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January 23, 1987

To: Members of the Executive Board
From: The Secretary
Subject: Economic Cooperation - United States and Japan

The attached press release, which was released in Washington on January 21, 1987, is circulated for the information of the Executive Directors, at the request of Mr. Dallara and Mr. Yamazaki.

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Department Heads

FOR IMMEDIATE RELEASE

January 21, 1987

The Japanese Minister of Finance, Kiichi Miyazawa and the U.S. Secretary of the Treasury, James A. Baker, III met today to discuss economic, trade, and financial issues of mutual interest to their countries.

Both Ministers stated their continued support for the understandings and agreements contained in their Joint Announcement of October 31, 1986. In this connection, they agreed to continue cooperative efforts to stimulate growth and to reduce external imbalances.

Secretary Baker and Minister Miyazawa agreed that developments in exchange markets warrant monitoring. The Ministers expressed their view that during most of the period since October 31, 1986, the yen/dollar exchange rate has been broadly consistent with underlying fundamentals, although there were recent instances of temporary instability in exchange markets. Accordingly, the Ministers reaffirmed their willingness to cooperate on exchange market issues.

Both Ministers agreed that in order to promote global growth, reduce imbalances and promote open markets, closer coordination of economic policies among all major industrial countries is critical. Toward this end, they agreed to intensify consultations with other major industrial countries.