

12. Our objective of monetary stability must not be undermined by the strains of financing international payments imbalances. We thus recognize the importance of each nation managing its economy and its international monetary affairs so as to correct or avoid persistent or structural international payments imbalances. Accordingly, each of us affirms his intention to work toward a more stable and durable payments structure through the application of appropriate internal and external policies.

13. Imbalances in world payments may continue in the period ahead. We recognize that problems may arise for a few developed countries which have special needs, which have not yet restored domestic economic stability, and which face major payments deficits. We agree to continue to cooperate with others in the appropriate bodies on further analysis of these problems with a view to their resolution. If assistance in financing transitory balance of payments deficits is necessary to avoid general disruptions in economic growth, then it can best be provided by multilateral means coupled with a firm program for restoring underlying equilibrium.

14. In the trade area, despite the recent recession, we have been generally successful in maintaining an open trading system. At the OECD we reaffirmed our pledge to avoid the imposition of new trade barriers.

15. Countries yielding to the temptation to resort to commercial protectionism would leave themselves open to a subsequent deterioration in their competitive standing: the vigor of their economies would be affected while at the same time chain reactions would be set in motion and the volume of world trade would shrink, hurting all countries. Wherever departures from the policy set forth in the recently renewed OECD trade pledge occur, elimination of the restrictions involved is essential and urgent. Also, it is important to avoid deliberate exchange rate policies which would create severe distortions in trade and lead to a resurgence of protectionism.

16. We have all set ourselves the objective of completing the Multilateral Trade Negotiations by the end of 1977. We hereby reaffirm that objective and commit ourselves to make every effort through the appropriate bodies to achieve it in accordance with the Tokyo Declaration.

17. Beyond the conclusion of the trade negotiations we recognize the desirability of intensifying and strengthening relationships among the major trading areas with a view to the long-term goal of a maximum expansion of trade.