

Notes on Peru's Financial Position, with Special
Reference to the I. M. F.

I. Peru's quota in the International Monetary Fund is \$25 million and its subscription in the Bank for Reconstruction and Development is \$17.5 million.

II. The following table sets forth the gross gold and foreign exchange resources of the Banco Central de Reserva del Peru for the years 1938 - September, 1945:

End of Period	Soles (000's)			Total	Conversion rates			U. S. Dollars (000's)				
	Gold (Intangible)	Other Gold	Foreign Exchange		Intang.	Other	Exch.	Intan- gible	Other Gold	Total Gold	For- eign ex- change	Total
1938	38,785	7,065	5,526	51,376	2.1105	4.843	4.95	18,377	1,459	19,836	1,116	20,952
1939	38,785	8,659	4,525	51,969	"	5.527	5.78	"	1,566	19,943	783	20,726
1940	38,785	10,974	10,323	60,082	"	6.309	6.50	"	1,739	20,116	1,588	21,704
1941	38,785	18,641	11,890	69,256	"	6.327	"	"	2,946	21,323	1,820	23,143
1942	38,785	41,289	49,658	129,732	"	6.301	"	"	6,553	24,930	7,594	32,944
1943	38,785	82,064	29,624	150,473	"	"	"	"	13,024	31,401	4,558	35,999
1944	38,785	85,920	19,549	144,254	"	"	"	"	13,636	32,013	3,008	35,023
1945 June Sept.	38,785	61,166	27,965	127,916	"	"	"	"	9,707	28,084	4,300	32,388

\$18.4 million of the total gold holdings of \$28.1 million represents a special reserve fund entitled "Oro Intangible" concerning which the Peruvian delegation at Bretton Woods made a reservation in its statement to the effect that the gold set aside in this fund

"cannot be taken into account, either for the purpose of estimating Peru's quota and its proportion to be paid in gold, or for use in any of the operations of the Fund, or to cover any contingent or eventual liability of Peru if it ceases to be a member or if the Fund is liquidated."

Peru's payment in gold to the Fund, calculated as 10% of its net official holdings of gold and U.S. dollars, will be \$9.2 millions if this reservation is not allowed and \$1.4 million if it is.

III. From June 1940 - January, 1945, a "Gentleman's Agreement" was in effect between the Peruvian Central Bank and the commercial banks whereby the sol was maintained at 6.50 soles per dollar by voluntary rationing

of exchange for necessary imports and services. In January, 1945 formal exchange control was instituted with the announcement by the Minister of Finance that advance import permits would henceforth be required and the further regulation that export permits would be granted only on proof that all exchange arising from such transactions had been sold to the Central Reserve Bank. It is reported that these exchange, import, and export controls are being rigorously enforced. The sol has remained at 6.50 per dollar where it was pegged by the Gentlemen's Agreement in June, 1940.

IV. The following table reports briefly the current items of the International Balance of Payments of Peru for the years 1938 - 1944:

(Millions of Soles)

<u>Year</u>	<u>Trade Balance</u>	<u>Interest & Dividends</u>	<u>Other Service Items</u>	<u>Net Balance, excluding Capital Items</u>	
				<u>Soles</u>	<u>Dollars</u>
1938	/ 70.1	- 118.5	/ 12.6	- 35.8	- 5.5
1939	/ 119.6	- 110.8	/ 9.9	/ 18.7	/ 2.9
1940	/ 89.7	- 100.7	/ 9.1	- 1.9	- .5
1941	/ 140.4	- 102.7	- 17.4	/ 20.3	/ 3.1
1942	/ 221.7	- 107.0	- 10.7	/ 104.0	/ 16.0
1943	/ 125.6	- 99.5	- 9.2	/ 16.9	/ 2.6
1944	/ 109.6	- 104.0	- 14.0	- 8.4	- 1.3