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UNITED NATIONS

REPORT OF THE ECONOMIC COMMISSION  
FOR LATIN AMERICA

(THIRD SESSION)

(15 JUNE 1949—21 JUNE 1950)

ECONOMIC AND SOCIAL COUNCIL  
OFFICIAL RECORDS : ELEVENTH SESSION

SUPPLEMENT No. 9

NEW YORK

2. That in these studies special attention be given to the following aspects :

- (a) Source of financial resources;
- (b) Factors affecting the supply and demand of capital;
- (c) Methods of distribution of financial resources and their application.

(h) FOREIGN INVESTMENT

*Resolution of 19 June 1950 (E/CN.12/198)*

*The Economic Commission for Latin America,*

*Considering* the contribution that an increasing flow of foreign investments can make to the economic development and stabilization at a high level of the balances of payments of the countries of Latin America, as well as to the expansion of world production and trade,

*Taking into account* the report on "National and international measures for full employment" (E/1584) prepared by a group of experts and presented to the Economic and Social Council of the United Nations, and in particular the recommendation regarding the necessity of obtaining an "outflow of capital from the industrially advanced countries to the under-developed areas... both adequate and stable" as a fundamental element of a continuous development policy and an essential requisite of an anti-cyclical policy,

*Considering* that in this connexion it is desirable to develop adequate and systematic information on the conditions affecting the investment of foreign capital in the countries of Latin America,

*Considering* that to date Latin America has not obtained an adequate and stable flow of capital, which could be increased in favour of the economic development of that region,

*Considering* the necessity of an indication of the possible means by which this flow of capital can be increased,

*Considering* that the International Bank for Reconstruction and Development, after having directed its first efforts towards the task of reconstruction, has during recent years granted its loans to the under-developed countries, and taking into account the desirability that international credit institutions should direct their policy towards the well-balanced development of these areas, avoiding uneconomic production and ruinous competition in their supplies of products on the international market,

*Resolves :*

1. To take note of the studies on the economic and legal status of foreign investments in selected countries of Latin America prepared by the secretariat of the Commission in collaboration with the Inter-American Economic and Social Council;

2. To take note of the studies made by the Secretariat of the United Nations concerning the financing of plans for economic development, and of the obstacles, including double taxation, which obstruct an adequate flow of investment towards the under-developed areas;

3. To take note with satisfaction of the policy adopted by the International Bank for Reconstruction and Development in favour of the development of under-developed countries and invites it to continue and intensify this policy to the greatest possible extent;

4. To request the Economic and Social Council, and through it, the Secretary-General of the United Nations :

(a) That the studies should be continued;

(b) That the data relevant to Latin America be considered separately so that, as far as possible, they can be made available to the Economic Commission for Latin America and to the governments of its member States;

(c) That in these studies all factors, including double taxation, be taken into account, and that they indicate as precisely as possible the results obtained;

5. To request the governments of member States to make known to the Executive Secretary periodically and in a systematic fashion data concerning the amount, origin and nature of foreign investment, as well as concerning the policies and legal and administrative measures, practices and procedures that affect foreign investments in their respective territories;

6. To request the Executive Secretary of the Commission to compile and analyse the data placed at his disposal by the governments and in consultation with the Inter-American Economic and Social Council, complete the study of the economic and legal status of foreign investments in the Latin American countries;

7. To recommend to the Executive Secretary of the Economic Commission for Latin America that the studies on foreign investments in Latin America shall include an analysis of the fluctuations which have taken place in the flow of investments;

8. To request the Executive Secretary that the agenda for the next session include the subject of measures intended to obtain an adequate and stable amount of foreign investment in Latin America, in accordance with the resolution of the eleventh session of the Economic and Social Council concerning document E/1584 (National and international measures for full employment) and with the report of the fourth session of the Sub-Committee on Economic Development (E/CN.1/Sub.3/29).

(i) FINANCING OF ECONOMIC DEVELOPMENT

*Resolution of 19 June 1950 (E/CN.12/199)*

*The Economic Commission for Latin America,*

*Considering* that during the course of the debates it has been pointed out that the economic development of Latin America is held back, amongst other things, by the insufficiency of the domestic financial resources in the countries of Latin America to cover the expenditures which must be made in local currency, which prevents them from making full use of the foreign financial aid they may obtain from the international financial institutions,

*Resolves* to request the Executive Secretary to include this subject in the agenda of the fourth session and to collect the necessary data and background material.

(j) TRADE WITH EUROPE

*Resolution of 19 June 1950 (E/CN.12/200)*

*The Economic Commission for Latin America,*

*Bearing in mind* the report presented by the Executive Secretary on Trade Trends and Policies of the Latin American Countries (E/CN.12/165) and the Executive Secretary's Note on Trade Studies and Meetings of Trade Experts (E/CN.12/168),

*Considering* that the causes which have been impeding the expansion of trade between Latin America and Europe still exist, and that the resulting damage should be ended,

*Considering* that inconvertibility continues to be one of the main obstacles to the expansion of trade between Latin America and Europe,

*Considering* that experience has shown that bilateral payment agreements, although contributing to an improvement of the situation, do not constitute an entirely satisfactory solution of the problem for some of the countries concerned,

*Considering* that the difficulties to which reference has been made are due to the changes which have taken place in the structure of foreign trade not only of Latin America, but also of Europe,

*Considering* that because of time limitations the report (E/CN.12/165) included only a few of the Latin American countries,

*Requests* the Executive Secretary:

1. To prepare, in agreement with the Executive Secretary of the Economic Commission for Europe, a study, to be undertaken jointly by both secretariats, on ways and means to expand trade between Latin America and Europe on bases which are practicable and equitable to the interests of both groups of countries;

2. To continue the studies on international trade trends and commercial policies of the Latin American countries, country by country;

*Authorizes* the Executive Secretary to call informal meetings of experts on foreign trade if and when he considers it opportune;

*Requests* the Executive Secretary to report on the fulfilment of this resolution to the fourth session.

(k) INTRA-REGIONAL TRADE

*Resolution of 19 June 1950 (E/CN.12/201)*

*The Economic Commission for Latin America,*

*Taking into account* the report prepared by the International Monetary Fund, submitted to the consideration of the Commission during the second session in June 1949, and the report on Trade trends and policies of the Latin American countries (E/CN.12/165) presented by the Executive Secretary,

*Considering* that the competitive nature of the economies of the Latin American countries is partly a consequence of the stage of their economic development, and that future developments may offer opportunities for their economies to become complementary,

*Considering* that, according to the information contained in document E/CN.12/165 mentioned above, there are possibilities of co-ordinating efforts in certain types of production, particularly those which might become specialities for trade within the region, thus affording the advantages of large-scale production,

*Takes note* with satisfaction of the report on Trade trends and policies of the Latin American countries (E/CN.12/165) presented by the Executive Secretary;

*Requests* the Executive Secretary:

1. To prepare studies on a small number of products or services which may offer opportunities for specialization and may lead to an expansion of trade between the Latin American countries, or between some of them, keeping in mind that in their initial phase such studies shall be of an exploratory and experimental nature;

2. To study also other means of expanding trade within the region.

(l) MARITIME TRANSPORT

*Resolution of 19 June 1950 (E/CN.12/202)*

*The Economic Commission for Latin America,*

*Considering* the importance of maritime transport to the economic development of Latin America,

*Bearing in mind* that maritime shipping costs constitute a significant element in the balance of payments of the Latin American countries,

*Considering* that the question of maritime freight rates is currently under study by the Commission on Commercial Co-operation of the Inter-American Economic and Social Council,

*Takes note* of the recommendations of the fourth session of the United Nations Commission on Transport and Communications to the Economic and Social Council that the subject "Problems of Maritime Shipping Affecting Latin America" should be withdrawn from the agenda of that Commission and its study left to other competent bodies;

*Requests* the Executive Secretary, pending a decision by the Economic and Social Council and in order to avoid duplication of work, to consult with the Executive Secretary of the Inter-American Economic and Social Council with a view to co-operating in the study being undertaken by the latter body.

(m) COLLABORATION WITH THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL AND OTHER INTERNATIONAL ORGANIZATIONS

*Resolution of 20 June 1950 (E/CN.12/203)*

*The Economic Commission for Latin America*

*Takes note* of the progress report of the Executive Secretary on co-operation with other international