INTERGOVERNMENTAL GROUP OF TWENTY-FOUR
ON INTERNATIONAL MONETARY AFFAIRS

THIRD MEETING OF MINISTERS

COMMUNIQUÉ

Washington, D.C.
March 24, 1973

1. Ministers of the Group of Twenty-Four met in Washington on march 24, 1973, to review the developments in the international monetary system since the time of their last meeting in September 1972. The meeting was chaired by Mr. Luis E. Oberto G., Minister of Finance of Venezuela, with Mr. N. M. Perera, Minister of Finance of Sri Lanka, and Mr. M. S. Mostefait Governor of the Central Bank of Algeria, as Vice-Chairmen. Mr. Pierre-Paul Schweitzer, Managing Director of the International Monetary Fund, and Mr. Ali Wardhana, Chairman of the Committee of Twenty were also present. The meeting of Ministers was preceded by a meeting of their Deputies chaired by Dr. Carlos Rafael Silva, First Vice -President of the Central Bank of Venezuela with Mr. Lal Jayawardena, Additional Secretary, Ministry of Planning and Employment, Sri Lanka, as Vice--Chairman. Dr. Silva reported to the Ministers on the result of the meeting of the Deputies.

2. Ministers examined the recurring crises in the international monetary system as these affected its reform and the interests of the developing countries. During the period under review, these crises had resulted in a major realignment of currencies together with the floating singly or in blocs, of main currencies.

3. Ministers pointed out that the manner in which the decisions announced in Paris on March 16 had been taken by a limited number of countries outside the framework of the International Monetary Fund, represented a departure from the spirit which had inspired the creation of the G-20 and a setback to the process of international consultation effectively involving the entire membership of the Fund. While they continued ready to cooperate with all countries to establish and operate a mutually helpful international monetary order, the developing countries cannot support a decision-making process in which they do not participate. They affirmed the need for member countries to strengthen multilateral consultations and cooperation through the International Monetary Fund particularly during the period before the completion of the reform.

4. Ministers expressed concern that the arrangements of March 16 past had disrupted progress toward the collective management of the international monetary system. These arrangements promote the use of new reserve currencies and affect adversely the prospects of the SDR becoming the main reserve asset of the future system. Furthermore, these arrangements create additional liquidity in favor of a limited number of developed countries without regard to the liquidity needs of the world as a whole. Ministers also noted with concern that the continuing uncertainties in the exchange markets seriously hamper the efforts of the developing countries in effectively planning their economies and in increasing and diversifying their exports. These uncertainties also create difficulties for developing countries generally in protecting the

purchasing power of their reserves as well as in their debt management policies.

5. Ministers reaffirmed their conviction that a system of stable exchange rates based on adjustable par values expressed in SDRs constitutes an essential element of a satisfactory international monetary order. Such an order should provide for a well-functioning adjustment mechanism and the collective management of international liquidity through strengthening the role of SDRs, and should ensure adequate transfers of real resources to developing countries.

6. In this connection Ministers reaffirmed their support, previously expressed for the creation of a link between SDRs and additional development finances

7. Ministers expressed their continuing support for the G-20 as the vehicle for effective and speedy negotiations on international monetary reform. While the Deputies of the G-20 have made significant progress in the examination of certain basic issues, there is, in the light of new circumstances a need to accelerate the pace of work on the reform. The developing countries are ready to proceed at the pace required and invite other nations to do likewise with due attention to the interests of all parties concerned.