

In Article 11 the chief prerequisites to sound economic development are recognized: capital funds, materials, modern equipment and technology, and technical and managerial skills.

Paragraph 1 of Article 11 obliges Members to co-operate as far as is practicable in order to assist some Members to gain fair access to the facilities, and others to provide them. Furthermore, Members must not impose unreasonable or unjustifiable impediments that would prevent other members from obtaining the facilities on equitable terms. Embargoes shall not be placed on the export of machinery or materials for development, for example, unless there is a good reason which makes the imposition of the restriction imperative.

On the other hand, Members who receive the facilities shall not take any unreasonable or unjustifiable action injurious to the rights or interests of the subjects of other Member States, in respect of the enterprise, skills, capital, arts, or technology which they have supplied. However, where the provisions of Article 12 relating to international investment are applicable, Members would not be precluded from taking any action in conformity with that Article.

Paragraph 2 of Article 11 sets out the action which the Organization may take in stimulating and assisting the provision and exchange of developmental facilities. It may recommend and promote agreements between two or more nations with these objects:—

- (i) To assure fair treatment of foreign enterprises, technicians, &c., within a Member country;
- (ii) To avoid double taxation in order to encourage private investors to send their capital to the countries where it is needed, by assuring them of a larger net return;
- (iii) Generally to ensure that members receive the benefits of the provisions of this Article to the maximum extent;
- (iv) To assist in the equitable distribution of developmental facilities.

Furthermore, the Organization may formulate and promote the adoption of a general agreement or a statement of principles as to the conduct, practices, and treatment of foreign investment.

Article 12: International Investment for Economic Development

The financial aspect of international investment for economic development is dealt with in Article 12. In the past, when monetary capital moved freely between countries, development of backward areas went on relatively fast, usually to the benefit of both borrower and lender. However, in more recent years, certain barriers have been raised against the free flow of funds. On the one hand, some countries have treated foreign investments within their territories in a manner so unjust to the investors that the provision of further capital has been discouraged. On the other hand, some capital-receiving countries have become suspicious of foreign investments because of so-called "exploitation." The result has been a substantial reduction in the flow of capital between countries,