

U.N. Charter of Economic Rights and Duties of States

The United Nations Charter on the Economic Rights and Duties of States, also known as the "Echeverria Charter" because of the role of the President of Mexico in proposing its elaboration, was formally adopted by Resolution of the General Assembly at its XXIXth (1974) Session.

The Charter as adopted reflects a great many of the principles found in the Declaration on the Establishment of a New Economic Order and related Programme of Action adopted at the Sixth Special Session of the U.N. General Assembly in the spring of 1974. Unlike the Declaration and Programme of Action, however, which were adopted without vote, the Charter was adopted by a vote of 120 in favour and six opposed (the U.S.A. and five members of the EEC) with ten abstentions, including Canada. Efforts at the Fourth Session of the UNCTAD Working Group on the Charter in Mexico and subsequently during the General Assembly itself to negotiate a text acceptable to all member states were unsuccessful.

The large majority of the provisions of the Charter obtained unanimous support in the General Assembly. Those issues which prevented agreement on the text as a whole related to (1) the treatment of foreign investment, (2) international trade policy and (3) development assistance policy. Of these three areas, perhaps the most controversial and difficult was that related to foreign investment, including the control of foreign-based multinational corporations and permanent sovereignty over natural resources. This complex of issues is of particular interest to Canadians, because of its subject matter, and to international lawyers, because of the nature of the controversy to which it gave rise.

The Declaration of the Sixth Special Session had asserted the "full permanent sovereignty of every state over its natural resources and all economic activities". Article 2, paragraph 1 of the Charter extended the application of the "permanent sovereignty" concept to "all its wealth". The absence of any provision limiting the territorial application of this concept left open the interpretation that a state which transferred a