

# Mozambique

Overall score:

61

## Summary of Findings

### 1. Industry participation in policy development

Currently, the government of Mozambique still considers the tobacco industry to be one of the main contributors of job creation opportunities (employment) for the population particularly in rural areas. We have witnessed an ever-increasing trend of tobacco cultivation/production in Mozambique, which obviously means that the tobacco industry has great influence in policy development.

For example, in 2019, the tobacco industry growth forecast was of 2.1%, resulting from the positive contribution (production) of existing companies. On the other hand, it was expected that the new tobacco processing company, located in Nacala, Nampula province would be established with capacity to produce 48,000 units/day.

The Mozambique Leaf Tobacco (MLT) company, based in Tete province, has invested about US \$97 million in the purchase of 68,000 tons of tobacco produced in Tete, Manica, Zambezia and Niassa provinces during this campaign.

Ronney Hagger, the director general of that institution, revealed that the purchase of tobacco by the company had increased by 7,100 tons in relation to the campaign transacted, which allowed the 118,000 farmers involved in the production of that cash crop to obtain, at the end of the season, a revenue of more than US \$60 million. According to information from tobacco companies, "the tobacco produced in these provinces is of the best quality and is highly appreciated by our customers in Europe and Asia to where they export." Also according to Mozambique Leaf Tobacco, the investments in setting up equipment for processing and computer equipment for

weighing and qualifying tobacco in the marketing centers were worth more than US \$100 million. On the other hand, they spent US \$97 million on the purchase of tobacco from producers and spent US \$25 million on the purchase of agricultural inputs. At the end of the marketing season the farmers took US \$60 million to their homes as their income.

The managing director of Mozambique Leaf Tobacco also indicated that efforts are being made to improve the dialogue between producers and the company fomenting the crop in ways to clear up some situations that led to a disagreement between the two aspects that result in a failure of the company's production activity.

"We are investing a lot of money in the system of weighing and qualifying the tobacco we buy from growers. We want total transparency and no one is in any doubt when it comes to selecting and marketing tobacco because our common goal is to win at the end of the campaign," said Hagger.

The Ministry of Labour signed a Memorandum of Understanding (MoU) with the Elimination of Child Labour in Tobacco (ECLT) Growing Foundation, an NGO which is fully funded by the tobacco industry which has a provision that the NGO also participates in revising the legal framework on child labor.

### 2. Industry CSR activities

As part of its corporate social responsibility activities, Universal Leaf Tobacco Company, Inc. identified and assisted prospective and regular growers with agricultural inputs and technical backup in the form of field and leaf technicians. MLT has a long-standing partnership with a local Mozambican/Portuguese company, João Ferreira dos Santos, which has been an established agricultural entity for well over a hundred years within the northern provinces of the country. The

partnership was originally set up in the early 1990s and has grown into a meaningful tobacco producing operation that is key to achieving the volumes that are required. In 2003, MLT initiated the construction of a processing facility in Tete city. The facility has an installed capacity of 50,000 tons per year (6-8 months of operation). President Armando Guebuza inaugurated the processing plant, the first in the country's history, in 2005.

On June 27, 2018, the Ministry of Labour signed an MoU with the ECLT Foundation for US \$1.2 million to address child labor and strengthen children's rights, particularly those in rural areas where tobacco is grown.<sup>1</sup> Over a three-year period, the MoU will focus on the removal of children from child labor, community education and training, awareness and communication, institutional capacity-building and the revision of legal frameworks.<sup>2</sup> The ECLT is an international NGO which is fully funded by the transnational tobacco companies (British American Tobacco [BAT], Philips Morris, Japan Tobacco and Imperial Tobacco).

In signing the MOU the Minister of Labour, Vitoria Dias Diogo, said the action plan requires joint efforts, not depending only on government, and the partnership is a clear sign of openness and alignment of cooperation in relation to government policies.<sup>3</sup> The Executive Director of the ECLT said that he was proud to be a partner of the government's endeavors.

### 3. Benefits to the industry

The real benefits of tobacco exports within the framework of preferential trade agreements with the European Union and United States of America aimed at increasing the African Exportations (Cotonou Agreement and Everything But Arms). With the reduction of tobacco production in Zimbabwe in the '90s, the multinationals decided to compensate Mozambique with an increase of additional investments for the production of tobacco. Major inequality in distribution of use of bank credit, inputs or services in favor mainly of the provinces of Tete and Niassa, which produce tobacco.

The tobacco sub-sector has operated in a concessionary system of production since 2002, where the government grants tobacco companies closed concessions as exclusive buyers for tobacco in specific geographical areas. Overall indicators show that the effect of policy and regulation, i.e. the government policy of fixing the minimum producer price of tobacco and the concession of monopoly to tobacco millers, has created

disincentives for tobacco producers, suggesting that these government policies are more supportive to millers than to tobacco growers. It is worth mentioning that unmanufactured tobacco is exempt from export taxes in order to incentivize the domestic industry to export to the lucrative markets, notably in Europe. There are no explicit taxes on the export of tobacco; the only tax is the 2.5% of export price paid to the Tobacco Authority which serves to finance its activities as the regulator of the tobacco sub-sector.

As mentioned before, tobacco is produced under the concession scheme in Mozambique. Under this system, the concessionaire companies distribute free inputs (seed and fertilizers) during cropping season as well as technical support to farmers during the critical period in the tobacco growing cycle—before and soon after the sowing period and in the yield formation period. This also comprises the transportation of leaf tobacco from the farm gate to the factory. This support serves to incentivize smallholder farmers engaging in production of tobacco and reduce the risk of crop substitution. For the concession companies, it is more cost effective to provide support to the farmers and guarantee good quality of production, and concentrate their efforts in processing, which requires more complex curing process.

Regarding the government subsidies, the Mozambican government introduced in 2010 production subsidies consisting of a 10% reduction of electricity price per kilowatt-hour aiming to incentivize the domestic industry, notably for farmers that use electricity for food production. Tobacco producers and processors also benefited from this government subsidy.

In 2019, His Excellency, President Nyusi announced China will import about 60,000 tons of tobacco produced in Mozambique by February 2020 and that production of tobacco will be boosted.<sup>4</sup> This news was presented as positive development for Mozambique.

International travelers can bring 200 sticks of cigarettes or 250 grams of tobacco into Maputo.<sup>5</sup>

### 4. Unnecessary interaction

In 2005, His Excellency, the President of Republic of Mozambique, Mr. Armando Emilio Guebuza inaugurated officially the tobacco processing plant. This plant is considered the second largest company in the world. The Social Affairs, Gender and Media Commission (CASGTCS) of the Mozambican Parliament (AR) received a donation consisting of 50 solar panels with a capacity of 70 watts, which should be distributed to the Health and Education sectors in Gaza, Sofala and Tete provinces.

According to the President of CASGTCS, Antonia Charre, this donation was supposed to minimize the suffering of populations whose places of residence still lack electricity.

"Despite the enormous effort that the government is making to supply electricity in all places throughout the country, there are still areas where some health posts and schools do not have electricity and the installation of solar panels would help greatly," said the president of CASGTCS, adding that "this support, which already dates from 2011, has helped to improve the lives of people in the country." According to Charre, this donation was the result of the partnership agreement between the AR and BAT in the scope of social responsibility.<sup>6</sup>

For his part, the representative of BAT, Alexandre Carpenter, assured that his company will continue to provide support to the Mozambican Parliament and, above all, to CASGTCS.

## 5. Transparency

There is no procedure in place to guide public officials in the event they have to meet with the tobacco industry in cases when such interactions are strictly necessary.

There is no requirement for the disclosure or registration of tobacco industry entities, affiliated organizations and individuals acting on their behalf including lobbyists.

## 6. Conflict of interest

There is no prohibition on contributions from the tobacco industry or any entity working to further its interests to political parties, candidates or campaigns or to require full disclosure of such contributions.

There is no record of any senior government officials joining the tobacco industry.

There is no record of current government officials holding any position in the tobacco business.

## 7. Preventive measures

The government does not have a procedure for disclosing the records of the interaction (such as agendas, attendees, minutes and outcomes) with the tobacco industry and its representatives.

The tobacco industry is not required to submit information on tobacco production, manufacture, market share, marketing expenditures, revenues or any other activity, including lobbying, philanthropy and political contributions.

According to Decree No. 11/2007: The Regulation of Consumption and Marketing of Tobacco, "It is prohibited for the tobacco industry, and the competent government authorities, to disclose all the industry's expenses related to advertising, promotion and sponsorship."<sup>7</sup>

<sup>1</sup> <https://allafrica.com/stories/201806280081.html>

<sup>2</sup> <https://www.eclt.org/en/news-and-insights/natural-disasters-impact-on-child-labour>

<sup>3</sup> <http://moz-agri.com/diogo-determined-to-end-child-labour-especially-in-tobacco-cultivation-industry/>

<sup>4</sup> Xinhuanet. China to import tobacco from Mozambique by 2020 August 31, 2019 [http://www.xinhuanet.com/english/2019-08/31/c\\_138352173.htm](http://www.xinhuanet.com/english/2019-08/31/c_138352173.htm)

<sup>5</sup> <https://www.iatatravelcentre.com/MZ-Mozambique-customs-currency-airport-tax-regulations-details.htm>

<sup>6</sup> Weekly paper SAVANA 19th November 2014, and Daily Newspaper Notícias 19th November 2014

<sup>7</sup> <https://www.tobaccocontrol.org/files/live/Mozambique/Mozambique%20-%20Decree%20No.%2011-2007.pdf>



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## Recommendations

Mozambique has ratified the WHO Framework Convention on Tobacco Control (FCTC) which constitutes an important landmark for the country to launch a number of initiatives aimed at successfully implementing the FCTC provisions in the country. On the other hand, Mozambique's main objective is focused on eliminating extreme poverty, which unfortunately continues to affect large parts of its population. That is why some strategic options are not the desired ones.

On the other hand, communicable diseases are prioritized in the Health Plan, allocating fewer resources to noncommunicable diseases, such as those relating to tobacco use. Taking into account the current situation, the following recommendations are put forward:

1. As a matter of urgency, enact a national tobacco control law, which incorporates WHO FCTC provisions, and adopt a national tobacco control plan aimed at the Tobacco Control Act.
2. Provide adequate resources for tobacco control programs.
3. Make concerted efforts among the government, civil society organizations, including NGOs, and the population at large to establish a common strategy with the aim of saving human lives.
4. Create necessary conditions for future generations to lead healthier more sustainable lives free from the harms of tobacco use.
5. Institutionally implement education, communication, training and public awareness programs on tobacco use hazards to cover the most disadvantaged groups of the population, particularly in rural areas.