Contents

Tab	le of	^c Cases	XV
		Abbreviations	xxiii
1.]	Intr	oduction	1
2.	Inve	estor–State Arbitration and the Argentine Cases: an Overview	6
	I.	The protection of foreign investment in the past Diplomatic protection and the traditional role of the individual	7
	II.	Diplomatic protection and the traditional fole of the marviadar	11
	TTT	in international dispute resolution The modern system of the protection of foreign investment	14
	111.	The 2001–3 Argentine financial crisis	18
1	IV.	1. The privatization of public utilities in the late 1980s	18
		2. The 2001–3 crisis and its precursors	20
		3. Argentina's measures in response to the crisis	21
	V.	The jurisprudence arising from the Argentine financial crisis	22
3.	Pro	portionality as a General Principle of Law	28
	I.	The principle of proportionality in domestic legal systems	34
		1. The principle of proportionality in German law	35
		a) Proportionality in German administrative law before	25
		World War I	35
		b) Proportionality in German constitutional law	37 40
		c) Robert Alexy on principles and proportionality	40
		2. The establishment of the principle of proportionality in various	42
		constitutional orders	43
		a) The jurisprudence of the Canadian Supreme Courtb) The jurisprudence of the Constitutional Court of South Africa	45
		c) The jurisprudence of the Constitutional Court	46
		3. The principle of proportionality, balancing, and similar concepts	
		in US constitutional law	50
		a) The relevance of the debate on proportionality balancing in the US	51
		b) The dormant commerce clause	52
		c) The equal protection clause and its different levels of scrutiny	53
		d) Balancing and the First Amendment to the US Constitution	54
		e) The struggle of Justice Breyer for an explicit endorsement of	50
		the principle of proportionality by the US Supreme Court	58 61
		4. Summary of the comparative analysis	62
	II.	The 'dark sides' of proportionality	63
		1. Judicial lawmaking	65
		 Threat to the rule of law Arbitrariness and the lack of a unitary value system 	66
		J. AIDITTATINESS and the fack of a unitary value system	

Contents

	III.	Transposability of proportionality to the international level	68
		 Proportionality in several subsystems of international law a) Proportionality and the law of the European Union 	68
		b) Proportionality in the jurisprudence of the WTO adjudicatory bodies	70
		c) Proportionality in the jurisprudence of the ECtHR	74
		d) The principle of proportionality in other areas of international law	78
		2. Proportionality as a 'principle'	79
		3. Why general principles if there is a treaty?	80
	137	Conclusion	82
	IV.	Conclusion	02
4.	Prop	portionality and the Concept of Systemic Integration	84
	I.	Article 31 VCLT and systemic integration: a short overview	86
	II.	The relationship between Article 31(3)(c) VCLT and other means	
		of treaty interpretation	91
	III.	The content and scope of Article 31(3)(c) VCLT	92
		1. The notion of 'self-contained regimes' and its (ir)relevance	
		for investor-State arbitration	93
		a) International investment agreements as self-contained regimes?	93
		b) The ICSID Convention as a self-contained regime?	98
		2. The different elements of Article 31(3)(c) VCLT	99
		a) 'Rules of international law'	99
		(1) All sources of international law matter	99
		(2) Proportionality as a 'rule'	100
		(3) The value glue of the international community	101
		(i) The value system of the Charter of the United Nations	102
		(ii) Human rights in treaties, custom, and general principles	103
		(iii) Hierarchical structures in international law	106
		b) Which 'parties'?	111
		c) Which rules are 'applicable'?	113
		(1) Temporal issues	113
		(2) Normative issues	114
		d) Which rules are 'relevant'?	118
	IV.	Conclusion	120
5.	Pro	portionality and Expropriation	122
	I.	Direct versus indirect expropriations	123
	II.	The different approaches towards the identification of	
		an indirect expropriation	125
		1. Sole effects doctrine	126
		2. Police powers doctrine	127
		3. Mitigated police powers doctrine	129
	III.	Policy rationales for proportionality balancing in	
	111.	the context of indirect expropriations	132
		The balance between private property rights and the public interest	
		in the provisions on expropriation in the German Basic Law and	
		the ECHR	132
		2 Possible reasons for a different balance in international investment law	135

ciii
_

		3. Recent efforts to readjust the balance between private property rights	126
		and the public interest in international investment law	136
	IV.	Harmonizing two areas of international law or comparing apples	
		and oranges? A critical analysis of the Tecmed approach	141
		1. The Tecmed approach and the fragmentation of international law	142
		2. The reasoning of the Tecmed tribunal regarding indirect	
		expropriation	143
		3. The Tecmed approach and the underlying jurisprudence of	
		the ECtHR	144
		a) Jurisprudence of the ECtHR on the lawfulness of expropriations	146
		b) Jurisprudence of the ECtHR on interferences with the right	
		to property other than expropriatory acts	148
	V.	Identifying indirect expropriation in accordance	
		with Article 31 VCLT	151
		The ordinary meaning and context of the treaty term	151
		2. Special case: clarification of the notion of 'indirect expropriation'	
		in an IIA	153
		3. The object and purpose of the relevant investment treaty	157
		4. Subsequent agreement and practice	162
		a) Subsequent agreements	163
		b) Subsequent practice	168
		c) Summary	170
		5. Systemic integration	171
		a) Defining indirect expropriation through custom	1/ 1
		and creating custom through treaties?	171
		b) Introducing proportionality balancing into the concept	1/1
		of indirect expropriation through general principles of law?	177
	TIT		179
	V1.	Conclusion	1//
6.	Pro	portionality and the FET Standard	182
٠.		Some basic features of the FET standard	183
	I.		183
		1. FET and the international minimum standard of treatment	186
	**	2. FET and legitimate expectations	
	II.	The FET standard and the Argentine financial crisis	187
		Overview of the relevant jurisprudence	187
		2. Public interest considerations	190
	III.	The case for the application of the principle of proportionality	
		in deciding on a breach of the FET standard	193
		1. Status quo: some, but no broad endorsement of proportionality	
		by tribunals	193
		2. Incorporating proportionality analysis through Article 31(3)(c) VCLT	194
		3. Refining but not contradicting existing jurisprudence	198
	IV.	Legitimate expectations: absolute protection or subject	
		to proportionality balancing?	199
	V	Occidental v Ecuador: proportionality as a restraint for States	
	, ,	in exercising their contractual rights?	202
	1/1	Conclusion	208
	V 1.	Conclusion	200

7.		portionality and NPM Clauses: Article XI of Argentina–US BIT	211
	I. II.	Arbitral jurisprudence on Article XI of the Argentina-US BIT The relationship between Article XI and	212
		the customary international law defence of necessity	217
	III.	Is Article XI of the Argentina-US BIT self-judging?	222
		1. Ordinary meaning, context, object, and purpose,	
		and some systemic integration	222
		2. Self-judging exceptions to IIA protections: an emerging rule	
		of customary international law?	224
		3. Lessons from Nicaragua v United States	227
	IV.	The nexus requirement: 'only way', 'margin of appreciation',	
		or proportionality analysis?	229
		1. Equating 'necessary' in Article XI of the Argentina–US BIT with the 'only way' requirement of Article 25 ASR?	230
		2. Transferring the margin of appreciation doctrine of the ECtHR to Article XI of the Argentina–US BIT?	232
		3. Proportionality in the context of Article XI of the Argentina-US BIT	237
	V.	The consequences of Article XI	243
		Conclusion	250
		*	2)0
8.	Pro	portionality and the Customary International Law Defence	
		Vecessity	253
	I.	The applicability of Article 25 ASR in investor-State arbitration	255
	1.	 Inapplicability of the necessity defense according 	
		to Article 25(2)(a) ASR?	255
		2. Inapplicability of Article 25 due to NPM clauses as leges speciales?	257
		3. Inapplicability of Article 25 due to the involvement	250
	TT	of non-State actors?	259
	II.	The status quo: practical unavailability of necessity	
		in investor–State arbitration	264
		1. Grave and imminent peril for an essential interest	265
		2. No serious impairment of another essential interest	270
		3. The 'only way' requirement	273
	TTT	4. The non-contribution requirement	275
	111.	The principle of proportionality: the only way forward? 1. Modifying the ILC codification: replacing the 'only way'	280
		requirement with the principle of proportionality?	281
		2. Necessity and the principle of proportionality: custom	201
	13.7	versus general principles?	286
	IV.	Consequences of a successful plea of necessity	289
		1. A duty to compensate?	290
	17	2. The relevant standard of compensation	296
	V.	Conclusion	298
9.	Sum	amary and Concluding Remarks	301
ъ.	1 1.		
		raphy	307
Inc	lex		323

Contents