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INTERNATIONAL MONETARY FUND

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TO: Members of the Executive Board

FROM: The Secretary

SUBJECT: The Unresolved Problem of Financing European Trade

The attached memorandum has been prepared by the staff for the use of the Executive Board in accordance with its request at meeting 218.

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RD-463

INTERNATIONAL MONETARY FUND

Research Department

The Unresolved Problem of Financing European Trade

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1. The Problem

Present plans relating to the European Recovery Program concern themselves primarily with the financing of the participating countries' deficit toward the United States and, in part, toward other Western Hemisphere countries. Little attention is being paid to the problem of facilitating the expansion, or even the maintenance, of trade among the European countries themselves. It should be noted at the outset that the difficulty to be met here is one of providing adequate machinery, and not merely financial assistance in terms of gold or dollars. Indeed, the Report of the Committee of European Economic Cooperation stressed the fact that their recommendations for the transferability of European currencies would not require any American assistance additional to that needed to cover the deficit of the participating countries, taken as a whole, toward the dollar area.

This issue, however, was somewhat confused with a separate proposal for $3 billion to be used to rebuild gold reserves, so as to help restore currency "convertibility" as opposed to mere "transferability." The rather obscure comments accompanying this proposal 1/ suggest that the stabilization fund was thought of in part as window-dressing for the restoration of "confidence," and in part as effective financial assistance to be used for the progressive abolition of restrictions on current transactions.

Both proposals have largely been sidetracked in the current Washington discussions, although the Harriman Report endorses a revision of the International Monetary Fund's statutes, if necessary, to make its resources available as gold reserves for any country that carries through an effective stabilization program. The other problem, i.e., the transferability of European

1/ "Apart from its immediate purpose of stopping inflation and restoring confidence in the currency, this strengthening of the gold and dollar reserves would be of the greatest help to these countries when they had maintained or regained a position of stable equilibrium and would therefore be in a position to make their currencies convertible (as defined in the Articles of Agreement of the International Monetary Fund) if they possessed adequate gold and dollar reserves." Committee of European Economic Cooperation, Vol. I, General Report, p. 29. See also pp. 135-136.

currencies, has been the subject of protracted negotiations in Europe, leading to an interim agreement between Benelux, France and Italy. (See RD-465.) This agreement, however, is of a fairly limited character, earlier and broader proposals, such as that discussed in RD-434, having broken down for reasons explored in RD-462.

The exact nature of the difficulty of financing inter-European trade is not always clearly understood. It is sometimes assumed that a general payment agreement is needed to induce European countries to permit the transferability of current account balances, or their convertibility into gold or dollars. Such convertibility, however, already exists in a majority of cases under present payment agreements, insofar as balances in excess of debit ceilings must be, and are currently, settled in gold or convertible currencies. The real problem is to make such convertibility possible or, alternatively, to limit the exercise by surplus countries of their convertibility claims through other methods than trade restrictions by debtor countries and the elimination, or near elimination, of bilateral deficits and surpluses.

Paradoxical as it may seem, the network of bilateral payments agreements concluded in the postwar years filled that very function of avoiding, or at least postponing, pressures for bilateral balancing of trade. Their effectiveness in this respect, however, was limited by the size of the credit ceilings granted under the agreements, and was further restricted by the bilateral character of these credits. By the fall of 1947, the effective credit or debit balances under existing payment agreements tended more and more to exceed the bilateral ceilings, and forced a resumption of gold settlements. The decline in European trade in the latter part of 1947, reversing the remarkable growth since the end of the war, is probably due in part to this progressive paralyzation of the payment agreements mechanism.

As long as gold and dollar reserves remain at their present low level, only further credits can relieve the pressure for bilateral balancing of inter-European trade. Insofar as this pressure expresses itself in the curtailing of luxury imports or other non-essential expenditures, something may be gained by it. Even then, however, the economic resources so released may lack the flexibility that would be necessary for their employment in more essential activities. Lace workers will not mine coal, nor will vineyards be turned into wheat fields. Moreover, such diversion would often be uneconomic in the long run. While efforts should be made to expand essential production, and to divert to other markets--especially the U.S.--the exportation of luxury goods, this policy has its limitations and could hardly be counted upon to produce by itself the bilateral balance of trade which is sought. Such balancing will involve primarily discrimination among export markets and sources of imports, to divert sales and purchases from their most economic pattern into the artificial directions required for bilateral compensation.

Each country will cut essential, as well as non-essential, imports from countries with which it is running a deficit, and increase imports, whether essential or not, from countries with which it has a surplus. The result will be a diversion of imports both from lower to higher cost sources, and from essential to non-essential goods. It may also mean an absolute decrease in the over-all volume of trade. Exports from countries enjoying an over-all surplus in Europe will be especially affected, slowing down their own recovery as well as that of their customer countries. Insofar as the Marshall Plan will provide financing primarily for imports from the U.S., goods previously bought in Europe will now be bought in the United States at higher cost, enhancing inflationary pressures in that country, retarding the recovery of production in Europe, and increasing the dependence of European countries on the American economy both as a source of imports and as an export market.

To avoid these harmful consequences of an enforced bilateralization of trade, two things are necessary:

1. Credits are necessary to prevent trade from degenerating into barter deals;

2. Such credits should be of a multilateral character in order to avoid a similarly artificial fitting of trade balances to credit facilities.

On the other hand, deficit countries should not be relieved of the pressure to curtail all unnecessary imports, so as to hasten economic rehabilitation and the readjustment of their balance of payments. The achievement of this aim supposes again two prerequisites:

1. An over-all ceiling on the credits extended to them;

2. The multilateralization of these credits, so as to avoid their compulsory use for less essential imports from the lending countries.

The multilateralization of the credits granted is, therefore, nearly as important as the concession of the credits themselves. As far as U.S. loans are concerned, it means adequate provision for the financing of so-called "off-shore" purchases, as well as of purchases in the American market. As far as European credit arrangements are concerned, it means the multilateralization of the payments agreements under which such credits are now granted.

2. <u>Multilateralization of European Payments Agreements</u>

The recent agreement between Belgium, France, Italy, Luxemburg and the Netherlands represents small progress in the direction of multilateralization. As explained in RD-465, it would not have permitted any transfers of balances as of the date analyzed by the Committee (August 31), and would have left the previous situation entirely unaffected. For multilateralization to be meaningful and effective, far broader measures are indispensable.

As a first step, the present credit commitments -- or debit availabilities -- under existing payment agreements should be transferred from individual countries to all participating countries as a group. That is to say, the sum total of the credits opened in favor of a country, e.g., France, by all other participants in the agreement, could be used without distinction by France for settling balances with any or all of the participating members, irrespective of the bilateral distribution of the original credit ceilings. Or, to look at it from the creditor's point of view, the sum total of the credits opened by a country, e.g., Belgium, in favor of all other participants in the agreement, would be available without distinction to any or all of them for settling balances with Belgium. Only in this manner, can the flow of trade be freed from the artificial channels traced by the pattern of bilateral credit facilities.

This substitution of a general, multilateral agreement for the present network of bilateral agreements would find its most practical expression in the creation of a European Clearing Union. The total credit commitments made by each country to other Clearing members would be paid into the Clearing in its own currency, and the country would receive an equivalent balance in the Clearing which it could then use to settle current account deficits with <u>any</u> Clearing member. That is to say -- and this is the essence of the "multilateralization" aimed at -- France's deficit with Belgium, for instance, could be financed beyond the present ceiling in the bilateral Franco-Belgian agreement, the Clearing drawing for this purpose on the credits accumulated by other countries against Belgium or against the unused credit commitments made by Belgium to other countries.

The payments would be made most simply by debiting the paying country's balance in the Clearing and crediting the balance of the receiving country. Balances in the Clearing could thus most conveniently be expressed in an inter-European unit of account, rather than in various national currency units, since they are in fact expendable to pay debts in all or any one of the participating countries. This essential aspect of the Clearing's mechanism could be dramatized by the introduction of an inter-European currency unit, equal in value to one American dollar, and called, let us say, "European dollar" or "interfranc." All balances in the Clearing--i.e., the Clearing's Liabilities--would be computed uniformly in terms of that currency.1/

The assets of the Clearing, on the other hand, would necessarily remain in the various currencies of its members. Whenever a country makes a transfer through the Clearing, the Clearing authorities must register the corresponding shift in assets from the currency of the receiving country to the currency of the paying country.

At the time they enter the Clearing, all countries will already have accumulated net creditor or debtor positions under their present bilateral agreements. This will influence the initial position in two ways:

1/ While limited at first to a mere bookkeeping function, this new currency unit might later serve as a basis for further monetary integration in various directions--such as a limited exchange guarantee for inter-European loans--if the movement toward European cooperation succeeds in gathering momentum.

(a) The balance of each country in the Clearing will be larger, or smaller, than its quota by the amount of net credits, or net debits, previously accumulated;

(b) The distribution of the Clearing's assets among the various currencies of its members will also differ from the quotas, assets being larger in the currencies of debtor countries, and smaller in the currencies of creditor countries.

A simple example of this mechanism is presented in Appendix I, and a concrete example based on actual clearing balances as of June 30, 1947, in Appendix II.

The first result of this multilateralization of the payments agreements will be to increase the financial assistance of European creditors to European debtors, by promoting a fuller utilization of credit commitments up to the sum of each country's ceilings under present payments agreements, irrespective of the bilateral pattern of trade surpluses and deficits. As a consequence, the currency of creditor countries will tend to become scarce in the Clearing and, if no way is found to replenish the Clearing's holdings, the multilateral utilization of the Clearing's balances will have to be suspended with respect to payments in the scarce currencies and limited to payments in those that are not scarce.

Without external aid, therefore, the effectiveness of the Clearing in establishing a true multilateral system of payments is likely to be extremely short-lived. This may be one of the reasons why the prospects of a broad agreement on the matter have been waning ever since European countries began to realize that additional American aid was unlikely to be forthcoming for the financing of the Clearing.

If the Fund, therefore, deems it worthwhile to promote the multilateralization of European payment agreements, it can help in making the proposal workable as well as attractive to the European nations.

3. Replenishing of Scarce Currencies in the Clearing

The exact nature of the outside assistance required for the functioning of the Clearing mechanism described above should first be made clear. Since exports from European countries to European countries are also, by definition, imports to European countries from European countries, inter-European trade is necessarily in over-all balance and would not seem to require any financing from outside sources. Nevertheless, some financing, whether inter-European or foreign, is required for three reasons:

1. Some European countries have a net over-all deficit toward other European countries;

2. After excluding these net balances, each country's imports from Europe are offset by equivalent exports to Europe, but imports from any one individual country may exceed exports to that same country, and cannot, in the absence of multilateralization, be settled by the export balances toward other countries;

3. Even that portion of inter-European trade which is bilaterally balanced over the year may give rise to seasonal or temporary unbalance during the year.

At the peak rate of trade reached in the last quarter of 1946, the total value of trade between the nine major Marshall Plan countries would run in the neighborhood of $4,500 million a year. Of this, about $860 million represented the net balance between European creditor and debtor countries on trade account, $440 million the bilateral deficits offset by bilateral surpluses, and $3,200 million the portion of trade which was bilaterally balanced.

If a drain on existing gold reserves is to be avoided, even the last item requires some financing in order to take care of seasonal fluctuations. Such financing, however, would be limited to a very small fraction of the total trade involved, and would be automatically liquidated over the year. The same would be true of the second item -- i.e., the bilateral deficits multilaterally offset -- if a multilateral clearing system were established. The main complication comes from the first item -- i.e., the net overall inter-European deficit -- which must be financed in its entirety, and which can be liquidated only, within the inter-European framework, through a reversal of the net surplus or deficit position of member countries. In the absence of special provisions in this respect, the cumulative impact of these net deficits and surpluses leads to the exhaustion of the deficit countries' credit availabilities and to a similar exhaustion of the Clearing's holdings in the currencies of the surplus countries. The final result is the paralyzation of the whole clearing mechanism owing to the persistence of the net overall inter-European surplus and deficit positions, and of the confusion between financing (item 3) and clearing (items 1 and 2) requirements.

The crucial problem thus boils down to the limitation and financing of the net European deficits. In the absence of fundamental or structural disequilibria, such deficits would be offset by surpluses toward other areas -- especially the Western Hemisphere -- and could be settled from the proceeds of such surpluses. This is not the case at the moment. The French deficit in Europe, for instance, coincides with an even larger deficit toward the American continent. If American aid to France exceeds the latter deficit and were made available for "offshore" purchases in Europe, the problem could be solved. It is, however, unlikely that offshore financing will be provided on a sufficient scale to eliminate all difficulties in this respect. The countries which experience a persistent deficit in their European transactions will thus probably remain in need of additional financing beyond the aid received from the U.S. under the European Recovery Program.

On the other hand, if the dollar deficit of the countries which accumulate a net surplus in their European transactions is fully met by American aid, these countries will be enabled to finance such surpluses themselves, without any deterioration in their over-all reserve position. They would, however, accumulate dollar debts toward the U.S., in exchange for soft currency claims against their European debtors. This would not be a very attractive proposition, and reluctance on their part should be anticipated, especially as they may feel that even the mere maintenance of their present reserve position would leave them in a very vulnerable situation.

The first step toward a logical and acceptable solution of the problem would be to define, for each European country, the maximum deficit which could be reasonably and safely incurred. The second step will be to apportion the burden of the necessary financing, after deduction of the portion financed by the United States under the ERP. Thus, assuming that the dollar deficit of European countries will be adequately covered by ERP aid, the Fund could limit its transactions with European countries coming under the program to the sale of currencies other than dollars. Moreover, the aggregate of such sales would remain governed by the present yearly maximum of 25 per cent of each country's quota, or any other stricter limitation that the Fund might feel justified to enforce in practice in view of the direct American aid.

The sale of European currencies by the Fund would initially be similar in effect to further credit extensions by the countries the currency of which is sold by the Fund. The difference, however, is that the resulting claims which they would accumulate would be general claims against the Fund, rather than specific claims against the borrowing countries. While the real burden on their economy would be the same, such a form of financing would, of course, be far more attractive to the European surplus countries.

From the point of view of the Fund, these operations would result in a shift of assets from relatively hard to relatively soft European currencies. This, however, is implicit in the very purposes of the Fund's mechanism, and is similar to the present concentration of sales upon the dollar, and of purchases on the weaker member countries' currencies. Indeed, the situation would be improved insofar as sales would now be distributed among a large number of currencies.

We must also envisage the hypothesis, however, that the ERP aid may not be fully adequate to meet all legitimate European dollar needs. In that case, the Fund might be called upon to sell dollars, as well as European currencies. The danger is, however, that if dollar sales are treated exactly in the same way as the sale of other currencies, all countries will continue, as they do now, to concentrate directly their demands upon the dollar, with a consequent acceleration of the trend toward a dollar scarcity. As long as drawing rights on the Fund can be exercised <u>indifferently</u> in any currency whatsoever, members will have a strong preference for buying the Fund currency for which their relative need is greatest, and will be reluctant to decrease their right to dollars by purchasing other currencies.

In order to avoid this and maintain a better distribution in its transactions, the Fund could exercise its discretionary powers in exchange transactions to make a distinction between dollar requests and requests for other currencies. Requests would be granted fairly liberally for any currency whatsoever, including the dollar, insofar as the Fund's holdings of the applying member's currency will not, after the transaction, exceed seventy-five per cent of the member's quota. On the other hand, dollar requests would be scrutinized much more severely than requests for other currencies, whenever the Fund's holdings of the member's currency already exceed, or would exceed after the transaction, seventy-five per cent of the member's quota.

The practical result of this would be to give the creditor members of the clearing a strong inducement to extend additional credits to other clearing members through sales of their currency by the Fund, and to give the debtor members of the clearing an incentive to apply for needed European currencies without feeling that this will automatically reduce their chances to obtain dollars from the Fund.

The advantages of the system for the Fund are evident. The present situation leads inevitably to the concentration of practically all currency sales upon a single currency, the dollar. A restoration of a multilateral system of payments in Europe would avoid this danger and increase substantially the effectiveness of the Fund's resources. It would at the same time lessen the tendency of the Fund to become merely another dollar-lending agency, and bring its operations into closer conformity with the purposes of the Agreement as envisaged in Bretton Woods.

4. The Role of the Fund

It should be noted that the method suggested here for the Fund's transactions in Europe is independent of the creation of a European Clearing Union. The Fund, however, is vitally interested in a restoration of a multilateral system of international settlements and thus in the broadening of the present bilateral agreements into a true multilateral clearing system. A first step in this direction, even though a very modest and imperfect one, has been taken with the formation, this month, of a limited compensation system between Belgium, France, Italy, Luxemburg and the Netherlands. The Fund could hardly remain aloof from this experiment. It should, on the contrary, endeavor to broaden it both geographically and operationally. The original projects from which the agreement evolved all contemplated that the system would be operated by the Fund itself. It would be desirable to have the Fund replace the BIS in the operation of the plan.

A general European clearing, based on the multilateralization of the present bilateral payment agreements would, of course, involve many, and daily, operations among members, entirely independent of transactions between members and the Fund. It would be highly desirable to have the general supervision and centralization of these operations, if not their execution itself, entrusted to the Fund. This would give us precious information on the current evolution of international payments in Europe, and on the development of situations which make likely future calls for transactions with the Fund. Finally, it might also be possible to use such a clearing union for a preliminary screening and study of such requests.

Note by Mr. Bernstein

The above discussion still leaves unsettled the question whether the Fund would be justified in encouraging countries to purchase from each other goods they are not prepared to finance with aid from the Fund unless that aid is additional to their use of the Fund for dollars. If European countries do not find it worth their while to draw on the Fund to maintain a given level of European trade it is difficult to see just why the Fund should offer them special inducements to do so.

There is a real and urgent problem of financing inter-European trade. If the European countries are not prepared to finance it for each other, there may be an opportunity to finance it through the Fund provided such finance is not an increase in the use of the Fund's resources by European members beyond the use of the Fund open to other members. It may be that the European Recovery Program will meet as much of the dollar needs of the participating countries for payments to the United States and the Western Hemisphere as can be spared in the way of exports from this area. Under such conditions the participating countries would not have recourse to the Fund except to meet contingencies not provided for under the European Recovery Program.

If we may assume that countries prepared to enter into a European multilateral payments agreement do not in fact draw on the Fund for dollars to the full extent of their quotas they would then be free to draw on the Fund for other European currencies. The creditor countries under such an arrangement would find their net position in the Fund improved and the Fund's resources in the form of dollars or any other currency would be open to them whenever their need for such currencies appeared.

Appendix I

A simple example may facilitate concrete understanding of the functioning of a European Clearing.

Let us assume three countries with the following mutual credit-debit ceilings (translated into dollars) under existing payment agreements:

1. Belgium-France: $80 million
2. Belgium-Italy: $30 million
3. France-Italy: $60 million

The quotas in the Clearing would be as follows:

1. Belgium: $80 million + $30 million = $110 million
2. France: $80 million + $60 million = $140 million
3. Italy: $30 million + $60 million = $ 90 million

Before any transaction has been made, the Clearing's position would be:

Table A

Assets (in individual currencies, converted into millions of European dollars)					Liabilities (in millions of European dollars)	
Received from	In Belgian francs	In French francs	In Italian lire	Total	Due to	
Belgium	110			110	Belgium	110
France		140		140	France	140
Italy			90	90	Italy	90
Total	110	140	90	340		340

If, however, either before or after the creation of the Clearing, France had already drawn $60 million on Belgium, Belgium $10 million on Italy, and Italy $30 million on France, the position would be as follows:

Table B

Assets					Liabilities		Net Creditor (+) or Debtor (-) Position
Received from	In Belgian francs	In French francs	In Italian lire	Total	Due to		
Belgium	110	+ 60	- 10	160	Belgium	160	+ 50
France	- 60	140	+ 30	110	France	110	- 30
Italy	+ 10	- 30	90	70	Italy	70	- 20
Total	60	170	110	340	Total	340	0

Vertical columns, under assets, show the amount of each country's currency still available in the Clearing. The amount received from each country in its own currency corresponds to its quota, the amounts shown as received in other currencies correspond to credits granted to (+), or received from (-), other countries, and for which the respective claims or liabilities are transferred to the Clearing. The liabilities of the Clearing to each country express that country's outstanding drawing right. Finally, the difference between such liabilities and the country's quota reflects its net credit or debit position under the agreements.

Appendix II

Example Based on Actual Status of Agreements as of August 31, 1947

Tables I and II correspond to Tables A and B in Appendix I, but are based on the actual status of the Agreements between twelve European countries as of August 31, 1947 of this year. Several countries, however, had in fact overdrawn their account. Such overdrafts are not entered in Table II, but are shown separately in Table III. Table IV shows the net creditor or debtor position of each country, i.e., the sum of the net positions within the limits of the agreements (Table II) plus the net positions outside such limits (Table III). Finally, Table V compares the unused bilateral credit under each payment agreement to the original credit ceiling.

Table I indicates the theoretical maximum of credits made available under the agreements. Since the same amounts always appear twice, however, and since it is impossible for the same country to be simultaneously a creditor and debtor vis-a-vis the same partner, the maximum of available credits is only half of the total shown, i.e., $659 million of the $1,317.9 million shown in the table.

In practice, however, the bilateral character of the agreements prevents anything approaching a full utilization of the credit margins. Of the theoretical maximum of $659 million, only $271 million net had been utilized up to August 31. It should be noted, however, that the gross cumulative drawings were certainly far in excess of this figure, but were reduced to the lower amount through fluctuations and reversals of net positions over the period of the agreements.

Table III indicates the extent to which mutual credits were overdrawn as of the same date (August 31, 1947). It is striking to note that such overdrafts totalled $144 million, bringing up total credits to $411 million (Table IV), or more than 50 per cent above the credits used within the limits of credit ceilings. Eighty per cent of the total overdrafts, however, represent excess drawings by the United Kingdom, and may have been in part the object of informal understandings amounting in fact to an increase in credit ceilings. In the case of Belgium, it is known that the credit ceiling was raised on the 9th of September from $20 to $109 million.

Table IV shows the net position of the various countries, whether within or beyond the credit ceilings of the agreements. Seven countries, Belgium, Switzerland, Norway, Sweden, Portugal, the Netherlands and Austria, were in a net credit position, and five countries, Denmark, the United Kingdom, France, Italy and Germany (French Zone) in a net debtor position. The concentration both of creditor and debtor positions is indicated by the fact that three countries accounted for more than 85 per cent of the total net credits (Belgium, 37 per cent; Switzerland, 28 per cent, and Norway, 21 per cent), and three other countries for more than 98 per cent of the net debits (Denmark, 39 per cent, U.K., 37 per cent and France 22 per cent).

Table V compared, for all bilateral debtor positions, the amount of the original credit ceiling and the unused amount as of August 31, 1947. It can be seen that in a large number of cases, credit ceilings were nearly exhausted or even overdrawn, especially with respect to credits extended by Belgium. The network of bilateral credit agreements was rapidly approaching a state of paralysis, from which it could be saved only by new credit extensions or by the multilateralization of the agreements.

Table I

Credit Limits under Existing Payment Agreements between Twelve European Countries

(in millions of dollars)

	Austria	Belgium	Denmark	France	Germany (Fr. zone)	Italy	Nether- lands	Norway	Portugal	Sweden	Switzer- land	U.K.	Total
Austria	—	0.2	—	1.0	—	—	—	0.8	—	—	—	—	2.0
Belgium	0.2	—	11.4	26.8	0.4	2.2	31.9	13.6	4.0	27.8	9.5	20.0	147.8
Denmark	—	11.4	—	7.2	—	—	7.5	8.3	—	8.3	—	160.0	202.7
France	1.0	26.8	7.2	—	—	6.7	15.1	5.0	—	16.7	69.1	—	147.6
Germany (Fr. zone)	—	0.4	—	—	—	—	—	0.15	—	—	—	—	.55
Italy	—	2.2	—	6.7	—	—	2.3	1.2	—	—	—	—	12.4
Netherlands	—	31.9	7.5	15.1	—	2.3	—	7.5	3.2	8.8	6.0	40.3	122.6
Norway	0.8	13.6	8.3	5.0	0.15	1.2	7.5	—	—	8.3	2.3	20.15	67.3
Portugal	—	4.0	—	—	—	—	3.2	—	—	—	—	20.1	27.3
Sweden	—	27.8	8.3	16.7	—	—	8.8	8.3	—	—	—	24.8	94.7
Switzerland	—	9.5	—	69.1	—	—	6.0	2.3	—	—	—	60.5	147.1
U.K.	—	20.0	160.0	—	—	—	40.3	20.15	20.1	24.8	60.5	—	345.85
Total	2.0	147.8	202.7	147.6	.55	12.4	122.6	67.3	27.3	94.7	147.1	345.85	1317.9

Table II

Actual Position of Twelve European Countries
as of August 31, 1947 in Hypothetical Clearing Union

In Austrian schillings	In Belgian francs	In Danish kroner	In French francs	In German reichsmarks	In Italian lire	In Dutch guilders	In Norwegian kroner	In Portuguese escudos	In Swedish kronor	In Swiss francs	In pounds £	Received from and due to	Liabilities	Net Creditor or Debtor Position
2.0	—	—	+ 0.3	—	—	—	—	—	—	—	—	Austria	2.3	+ .3
—	147.8	+11.4	+26.8	+ 0.3	+ 2.2	+24.5	+12.7	+1.2	- 5.9	- 0.2	+ 20.0	Belgium	240.8	+ 93.0
—	-11.4	202.7	- 6.7	—	—	- 1.8	- 6.8	—	+ 7.3	—	-139.3	Denmark	44.0	- 158.7
-0.3	-26.8	+ 6.7	147.6	—	+ 4.0	+15.1	- 2.1	—	-11.6	-55.7	—	France	76.9	- 70.7
—	- 0.3	—	—	.55	—	—	—	—	—	—	—	Germany (Fr. zone)	.25	- .3
—	- 2.2	—	- 4.0	—	12.4	+ 2.3	+ 0.2	—	—	—	—	Italy	8.7	- 3.7
—	-24.5	+ 1.8	-15.1	—	- 2.3	122.6	+ 5.5	-2.7	- 4.7	+ 2.7	+ 40.3	Netherlands	123.6	+ 1.0
—	-12.7	+ 6.8	+ 2.1	—	- 0.2	- 5.5	67.3	—	+ 8.3	+ 1.5	+ 20.15	Norway	87.75	+ 20.45
—	- 1.2	—	—	—	—	+ 2.7	—	27.3	—	—	+ 12.6	Portugal	41.4	+ 14.1
—	+ 5.9	- 7.3	+11.6	—	—	+ 4.7	- 8.3	—	94.7	—	+ 23.4	Sweden	124.7	+ 30.0
—	+ 0.2	—	+55.7	—	—	- 2.7	- 1.5	—	—	147.1	+ 60.5	Switzerland	259.3	+ 112.2
—	-20.0	+139.3	—	—	—	-40.3	-20.15	-12.6	-23.4	-60.5	345.85	U.K.	308.20	- 37.65
1.7	54.8	361.4	218.3	.85	16.1	121.6	46.85	13.2	64.7	34.9	383.50		1,317.9	+ 271.05 - 271.05 0

Note: Figures underlined indicate the original quota of each country paid to the clearing in its currency. Vertical asset columns indicate the purchases (+) and sales (-) of each currency by the clearing; totals show current holdings in each currency.
Horizontal rows show, in addition to each country's quota, its current debtor (-) or creditor (+) position in other currencies. The net position of each country in the clearing reflects these operations, and differs from the total liabilities of the clearing to the country by the amount of its quota.
Total assets are always equal to total liabilities and to the total of the quotas, while the net creditor and debtor positions do, of course, cancel out.

Table III

Balances in Excess of, or Outside of, Credit or Debit Limits

Country	In Austrian schillings	In Belgian francs	In Danish kroner	In French francs	In German reichs-marks	In Italian lire	In Dutch guilders	In Nor-wegian kroner	In Portu-guese escudos	In Swedish kronor	In Swiss francs	In Pounds £	Net Creditor or Debtor Position
Austria	—	—	—	—	—	—	+ .3	—	—	—	+2.9	+ 1.3	+ 4.5
Belgium	—	—	+2.1	+21.2	—	+ .1	—	—	—	—	—	+ 35.6	+ 59.0
Denmark	—	- 2.1	—	—	+1.7	+1.3	—	—	—	—	—	—	+ .9
France	—	-21.2	—	—	—	—	+ 1.2	—	—	—	—	—	- 20.0
Germany (Fr. zone)	—	—	-1.7	—	—	—	- 1.7	—	—	—	—	—	- 3.4
Italy	—	- .1	-1.3	—	—	—	+ .1	—	—	—	—	—	- 1.3
Nether-lands	- .3	—	—	- 1.2	+1.7	- .1	—	—	—	—	—	+ 11.1	+ 11.2
Norway	—	—	—	—	—	—	—	—	—	+2.5	—	+ 61.95	+ 64.45
Portugal	—	—	—	—	—	—	—	—	—	—	—	—	0
Sweden	—	—	—	—	—	—	—	- 2.5	—	—	—	—	- 2.5
Switzer-land	-2.9	—	—	—	—	—	—	—	—	—	—	+ 6.5	+ 3.6
U.K.	-1.3	-35.6	—	—	—	—	-11.1	-61.95	—	—	-6.5	—	-116.45
	-4.5	-59.0	- .9	+20.0	+3.4	+1.3	-11.2	-64.45	0	+2.5	-3.6	+116.35	

Confidential

Table IV

Total (of Tables A and B)
Net Creditor or Debtor Position

Austria	+ 4.8
Belgium	+152.0
Denmark	-157.8
France	- 90.7
Germany (Fr. zone)	- 3.7
Italy	- 5.0
Netherlands	+ 12.2
Norway	+ 84.9
Portugal	+ 14.1
Sweden	+ 27.5
Switzerland	+115.8
U.K.	-154.1
Total	+411.3
	-411.3
	0

Table V

Original and Unused Credits of Debtor Accounts under Present Bilateral Agreements (August 31, 1947)

Country	In Austrian Schillings		In Belgian francs		In Danish kroner		In French francs		In German reichsmarks		In Italian lire	
	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance
Austria												
Belgium												
Denmark			11.4	- 2.1			7.2	0.5				
France	1.0	.7	26.8	-21.2								
Germany (Fr. zone)			0.4	.1								
Italy			2.2	- .1			6.7	2.7				
Netherlands			31.9	7.4			15.1	- 1.2			2.3	- .1
Norway			13.6	.9							1.2	1.0
Portugal			4.0	2.8								
Sweden					8.3	1.0						
Switzerland												
U.K.			20.0	-35.6								

(Continued)

Table V (Cont'd)

Original and Unused Credits of Debtor Accounts under Present Bilateral Agreements (August 31, 1947)

Country	In Dutch guilders		In Norweigian kroner		In Portuguese escudos		In Swedish kronor		In Swiss francs		In pounds £	
	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance	Original Credit Limit	Unused Balance
Austria												
Belgium							27.8	21.9	9.5	9.3		
Denmark	7.5	5.7	8.3	1.5							160	20.7
France			5.0	2.9			16.7	5.1	69.1	13.4		
Germany (Fr. zone)												
Italy												
Netherlands					3.2	.5	8.8	4.1				
Norway	7.5	2.0										
Portugal												
Sweden			8.3	-2.5								
Switzerland	6.0	3.3	2.3	.8								
U.K.	40.3	-11.1	20.15	-61.95	20.1	7.5	24.8	1.4	60.5	-6.5		