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## ECONOMIC COMMISSION FOR LATIN AMERICA

## Second Session

## Multilateral Compensation of International Payments

Resolution of June 10, 1949

## THE ECONOMIC COMMISSION FOR LATIN AMERICA

CONSIDERING THAT: at its First Session, held at Santiago, Chile, in its resolution dated 24 June 1948, requested the Secretary-General to place before the International Monetary Fund a request that a study be made of the practicability and desirability of establishing, at the earliest possible opportunity, as a transitional measure, machinery for the multilateral compensation of international payments among the countries of Latin America, as well as between them and the countries of the rest of the world;

CONSIDERING: that at the present Session the study requested of the International Monetary Fund was submitted in the form of a documented report, which, even with the reservations set forth therein, as well as certain limitations due to lack of information, is extremely valuable and sheds sufficient light on the subject to enable the formation of sound conclusions;

CONSIDERING: that at the present Session the Government of the Republic of Uruguay presented for consideration a draft proposal for the establishment of an "Inter-American Organization for Economic Cooperation", the essence of which, as the introduction to the draft proposal states, is the

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free convertibility of the currencies of the participating countries and the multilateral compensation of their international payments;

CONSIDERING that the general basic conclusion that can be drawn from the study made by the International Monetary Fund is that, notwithstanding the desirability and advisability of giving to the system of international payments between Latin American countries themselves and between them and other countries, greater flexibility than it has at present under existing bilateral payments agreements, the structure of inter-American trade and the net debtor position of Europe in present circumstances with regard to the United States of America afford a very limited field for special arrangements for the general multilateral compensation of international payments, and that the cost and effort which such machinery would represent, would not be justified, in view of the limited benefits that would result therefrom;

CONSIDERING that, as can be inferred from the study made by the International Monetary Fund, it is justifiable to explore more thoroughly the possibilities of arrangements for the multilateral compensation of international payments, of a limited or partial nature; that is to say, arrangements providing for the compensation of international payments between certain countries, either Latin American only, or Latin American countries and other countries;

CONSIDERING that the two general conclusions above mentioned that can be drawn from the study of the International Monetary Fund indicate the advisability for the present of confining aspirations regarding special arrangements for the compensation of international payments,

/to an exploration

to an exploration of the possibilities of partial agreements; it being in no way suggested, however, that the Commission fails to appreciate efforts such as that represented by the Uruguayan proposal, to find more general solutions, unfortunately impracticable in present circumstances;

TAKES NOTE of the study prepared by the International Monetary Fund, and expresses its appreciation for the cooperation of the Fund;

EXPRESSES its gratitude to the Government of the Republic of Uruguay for the contribution represented by its proposal for the establishment of an inter-American organization for economic cooperation;

REQUESTS the Executive Secretary to place before the International Monetary Fund a request that a study be made, in collaboration with the appropriate international organization, designed to explore the possibility of arrangements for partial multilateral compensation of international payments among Latin American countries as well as between them and other countries.

REQUESTS the Executive Secretary to afford the fullest possible cooperation to the International Monetary Fund in making the study referred to in the preceding paragraph, particularly as regards such assistance as the technical experts of the Commission are able to give, and as regards procuring from the member States of the Commission the necessary statistical information.



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