

categories of claims. The first are those that after the exchange of information prove to be insupportable; the second, those claims which appear to be valid; and third, those claims where there is agreement to disagree. This last category - always the largest - covers such matters as differences of view over legal and beneficial interests in the subject matter of the claim, the effective date of the nationalization measures in relation to the date of acquisition of Canadian citizenship, the effect of non-compliance with domestic legislation in the states concerned.

There comes a time, however, when the other side considers that it has exhausted its repertoire of arguments and that it has established in its own mind what it is prepared to pay for the improvement in relations with Canada that a settlement of claims will bring about. At this stage the negotiations take on a political colouration and the whole spectrum of relations between the two states becomes relevant. It is at this point that a number of other government departments become more closely connected with the negotiations, including in particular the Department of Finance and the Department of Industry, Trade and Commerce. In point of fact the final settlement serves more to reflect the state of relations between the two states than the legal merits of the claims themselves.

In addition to such lump sum claims settlements, the Legal Advisory Division concerns itself with particular cases of uncompensated taking of Canadian interests. Perhaps the most significant example is that of the Barcelona Traction Company. As