

Recognizing that the peace and prosperity of Asia have an important bearing on the peace and prosperity of the entire world, they agreed that the individual and co-operative efforts of developing Asian countries to improve their well-being need to be complemented by the developed nations. In this regard, the Ministers agreed that further close consultations between the two Governments would be maintained.

4. The Ministers reviewed the economic situation in their respective countries.

Various aspects of the new economic policy recently announced by the United States were discussed extensively, with special emphasis on the impact on the world economy, as well as on the economies of the two nations, of the suspension of dollar convertibility and the imposition of the import surcharge by the United States. The Committee agreed that the stability and growth of the United States economy is vital to international stability and economic growth. The Committee noted that the United States surcharge endangers the multilateral trading framework, and adversely affects the exports of both nations. The Committee emphasized the need for the early removal of the United States surcharge. Serious concern was also expressed over the potential disruptive effects of the DISC proposal and over the proposed investment tax credit which would discriminate against foreign suppliers.

5. The Committee reviewed the international monetary situation. The Japanese Ministers explained that the Japanese Government had recently adopted a flexible exchange rate. The