



GENERAL MANAGER

**BANK OF ZAMBIA**

3 March 1995

P.O. Box 30080 Lusaka  
Tel: 216529/216338/215192

C B Circular No.3/95

To : All Commercial Banks

Dear Sirs

**FOREIGN EXCHANGE FOR IMPORTATION OF MAIZE**

Following our public press release informing members of the public that Bank of Zambia has earmarked a portion of its foreign exchange reserves for maize, we hereby provide some details on how the scheme will operate.

The applicants for maize imports should submit their requirements to commercial banks as they would normally do for other requests. In addition however, they should indicate that they wish to import maize or mealie meal. Commercial banks will submit the applications to Bank of Zambia in the usual manner through our thrice per week dealings. Commercial banks should in turn indicate how much of their applications are for maize and mealie meal imports.

Bank of Zambia will process the bids from the commercial banks as it normally does during the dealing sessions. However, the Bank will use its discretion to supply additional foreign exchange to the market if there is evidence of strong demand for maize imports. Whenever this happens, the Bank will inform the commercial banks what value of additional foreign exchange has been sold to them primarily to meet the demand for maize imports. The Bank however wishes to make it clear that all sales of foreign exchange will be at the market rate irrespective of whether the purpose is to import maize or not. Thus any additional foreign exchange sold to the Bank will be priced on the days ruling weighted market exchange rate.

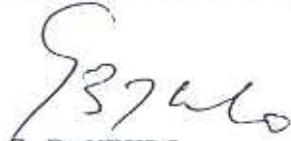
Within five working days of opening a letter of credit for maize or mealie meal imports under this facility, commercial banks should furnish Bank of Zambia with a copy of the letter of credit and the proforma invoice as evidence that the foreign exchange has been utilised for maize imports. A bank that fails to account for the foreign exchange sold will be obliged to resale the additional amounts it bought under this scheme to the Bank of Zambia otherwise it will risk being excluded from the subsequent foreign exchange dealing sessions.

Like in all cases of foreign exchange sales, the Bank of Zambia will automatically collect the Kwacha value of the additional sales from the current accounts of the commercial banks for such foreign exchange sold. It will be up to the banks concerned to ensure that the Kwacha equivalents have been collected from their customers.

Initially a sum of Ten (10) million US dollars has been earmarked from the Bank's reserves for financing maize and mealie meal imports. The amount may be raised later if the situation warrants it.

Commercial banks are also advised to inform members of the public that they are also free to continue to source foreign exchange from the market in the usual manner for meeting maize or mealie meal import financing.

Yours faithfully



G B MBULO  
GENERAL MANAGER