



FOREIGN EXCHANGE CIRCULAR NUMBER FXC1/2025

SEED COTTON PAYMENT ARRANGEMENTS FOR THE 2025 SEED COTTON MARKETING SEASON

Date: 6 June 2025

To: Authorised Dealers and their Clients

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

1. Reference is made to Section 3.2.23 of the **Guidelines to Authorised Dealers and their Clients on Foreign Exchange Transactions** issued through **Foreign Exchange Directive FXD2/2025** dated 22 April 2025 regarding the accounting for export proceeds in the cotton sector.
2. Authorised Dealers are reminded that in terms of the Exchange Control Cotton Finance Order 2008, published in the Statutory Instrument 150 of 2008, cotton merchants are required to source offshore finance for the purpose of buying seed cotton. Cotton merchants with no access to offshore finance are required to register with the Reserve Bank their local finance loan arrangements.
3. Upon drawing down from offshore loans or loans accessed from local commercial banks, cotton merchants shall retain 70% in foreign currency and sell 30% to the Reserve Bank in exchange for local currency.
4. Resultantly, cotton growers shall be paid 70% in foreign currency (US\$) and 30% in local currency (ZiG) or any other split that may be determined by the Reserve Bank from time to time.
5. Please be guided accordingly.

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Director

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6 JUNE 2025

DIRECTOR
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cc: Mr F Masendu, Director, Financial Surveillance Division
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