

paid, the Government of Canada, will be entitled to reasonable compensation for properties thus nationalized or expropriated.

5. (a) Differences between the two Governments concerning the interpretation and application of provisions of this Agreement shall be settled, insofar as possible, through negotiations between the two Governments. If such differences cannot be resolved within a period of three months following the request for such negotiations, it shall be submitted, at the request of either Government, to an Ad Hoc Tribunal for settlement in accordance with applicable principles and rules of public international law. The Arbitral Tribunal shall consist of three members and shall be established as follows: each Government shall appoint one arbitrator; a third member, who shall act as Chairman, shall be appointed by the other two members. The Chairman shall not be a national of either party. The arbitrator shall be appointed within two months and the Chairman within three months of the date of receipt of either Government's request for arbitration. If the foregoing time limits are not met, either Government may, in the absence of any other Agreement, request the President of the International Court of Justice to make the necessary appointment or appointments and both Governments agree to accept such appointment or appointments. The Arbitral Tribunal shall decide by majority vote. Its decision shall be binding and definitive. Each of the Governments shall pay the expenses of its member and its representation in the proceedings before the Arbitral Tribunal; expenses of the Chairman and the other costs shall be paid in equal parts by the two Governments. The Arbitral Tribunal may adopt other regulations concerning costs. In all other matters, the Arbitral Tribunal shall regulate its own procedures.

(b) Any claim, arising out of investments insured in accordance with this Agreement, against either of the two Governments, which in the opinion of the other presents a question of public international law shall, at the request of the Government presenting the claim be submitted to negotiations. If at the end of three months following the request for negotiations, the two Governments have not resolved the claim by mutual agreement, the claim, including the question of whether it presents a question of public international law, shall be submitted for settlement to the Arbitral Tribunal selected in accordance with the above paragraph. The Arbitral Tribunal shall base its decision exclusively on applicable principles and rules of public international law. Only the respective Governments may request arbitral procedure and participate in it.

6. I have the honour to propose that, if the foregoing is acceptable to your Government, this note, which is authentic in English and French, and your reply to that effect shall constitute an Agreement between our two Governments which shall enter into force on the date of your reply. This Agreement shall continue in force until terminated by either party on six months' notice in writing to the other. In the event of termination, the provisions of the Agreement shall continue to apply, in respect of guarantees issued by the Government of Canada while the Agreement was in force, for the duration of these guarantees, provided that in no case shall the Agreement continue to