2. to determine the circumstances, if any, under which it will allow future investments;

3. to prescribe requirements governing ownership of either existing or future investments(4);

4. to prescribe other reasonable requirements with respect to existing and future investments.

In the light of these extensive reservations, the question may be asked just what does Article 12 accomplish. The attitude of some of the delegations in the concluding session of the main committee will indicate the general evaluation. For example: the International Chamber of Commerce submitted "that in practice the present draft will tend to discourage private investors from venturing their capital abroad". The Belgian Delegation, supported by Luxembourg, Switzerland, the United States, Sweden, and the Netherlands, contended that the Article gave wholly inadequate guarantees to those countries which had in the past supplied a large volume of funds for foreign investments (Belgium endeavoured unsuccessfully to have paragraph 3 removed as a sign of protest). The delegations of Australia, Ceylon, Chile, Cuba, India, Mexico, New Zealand, Venezuela and Uruguay, in general defended the article as it stood against the accusations of Belgium. In short, the Article emerged as a compromise statement which did not satisfy the leading protagonists and which, in effect, really left the whole problem to the realm of future bilateral agreements were presumably the bargaining position of the contracting Members would determine the situation in each individual case.

Throughout the discussions at the various committee stages, the Canadian Delegation - stressing Canada's favourable past record as a capital importer, and its more recent role as a small creditor - took the view that the broad question of international investment had not yet received the collective consideration it required, and that consequently Article 12, in its present form, must be considered immature.

Pointing out that the Article was not well integrated with the balance of payments Articles 21, 23 and 24, the Canadian Delegation observed that for balance of payments reasons Members were often just as loath to permit outward capital movements - whether of its own nationals or of the foreigner - as other Members were loath to accept foreign loans or to guarantee national treatment to foreign investments.

Although unable - because of the reluctance of the United States Delegation - to retain an explicit reference to the International Monetary Fund in the Article, the Canadian Delegation successfully pressed for the inclusion of the words "without prejudice to existing international agreements to which Members are parties". In the report of the sub-committee it is made clear that the Articles of Agreement of the International Monetary Fund are definitely included in this phrase. The purpose of the Delegation was to ensure that, if requested to enter bilateral negotiations, Canada would, if necessary, be able to defend any exchange restrictions on capital movements when they were enforced for balance of payments reasons (See Article VI, Articles of Agreement, International Monetary Fund).

(4)For example, a Member may prescribe that 51 per cent of the stock should be held by nationals, or that a certain proportion of the management and staff should be made up of nationals, etc.