

with a consequent retardation of economic development. Article 12 lays down general principles and procedures in regard to international investment with a view to facilitating such investment and at the same time protecting the rights of both exporters and importers of capital.

First, a general statement is made as to the desirability of a substantial flow of international investment.

Secondly, some of the more important rights of capital-receiving countries are listed including—

- (i) To take any appropriate safeguards necessary to ensure that foreign investment is not used as a basis for interference in its internal affairs or national policies ;
- (ii) To determine whether and to what extent and upon what terms it will allow future foreign investment ;
- (iii) To prescribe and give effect on just terms to requirements as to the ownership of existing and future investments ;
- (iv) To prescribe and give effect to other reasonable requirements with respect to existing and future investments.

Thirdly, a provision is made whereby two or more members may negotiate among themselves with a view to fixing the terms on which international investments will be made and received. Members undertake to enter into consultation or to participate in negotiations directed to the conclusion of agreements of this nature.

Fourthly, members which receive foreign investments give certain undertakings regarding their treatment of such investments, including—

- (i) To provide reasonable opportunities for investments acceptable to them and adequate security for existing and future investments ; and
- (ii) To give due regard to the desirability of avoiding discrimination as between foreign investments.

Since New Zealand is an importer rather than an exporter of capital it is interesting to note particularly the rights enjoyed and the responsibilities which would be undertaken by countries such as New Zealand under the text of this Article. First, in regard to rights, we can fix the terms on which *any* proposed foreign investment will be received, accept some investments and not others, or exclude new foreign investments altogether. Each such investment can be treated on its merits, taking into account all the economic and financial consequences which are likely to follow. Provided that a proposed investment is acceptable, there is an undertaking to give it reasonable treatment and to give due regard, as one of several factors to be considered, to the desirability of treating all foreign investment alike, so that there may be no discrimination between them. In this way we would be in a position to protect our essential economic rights, it being understood that fair treatment will be given to all approved foreign investments.