scale farms consist of LSCF³. It demonstrates how the tobacco industry has departed from bi-modal to another level of tri-modal structure by enlarging the presence of small to medium scale farms as is also shown in the national level.

Table 3-1 Tobacco growers' structure by class

Type of Producers	1995				2000				2012			
	Production		Area		Production		Area		Production		Area	
	Ton	%	Ha	%	Ton	%	Ha	%	Ton	%	Ha	%
Small Scale	3 598	2	3 760	5.2	9 258	4.8	11 204	14.6	73 656	53	58 317	62.9
Medium Scale	326	0.2	427	0.6	1 051	0.6	834	1.1	36 449	26	21 670	23.4
Large Scale	174 728	97.8	68 273	94.2	179 333	94.6	64 448	84.3	29 074	21	12 718	13.7
TOTAL	17 865	100	139 170	100	190 242	100	76 486	100	139 170	100	92 705	100

Source: Compiled by the author from ZIMSTAT(2012b) data.

Note: Large-Scale is comprised of the farms categorized under Large Scale Commercial Farms on the statistics, Medium Scale is comprised of Small Scale Commercial Farms and A2 farms, and Small Scale is comprised of A1 and communal farms.

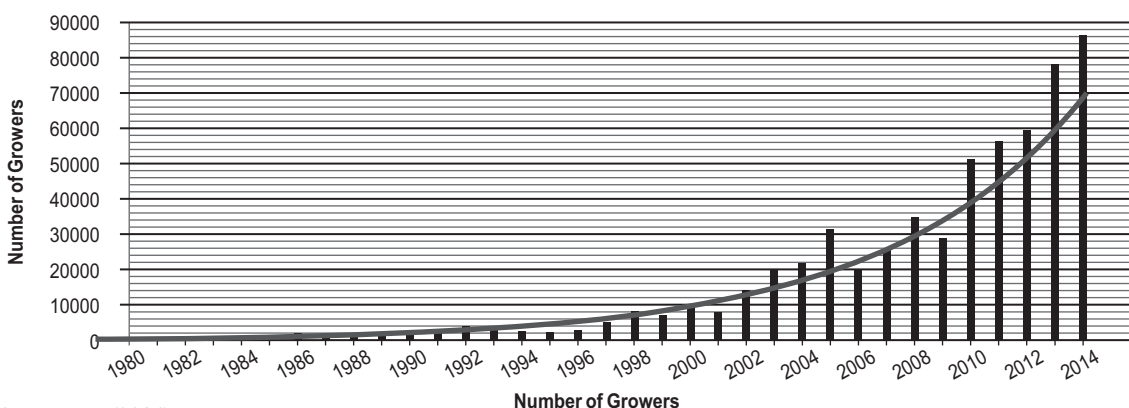
³This article does not talk about the estates growing tobacco since neither the Central Statistics Office nor the Tobacco Industry and Marketing Board (TIMB) provide the statistics of the estates growing tobacco.

Before the reform, in 1995, the large-scale farm class grew by about 98% of tobacco grown on 94% of the tobacco field. After the reform in 2012, the contribution by large-scale farms decreased to 21%, while middle-scale farms improved their contribution to 26% and small-scale farms emerged as the biggest contributor, growing 53% of the national tobacco production (TIMB 2014).

Re-insertion of Capital Into The Industry

The FTLRP created an agricultural structure for the small and middle scale farm classes to engage in the industry as tobacco growers. During the early 2000s, the volume of agricultural finance coming from both domestic and foreign sources fell sharply (Moyo 2011a). The state sought to deal with this challenge by introducing tobacco contract-farming schemes in 2004 (Moyo and Nyoni 2013). With the re-insertion of capital, the industry managed to take off again.

Figure 3-1: The number of registered tobacco growers since 1980



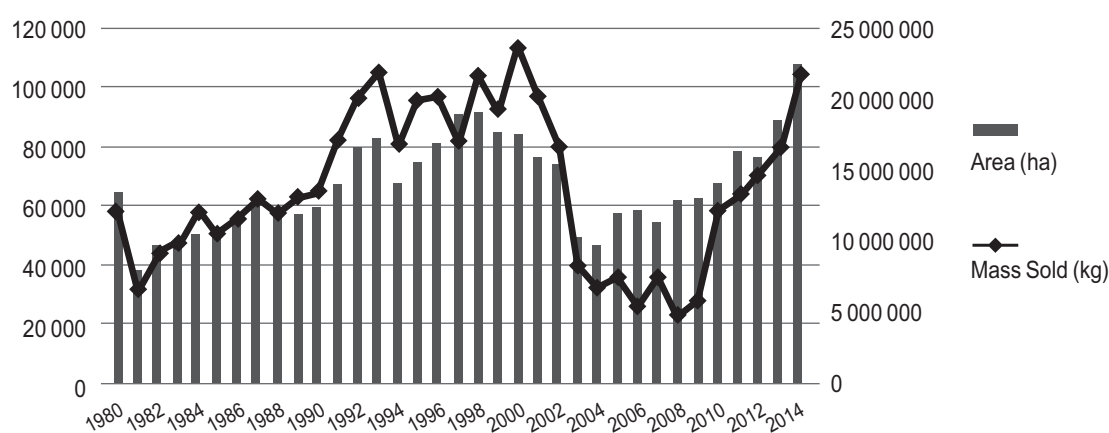
Source: TIMB (2014)

Until 2004, all the tobacco produced in the country was sold at the three licensed auction floors, namely, Boka Tobacco Auction Floor, Tobacco Sales Floor Limited and Premier Tobacco Auction Floors. With the introduction of contract farming, tobacco growers now have a choice of markets- between auction floors or contract arrangement. Since the introduction of contract-farming schemes, the number of tobacco growers, the overall area of tobacco planted and the volume of tobacco sales, have all increased. The expansion of small to medium sized farm classes as a result of the FTLRP and the introduction of contract farming in 2004 have made tobacco farming popular and greatly improved the number of tobacco growers. While the number of tobacco growers at the time of independence in 1980 was 1,547, the figure had increased by 2014 to 87,166 registered tobacco growers (Figure 3-1). Among these, about 36% (31,487 growers) are AI farmers,

and about 44% (39,094 growers) are communal farmers (TIMB 2014)⁴, Table 3-2. Thus, more than 80% of tobacco growers are small-scale farmers or the peasantry. While the industry was traditionally led by white large scale commercial farmers, the peasantry is the current driver of the industry.

Figure 3-2 shows the area of tobacco planted and the volume of tobacco sales which starts to climb up from an all-time low of about 49 million kg's in 2008 to 216 million kg's in the 2014 agricultural season (TIMB 2014). The area planted for tobacco has also increased even more remarkably with the area planted in the 2014 agricultural season reaching the record of being the largest area planted ever since 1980.

Figure 3-2: The Area Planted and the Mass Sold of Flue Cured Since 1980



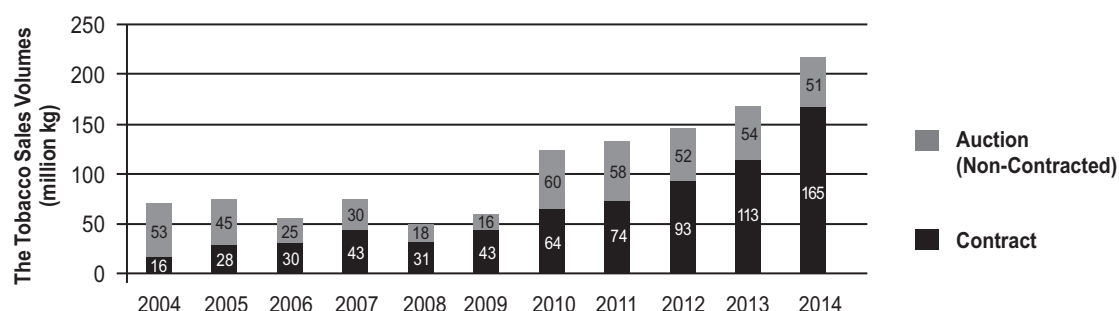
Source: TIMB (2014)

Figure 3-3 shows the volume of tobacco sold through contract arrangements and the tobacco auction floors since the introduction of tobacco contract farming in 2004. In 2008, when the volume of tobacco sales was the lowest for the past several decades, some 49m kg was transacted; about 36% of 18m kg was sold through auction floors and 63% of 31m kg was sold through contract arrangements. In the 2014 agricultural season, the volume of tobacco sales increased 216m kg; with about 23% being sold through the auction floors while 76% was transacted through contract marketing arrangements. With the entire volume of tobacco sales increasing fourfold between 2008 and 2014, tobacco sales through contract arrangements increased five fold during the same period. Sales via the auction floors also increased although the level is not as significant as the one produced through contract arrangements. The introduction of contract farming increased the volume of

⁴From the entire national beneficiaries of AI farm of about 146,000, 20% of them are registered as tobacco growers. TIMB is a parastatal established in 1936 through the Tobacco Marketing and Levy Act. Its main role is to control and monitor the tobacco market, among other activities. TIMB avails rich reports and tobacco statistics on their website, <http://www.timb.co.zw> (accessed on 10 August 2015).

tobacco production at the national level.

Figure 3-3 Tobacco Sales Volume By Different Markets



Contract farming is open to all farming classes, from large-scale to small-scale farmers. Most donors and think tanks have tended to assume that the land beneficiaries in Zimbabwe are inherently incapable of producing (*agricultural commodities*) commercially, and seem to advocate for private land tenure ostensibly to improve access to credit (Moyo and Nyoni 2013:198), international tobacco companies have expanded their operations into resettlement and communal areas post FTLRP. Among the 49,143 tobacco growers registered for contract farming in 2014, about 80% of them are small-scale farmers or the peasantry. Regarding the amount and value of production, A1 farmers produce 26% of the entire national tobacco production and communal farmers produce 23%. While more than 80% of tobacco growers are small-scale farmers, they do not contribute more than half of the amount and value of the entire national tobacco production. Moyo (2011a:957) notes that some contractors prefer peasants and middle-scale producers because 'they are less able to resist lower price margins compared to larger-scale producers, who generally have higher social standing and fare better in procuring inputs using their own income, credit and subsidies'. While the impact of contract farming on small-scale farmers is discussed in a later part of this paper, their contribution toward the industry considerably increased compared to their marginal participation before the FTLRP. Therefore, the tobacco industry has subsumed a variety of classes and races after the FTLRP.

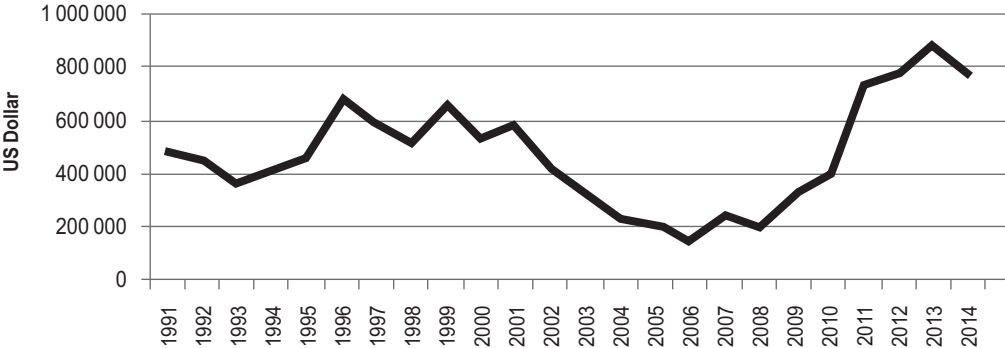
Table 3-2 Tobacco Production By Farming Sector (2014)

	Number of Growers		Mass (KG)		Mass (Value)	
	Count	%	Count	%	Count	%
A1	17 918	36.5%	42,197,031	26%	128,656,613.00	23%
Resettlement Communal	21 641	44.0%	38,452,893	23%	115,667,801.00	21%
Other	9 584	19.5%	84,722,592	51%	852,588,217.56	56%
	49 143	100%	165,372,516	100%	548,441,316.28	100%

Source: TIMB (2014)

The country also remains as the third biggest tobacco exporter in trade value in the world, after Brazil and the US since 2011 (*UN COMTRADE website*). The value of exported tobacco increased from the mid-2000s and by 2010 the export value had surpassed the one before the FTLRP (*Figure 3-4*). Until 2010, the largest volume of tobacco was sold to the European Union countries, but since 2011, China became the biggest buyer of Zimbabwean tobacco. In 2014, China imported 36% of the national tobacco production (*TIMB 2014*).

Figure 3-4: Tobacco Export Value



Source: TIMB (2014)

The FTLRP and contract farming arrangement have drastically reconfigured the tobacco industry and brought positive impacts at the national level. FTLRP has de-racialized the industry while the re-insertion of capital through contract farming motivated the peasantry to participate in tobacco growing. As a result, tobacco became one of the fastest recovering crops after the FTLRP.

4 CONTRACT FARMING MECHANISM AND THE PLAYERS IN THE INDUSTRY

According to the World Investment Report (WIR) (2009), contract farming activities by TNCs are spread worldwide, covering over 110 developing and transitional economies, spanning a wide-range of commodities and, in some cases, accounting for a high share of output (UNCTAD 2009: xvii). The World Bank acknowledges contract farming as an institutional innovation, arguing that it reduces the transactional costs and the risks faced by smallholder farmers (World Bank 2007:237). Contract farming is not new in Zimbabwe but has also been practised in tea, sugar, and cotton production since the mid-1950s (Jackson and Cheater 1994). Especially after independence in 1980, the government supported contract farming to reduce the 'dualistic' agricultural structure, that is, peasant versus commercial agriculture. Before 1986, the government also played a significant role to promote contract farming between estates and peasants by providing agricultural loans to sugar out growers (Moyo 2011a, Sachikonye 1989). By 2000, the private financing relationship between LSCF and banks had become the dominant bond tying more farmers and capital farming (Moyo and Nyoni 2013).

Post FTLRP, farmers are directly tied to companies through contract farming as seen in the case of tobacco farming. There is no intermediary between capital and farmers in the current contract farming arrangements. Tobacco companies travel to agricultural areas to sign contracts directly with farmers on an annual basis. The mechanism of tobacco contract farming is that private companies supply input goods, and sometimes cash for labour costs, to their contracted producers, and the companies deduct the input costs from the buying price. The companies normally provide fertilizer, chemicals, baling material, and coal or firewood for curing.

Under the contract arrangement, the companies solely determine the price of tobacco produced by the contracted farmers under the supervision of TIMB. In the 2013 agricultural season, the average price of tobacco was \$3.32 per kg at the contracted sales and \$2.69 at the auction floors. Although each tobacco firms determine the tobacco price for their grower's tobacco without bidding, contracted tobacco price has been higher than auction floor prices since 2009. An interview with a source in the industry, revealed that in an effort to attract farmers and to keep them for years, contract firms pay higher prices for the tobacco they source from farmers.

In the 2014 season, 15 tobacco contracting companies were registered as authorised

contractors. Among these companies, Tian-Ze, a Chinese state-owned company from the Yunnan Province, is the biggest buyer, although the number of contractors under it remains small since the company exclusively contracts middle to large-scale farmers only. The company buys tobacco from contracted farmers and at the auction floors. Mukwereza (2015) noted that Tian-Ze played a 'pivotal' role in resuscitating the tobacco industry in Zimbabwe. The company was founded following the visit of a high level Chinese government delegation at the invitation of the government of Zimbabwe just soon after the contract arrangement scheme had been enacted in 2004. Since then, Tian-Ze has invested heavily in the Zimbabwean tobacco sector. According to Mukwereza (ibid:10), the company brought 'capital, competition, confidence, and improved prices.

Regarding contractors other than Tian-Ze, there are 5 'purely' local companies, while 10 others are 'officially' international companies or 'have got foreign influence', according to one informant⁵. Of these 10 internationals or 'flavoured' companies, the informant observed that 3 are from China, which mainly enters into contracts with A2 or commercial farmers. Three others are apparently connected to the US; two are working with (*or for*) Japan Tobacco, and one company is part of a British group, while the last one has connections with the UAE.

While there is no doubt that the Chinese company played a leading role in boosting the tobacco industry since the mid-2000s, there are several other companies operating in the industry. In 2014, the international contracting companies were from at least five different countries, China, the US, Japan, the UK, and the UAE. Other than the international companies, there are also several local companies engaged in the scheme. Therefore, China can be considered to have triggered diversification and to have re-internationalized the industry.

It is also often mentioned that the tobacco contract arrangement scheme was developed in response to the government's incapacity to support new farmers born of the land reform period. Zimbabwe had limited alternative agricultural financing options and allowed the tobacco contract scheme in the 2000s as the country was experiencing serious economic challenges which led to hyperinflation. The motivation of the government in inviting international tobacco companies especially from the East, was to resuscitate its economy following years of international isolation by the west. It is, therefore, noteworthy to mention the importance of the role played by the government in inviting the tobacco-contracting companies, leading to an upsurge in the Zimbabwe agricultural sector.

⁵ Interview with an anonymous informant on 20 May 2015. The issue of companies' share in Zimbabwe tends to be sensitive. Foreign companies operating in Zimbabwe need to meet provisions of the Indigenization and Economic Empowerment Act enacted in 2008, which requires all the companies operating in the country to transfer their 51% of their company share to the local African ones. Several tobacco companies are registered as local but still left a strong 'foreign flavour'

5 SMALL-SCALE TOBACCO GROWERS

As shown in the discussion so far, more tobacco is produced under the contract farming arrangements and the current drivers of tobacco growers are the small-scale farmers. At the national level, the contract farming arrangement brought a positive outcome. The study, meanwhile, also examined the impact of the contract farming arrangement on farmers, i.e. if farmers are also benefiting from the arrangement. A field study was thus conducted to show the impact of contract farming arrangements on small-scale AI farmers.

Methodology

The study interviewed 42 AI farm owners using questionnaires in June and July 2015. It also interviewed a Chief, a councillor, village heads, war veterans, and Agritex⁶ officers based in the research area. The study utilised a comparative approach of contract and non-contracted households to assess the differential impact of contract farming on various small-scale farmers. The study was taken at two broad levels which consisted of contracted tobacco farmers and the second level involving independent (non-contract) tobacco farmers. The study also divided the contracted farmers into differentiated groups according to the company they were contracted to.

The Research Area

To understand the performance of small-scale farmers, Ward 7 of Marondera District, in the Mashonaland East Province, was chosen as a field site. The population of Ward 7 is 5417 people and the number of households is 1346 (ZIMSTAT 2012a). There are 32 subdivided villages in the ward and each village has its own village head. The place is situated about 40km south of Marondera town, the capital of Mashonaland East Province, and about 100km South East of Harare, the capital of Zimbabwe. The area falls into Agro-ecological Region IIB.

⁶ Agritex is a department within the Ministry of Agriculture, Mechanization and Irrigation Development. Its main mission is to provide administrative, technical and advisory support to farmers' (Zamchiya 2011:1095).

⁷ Zimbabwe is divided into five agro-ecological regions, from Region I to Region V, known as natural regions on the basis of the rainfall regime, soil quality, and vegetation, among other factors. Region II where annual rainfall is between 750mm to 1000mm is divided into IIa and IIb according to the level of probable rainfall of more than 500mm between October and April, and the length of the growing period. See (FAO 2006) for further information on natural regions.

There are several reasons why the area was chosen, notably, logistical matters such as easy accessibility from the capital city, Harare, and the reliable condition of the road infrastructure in the area. But more importantly, the area was chosen as a field site since the current agricultural activities of the area have not yet been fully studied, except for the journalistic attentions the area attracted before 2000. The ward is known as one of the first areas where land occupations were carried out in the late 1990s, before the government officially launched the FTLRP (*Herald 1998a; 1998b, Sadomba 2008, Takawira 2015*). Before the white settlers had arrived, the area was governed by Chief Svosve, and in the late 1940s, the Svosve people were forced to move to a rocky and less fertile area, now called Svosve Communal Land⁸. After that, the whole ward was occupied by LSCF until the dawn of land invasions led by war veterans and the Svosve people in the late 1990s when the area was now redistributed to A1 and A2 farmers.

The survey found 4 different companies operating in the area (*Table 5-1*). All the four companies do not disclose their company profiles on websites. But according to an interview with a source in the industry, of the four companies, two are local and the other two are international companies. The two international companies are financed by the US, and one local contracting company is apparently producing tobacco for a Japanese tobacco company. This study pre-targeted to interview about 10 farmers under each company, but ultimately only managed to interview 42 farmers in total, namely, 12 farmers under Company A, 7 farmers under Company B, 10 farmers under Company C, 7 farmers under Company D, and 6 independent (*non-contracted*) farmers (*Table 5-1*).

Table 5-1: Tobacco Companies and Farmers Interviewed In The Area.

Company		Number (n=42)
A	International	12
B	International	7
C	Local	10
D	Local (JT)	7
Independent (Non-Contracted)		6

Source: Survey data, 2014

The Characteristics of A1 Farmers in the Research Area

All the farmers interviewed received 6ha arable land and 1ha for their homestead, and have access to communal grazing area. More than half the interviewees, 60% of them (25 farmers), settled on the area between 2000 and 2005, and had been farming for more than 10 years by

⁸ Interviewed with the village head of Mali Village in Ward 7, on 13 July 2015, Mr. Mugaza, on 13 July 2015, and Mr. Mashangwe, on 2 August 2015. See also Sadomba (2008) for the initial stage of land occupations in the late 1990s.

the time of the research. Thirteen other interviewees settled between 2006 and 2010, and another 2 resettled after 2011, showing that land redistribution process is still occurring.

Table 5-2 shows the demographic characteristics of the interviewees. The study interviewed 36 contracted farmers and 6 independent (*non-contracted*) farmers. All the interviewees were farm owners, except in one case in which the respondent was the wife of the farm owner. The tobacco growers are dominantly male (see Table 5-2). In terms of the size of households, out of 42 farmers, more than half (24 farmers) have 5 to 7 family members (including the interviewee).

Table 5-2: Demographic Characteristics of the Interviewees

Characteristic	TOTAL (n=42)	Independent (n=6)		Contracted (n=36)	
		No.	%	No.	%
Gender	Male	6	100	33	92
	Female	0	0	3	8
Total		6	100	36	100
Age of Farm Owner	< 20	0	0	1	3%
	20 - 39	3	50	8	22%
	40 - 59	2	33%	23	64%
	> 60	1	17%	4	11%
Total		6	100	36	100%
Educational Level	No Schooling	0	0	0	0%
	Primary	0	0	0	0
	Secondary	4	67%	14	39%
	Advanced Level	1	17%	17	47%
	Tertiary Level	1	17%	5	14%
Total		6	100	36	100%
Number of Family Members	< 2	0	0	1	3%
	2 - 4	1	17%	10	28%
	5 - 7	3	50%	21	58%
	> 8	2	33%	3	8%
	No Answer	0	0%	1	3%
Total		6	100	36	100%

Source: Survey data

Other than tobacco, the popular crops grown by the farmers are maize, being their staple food, and groundnuts. More than half the farmers grow these two crops aside tobacco (see

Table 5-3). Maize and groundnuts are grown mainly for family consumption. The survey found out that many farmers rely mainly on tobacco for income.

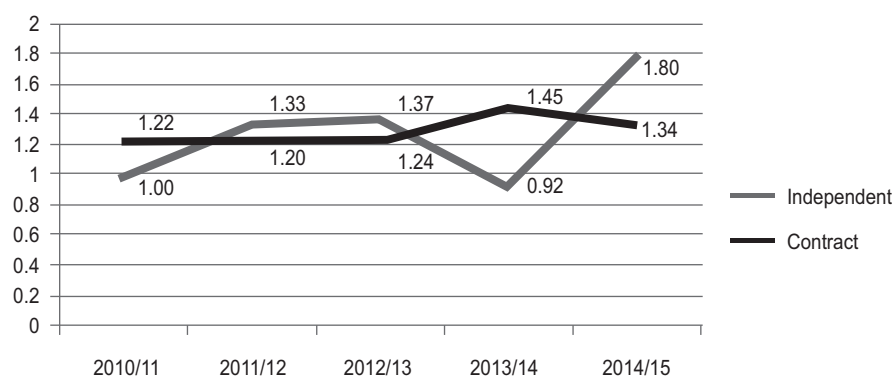
Table 5-3: The Number of Crops (Including Tobacco) Grown By Each Household

Characteristic	Independent (n=6)	Contracted (n=36)	Total
Less Than 3 Crops	4	20	24
More Than 4 Crops	1	16	17

Source: Survey data

Figure 5-1 shows the average size of the tobacco field cultivated each year. The average size of their tobacco fields in the past 5 years is 1.28ha for independent farmers and 1.29ha for contracted farmers. There is not much difference on the average size of the tobacco field between them, but the figure shows the size of the field under independent farmers changed more significantly than that for the contracted farmers. From the 2013/14 to the 2014/15 season, the average size of the tobacco field by independent farmers increased from 0.92 ha to 1.8ha, while the contracted farmers decreased their field by about 0.10ha in the same period. Both independent and contracted farmers, meanwhile, have increased the size of their tobacco fields compared to 5 years ago, in the 2010/11 season. This shows that the tobacco farmers prefer expanding on tobacco on their land and this tendency has slightly increased in the past five years.

Figure 5-1: The Size of Tobacco Field (ha)



Small-Scale Farmers Connected To International Companies

The survey also sought to understand how the farmers started contract arrangements with the companies. Of 36 contracted farmers, 86% of them (31 farmers) stated that the contractors came to their area to recruit them. 11% (4 farmers) indicated that they

themselves visited the companies in town to ask for contract arrangements, while the rest, 3% (*one farmer*) reported that they had been referred to the contracting companies by other farmers in their area.

All the farmers agreed that the company had fully explained the contract arrangement details, both in Shona and in English, through the use of field officers who also monitor and advise them. These officers are the ones who sometimes recruit farmers and also explain the contracts. Some farmers, however, mentioned that they only meet the company field officers when they sign next contracts and when they receive inputs, that is, no extension services are received during the production periods.

The kinds of inputs the companies supply are generally similar (see Table 5-4). All the 4 companies supply fertilizer, chemicals such as pesticide and fungicide, and tobacco baling materials. Company B organizes transport for the farmers, at a cost of \$10 per bale. Companies C and D supply labour cost of \$100 per hectare. Company D supplies cash for firewood as well. The companies seem to cover all the inputs the farmers require for tobacco farming. Out of the 36 contracted farmers, however, 97% (*35 farmers*) expressed the concern that the quantities of some inputs provided by the companies were insufficient. The farmers explained that while the chemicals they receive are adequate, the fertilizer provided is almost half the amount they are recommended to use for tobacco farming per hectare.

Table 5-4: The Kinds of Inputs Supplied By The Tobacco Companies

	INPUTS						OPERATING COST	
	Seeds	Fertilizer	Chemicals	Firewood	Coal	Bale Materials	Labour	Transport
A		●	●		●	●		
B	●	●	●	●		●		●
C		●	●	●	●	●	●	
D		●	●	●		●	●	

Source: Survey data

Cost of Growing Tobacco

Tobacco is a high-input crop. An officer of the tobacco department of the Agritex Research Office in Marondera District explained that the average cost of growing tobacco (*excluding operation cost, such as labour and transport costs*) is about \$600 per hectare. Table 5-5 shows the input costs of the independent and the contracted farmers per hectare. Regarding contracted farmers, the inputs are provided in advance and they are deducted at the time of tobacco sales. Some companies do not breakdown the cost of each input item on the invoices

given to their contracting farmers. The study found that the price shown in the invoices received from the companies is, instead, the total cost of input items. Thus, in Tables 5-5 and 5-6, the costs of these two categories, fertilizer and chemicals, for contracted farmers, are summed up.

Table 5-5: Average Cost of Growing Tobacco (Inputs, US Dollar)

	Seeds	Fertilizer	Chemicals	Total
Independent	25	462	92	579
Contracted	25	1009	-	1 034

Source: Survey data

The average input cost is \$579 among the independent farmers and \$1034 among the contracted farmers (Table 5-5). The contracted farmers spend almost double the cost of inputs compared with independent farmers. Also among the companies, the cost varies. Table 5-6 shows the average cost of inputs by each company. The table shows, for example, that Company B charged \$1400 per hectare for all their farmers. The amount of chemicals and fertilizer provided by companies also vary, but the input costs of contracted farmers are remarkably higher than the ones of independent farmers.

Table 5-6 Average Cost of Growing Tobacco Sorted by Company

	Seeds	Fertilizer	Chemicals	Total
A	25	955	-	980
B	25	1400	-	1425
C	25	738	-	763
D	25	1066	-	1091

Source: Survey data

Revenue

Figure 5-2 and Table 5-7 show the median revenue of the tobacco farmers under each category. The numbers on the figure and table are based on typical input costs and exclude labour and other operational costs. Figure 5-2 indicates that even though contracted farmers have realised more income/revenue than independent farmers in the indicated seasons, their average revenue per household has fluctuated widely every season. At the difficult 2014/2015 agricultural season, the average revenue of contracted farmers under Company

B decreased as much as 100% compared to the previous year, while they increased their revenue to 112% in the 2012/2013 season. The independent farmers also lost their revenue by 40% in the 2014/2015 season and increased for 82% in the 2012/2013 season (Table 5-7). The revenue of independent farmers has been relatively lower than that of contracted farmers in several years, but in the 2014/15 season, their median revenue was the highest.

Figure 5-2 Revenue From Tobacco (Median)

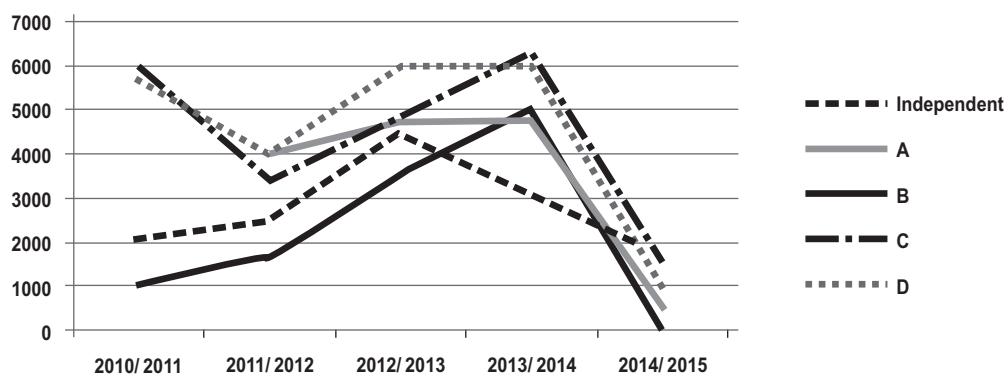


Table 5-7: Revenue From Tobacco and The Percentage Change.

	2010/11	2011/12	2012/13	2013/14	2014/15
Independent (% Change)	2050	2450 (20%)	4450 (82%)	3000 (-33%)	1788 (-40%)
A	N/A	4000	4700 (18%)	4750 (1%)	500 (-89%)
B	1057	1650 (56%)	3500 (112%)	5000 (43%)	0 (-100%)
C	6000	3395 (-43%)	5000 (47%)	6290 (26%)	1579 (-75%)
D	5700	4000 (-30%)	6000 (50%)	6000 (0%)	1000 (-83%)

Source: Survey data

Also from Figure 5-2 and Table 5-7, agriculturally favourable season such as 2012/2013 season, and unfavourable season tend to apply to all the farmers. According to farmers in Ward 7, the 2014/15 season was a difficult one, especially for small-scale tobacco farmers with no access to irrigation facilities. The survey found that the revenue of all the interviewed farmers decreased in that season. This is partly a result of the late rains and long dry spell during this particular season. The farmers who planted at the beginning of the rainy season in November 2014 spoiled their plants since they did not receive substantial rainfall between mid-November 2014 and the beginning of January 2015, thus resulting in decreased tobacco production volumes. Erratic rainfall also led to severe leaching of nutrients on tobacco plants (TRB 2014). To alleviate this problem, the plant requires elevated fertilizer use,

premature ripening of the leaf, which further requires substantially higher labour, hence increasing production costs (*TRB 2014:7*). This reduces the quality of most of the crops, particularly in the case of small-scale tobacco growers, inevitably affecting their output prices (*ibid*). The less rainfall affected harshly on the farmers in the research field, especially on contracted farmers.

The research also found that there is a substantial number of farmers who are failing to repay the companies for the inputs, resulting in termination of the contract arrangements for the following farming season. Some had their assets, such as cattle, scotch carts, ploughs, etc., which they had used as collateral in times of signing contracts, taken away.

6. CONCLUSION

This paper has discussed the reconfiguration of the tobacco industry in Zimbabwe and sketched the economic impact of contract farming on small-scale farmers. It showed that de-racialization (*through the FTLRP*) and the re-insertion of capital into the tobacco industry (through contract farming) led small to middle scale farmers to become dominant tobacco growers in the country. The re-insertion of capital was initiated by the Chinese company, Tian-Ze, with the support of the Zimbabwean government. The Asian company did not monopolize but rather internationalized the industry. While Africa has been regarded as 'an undisputed sphere of Western influence' (*Melber and Southall 2010: xix*), especially for a former settlement colony such as Zimbabwe, the study showed that the new participation of Asia and other 'non-western' private countries re-internationalized the country.

However, the new internationalization can also be viewed as a 'new scramble for Africa' (*Carmody 2011; Melber and Southall 2010; Moyo et al., 2012*). There are several companies from different countries flocking into rural Zimbabwe, and this reflects the 'new scramble' seen in the field site. The study indicated that the impact of the 'new scramble' could even be more severe on small-scale farmers since they are directly connected to transnational companies. A substantial number of small-scale farmers have experienced a sharp decrease in their revenue since they need to pay the expensive input costs back to the contracting companies even when the weather is not favourable to them. The government, meanwhile, is steadily benefitting from the contract farming arrangement through the increase in tobacco production volumes and export value since the introduction of contract farming. The 'new scramble' in the context of contract farming should therefore be perceived from three dimensions, that is, capitalist companies, governments, and peasants.

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