



EXCHANGE CONTROL CIRCULAR NUMBER 3 OF 2016 TO AUTHORISED DEALERS

ISSUED IN TERMS OF SECTION 35 (1) OF THE EXCHANGE
CONTROL REGULATIONS STATUTORY INSTRUMENT 109 OF 1996

1. Treatment of drawdowns for tobacco input financing

- 1.1. The Reserve Bank recognizes the contribution of the tobacco sector towards increased foreign exchange generation in the economy. Accordingly, the Bank fully supports the efforts by tobacco merchants to secure offshore funding to support increased tobacco production in the country. The Reserve Bank, therefore, wishes to reiterate and further confirm that **tobacco merchants are entitled to retain 100% of offshore loan drawdowns for purposes of financing the procurement of inputs for tobacco production.** This arrangement is to ensure that tobacco growers are adequately prepared for the 2016/17 tobacco growing season.

2. Reminder on the classification of foreign Payments by the tourism sector

- 2.1. The tourism sector has a key role towards economic development. In order to harness and account for the foreign exchange generated by the sector, Statutory Instruments 323A of 2001 and 143 of 2003 classify Non Consumptive and Consumptive Tourism Operators respectively as **Exporters** for Exchange Control Purposes and requires the operators to declare their earnings through Forms TRAS1 and TRAS2.

- 2.2. To support the sector's growth, all foreign payments for goods and services not locally available for the imports by Tourism Operators are categorized under Priority One of the Priority List for Foreign Payments. Authorised Dealers should therefore, prioritize such foreign payments.
- 2.3. In order to promote competitiveness of the tourism sector, the Reserve Bank encourages tourism operators to use multi-currency pricing system for their tourism products and services, and to continue to promote the use of plastic money and other cashless payment systems.
3. Please be guided accordingly.



Dr. M.B. Mpofu

Director

EXCHANGE CONTROL

25 July 2016