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CANADIAN STATEMENT

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The CHAIRMAN said that, if he heard no objection, he would take it that the Committee agreed to the procedure he had suggested.

It was so decided.

Mr. BERLIS (Canada) paid a tribute to the initiative of the President of Mexico in proposing the Charter of Economic Rights and Duties of States, and to the efforts of the Mexican representatives. The fact that the Working Group had been able to achieve agreement on so many of the issues facing it was a great accomplishment, and the fact that it had not reached complete agreement was an indication of the sensitivity of certain issues.

The Canadian Government firmly supported the basic objective of the Charter, namely the formulation of principles to enable the international community to establish and maintain an equitable distribution of the world's wealth.

Canada approached article 2 of the Charter from the viewpoint of a country which had investments abroad but itself received a far larger amount of investment from overseas. However, the text of the article raised several difficulties.

The United Nations had for a number of years asserted the permanent sovereignty of States over their natural resources, but paragraph 1 of article 2 asserted the permanent sovereignty of every State not only over its natural resources but over its wealth and economic activities, without restriction of the territorial application of those concepts. The paragraph was thus open to the interpretation that if a State chose to transfer a portion of its wealth abroad, for example by investing in other countries, it retained full permanent sovereignty over that wealth. He doubted whether many countries, including his own, would accept investment on such terms. Moreover, the unqualified references he had cited contradicted later provisions of article 2 which asserted the primary jurisdiction of the host State in matters of foreign investment.

Paragraph 2 (a) of article 2 asserted in its original version that no State should demand privileged treatment for its nationals who invested in a foreign country; the problem was what constituted privileged treatment. His Government did not think that Canadian investors should occupy a privileged position in the economies of the countries in which they invested, but it did maintain that when a host State applied measures against foreign investment it should not discriminate against Canadian foreign investment, and the measures which it applied should be in

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