



Resolution of the Council on the
Draft Convention on the
Protection of Foreign Property

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Background Information

The Draft Convention on the Protection of Foreign Property was developed upon a mandate given by the Organisation for European Economic Co-operation (OEEC) in 1960 – the predecessor of the OECD – and prepared by representatives and experts of governments within the Committee for Invisible Transactions (CMIT) (which was merged with the Committee on International Investment and Multinational Enterprises (CIME) in 2004 to form the Investment Committee). It was intended as a plurilateral instrument but has not entered into force – which would have required the deposit of 10 instruments of ratification, according to its Article 12. However, the OECD Council adopted the Resolution on the Draft Convention on 12 October 1967 in which it reaffirms the adherence of Members to the principles of international law embodied in the Draft Convention and commends it as a basis for extending and rendering more effective the application of these principles. The Draft Convention, even though never in force, has historical importance for investment treaty policies. The text of the Draft Convention as well as the Notes and Comments constituting its interpretation are available in this [publication](#) (OECD Publishing, 1967).

THE COUNCIL,

HAVING REGARD to the provisions of the Convention on the Organisation for Economic Co-operation and Development concerning economic expansion and assistance to developing countries;

HAVING REGARD to the Reports by the Committee for Invisible Transactions and the Comments by the Payments Committee on the Draft Convention on the Protection of Foreign Property;

HAVING REGARD to the text of the Draft Convention on the Protection of Foreign Property and to the Notes and Comments constituting its interpretation (hereinafter called the "Draft Convention");

OBSERVING that the Draft Convention embodies recognised principles relating to the protection of foreign property, combined with rules to render more effective the application of these principles;

CONSIDERING that a clear statement of these principles will be a valuable contribution towards the strengthening of international economic co-operation on the basis of international law and mutual confidence;

CONSIDERING that a wider application of these principles in domestic legislation and in international agreements would encourage foreign investment;

BELIEVING that the Draft Convention will be a useful document in the preparation of agreements on the protection of foreign property;

NOTING the conclusion of a Convention on the Settlement of Investment Disputes between States and Nationals of Other States;

I. **REAFFIRMS** the adherence of Member States to the principles of international law embodied in the Draft Convention;

II. **COMMENDS** the Draft Convention as a basis for further extending and rendering more effective the application of these principles;

III. **APPROVES** the publication of the Draft Convention as well as this Resolution.

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The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

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- **Decisions** are adopted by Council and are legally binding on all Members except those which abstain at the time of adoption. They set out specific rights and obligations and may contain monitoring mechanisms.
- **Recommendations** are adopted by Council and are not legally binding. They represent a political commitment to the principles they contain and entail an expectation that Adherents will do their best to implement them.
- **Substantive Outcome Documents** are adopted by the individual listed Adherents rather than by an OECD body, as the outcome of a ministerial, high-level or other meeting within the framework of the Organisation. They usually set general principles or long-term goals and have a solemn character.
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