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ECONOMIC COMMISSION FOR LATIN AMERICA  
Ad Hoc Committee on International Trade  
Fourth session  
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Item 6 of the agenda

MAINTENANCE OF PURCHASING POWER OF BALANCES  
ACCUMULATED DURING THE EMERGENCY PERIOD

Argentina, Brazil, Cuba, Chile, United States of America,  
France, Guatemala, United Kingdom and Uruguay:  
draft resolution adopted by the Working Group

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that according to the studies submitted by the  
Executive-Secretary to the fourth session, favourable balances  
of payments are being accumulated by Latin American countries as  
a result of the emergency, and that in the circumstances it may  
be assumed that such accumulations will continue;

THAT THIS fact derives directly from the difficulties  
experienced by Latin American countries in finding sources of  
supply of products and capital goods which they must buy abroad  
in order to maintain normal economic activity and the development  
of their economies;

THAT, by reason of this development, Latin American countries  
might tend to import non-essential or luxury goods or else might

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aggravate the inflation from which they are suffering by being forced to issue amounts of currency in excess of available goods in order to liquidate such balances;

THAT if Latin American countries decide, even at the risk of causing greater inflation, to accumulate favourable balances in order to acquire subsequently the capital goods and other articles necessary to their continued economic development, they will still be exposed to the danger that for lack of the maintenance of the prices which existed when sales were made, these extraordinary reserves will lose buying power before useful purchases can be made;

THAT, in so far as trade between the American countries is concerned, the Fourth Consultative Meeting of Foreign Ministers of American States adopted resolutions which represent a beginning to the solution of this grave problem;

THAT nevertheless the problem persists; that it might intensively affect Latin American trade with European markets; and that it is generally and mutually desirable that this trade should be maintained and increased;

THAT in relation to these European markets, practical methods should be studied to ensure as far as possible supplies adequate to the normal progress of Latin American economies and the provision of capital goods for their development; and that if such supplies cannot be obtained simultaneously with Latin American sales to Europe, it is urgent that ways should be found to assure the  
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purchasing power of accumulated balances, naturally without prejudice to other permanent solutions;

THAT this problem should be studied, also taking into account the disparities which may arise in the evolution of prices and available quantities of basic products exported by Latin America, on the one hand, and, on the other hand, of capital and consumer goods supplied by the countries of Europe.

1. RECOMMENDS to the governments concerned that in studying the application of practical measures to maintain and expand trade between Latin America and Europe, they should pay special attention to:
  - a) The problem of maintaining and increasing the purchasing power of Latin American countries in Europe;
  - b) The use of methods to assure, as far as possible, the maintenance of the purchasing power of accumulated exchange;
  - c) The just and orderly liquidation of accumulated balances in foreign exchange;
  - d) Practical means of combating and mitigating the consequences to Latin American-European trade caused by any disparities which may arise in the evolution of prices and the available supplies of the various types of goods thus exchanged and, in particular, of maintaining the purchasing power of accumulated foreign exchange;
2. REQUESTS the Executive Secretary, with any assistance he may be able to obtain from the Economic Commission for Europe and the International Monetary Fund, to offer governments concerned the  
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- technical assistance at his disposal for such studies and for advising them concerning future measures to obtain greater transferability of their foreign currency balances; 7.
3. AUTHORIZES the Executive Secretary, if he deems it necessary and without prejudice to the studies requested in this resolution to convene a group of experts to study the problems mentioned in paragraph 1 of the operative part and to make the relevant recommendations;
4. EXPRESSES ITS SATISFACTION that the Executive Secretary has been chosen to represent the United Nations on the Ad Hoc Committee established by resolution XVII, No. 6, of the Fourth Consultative Meeting of Foreign Ministers of American States; and requests him to offer the fullest co-operation of the Economic Commission for Latin America in this work;
5. REQUESTS the Executive Secretary to continue the studies recommended in resolution E/CN.12/200 of the third session in Montevideo, implementing them and, particularly, finding practical ways of enabling the Latin American countries to enjoy greater transferability of European currencies;
6. NOTES with satisfaction the studies made on trade with Europe and, in particular, the effective collaboration in the preparation of these studies of the Economic Commission for Europe, the FAO and the International Monetary Fund\* and requests that these studies should be continued, and that the Executive-Secretary should periodically publish information on /this trade
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this trade, with special reference to capital goods and their composing factors; and

RECOMMENDS to the Executive Secretary that he should obtain the collaboration of the International Monetary Fund in studying the possibility of taking measures to obviate and combat the disturbances in the monetary field which might affect some Latin American countries as a result of the accumulation of foreign exchange balances during the emergency period.

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