## Table of Contents

Tab	le of C	Cases	xvii
Tab	le of T	Treaties	xxvii
Tab	le of A	Abbreviations	XXXV
Intr	oduc	tion	1
	PAR	RT I. PLACING TREATY SHOPPING IN CONTEXT	
1.	Und	lerstanding the Practice of Treaty Shopping	7
		Defining Treaty Shopping in International Investment Law 1.1.1 Perceptions and definitions of treaty shopping used in academic	7
		literature and arbitral jurisprudence	7
		1.1.2 Possible scenarios of treaty shopping	12
		1.1.2.1 Treaty shopping by natural persons	12
		1.1.2.2 Treaty shopping by corporate structuring or restructuring	13
		1.1.2.3 Treaty shopping by transfer of claims	14 15
		1.1.3 The distinction between treaty and forum shopping	19
	1.2	Reasons for the Occurrence of Treaty Shopping	20
		<ul><li>1.2.1 Proliferation of investment treaties</li><li>1.2.2 Change from diplomatic protection to direct standing paradigm</li></ul>	27
		1.2.3 Ease of incorporation of legal entities and high fungibility of	-/
		shareholding	32
		1.2.4 Absence of a doctrine of precedent?	32
	1.3	Preliminary Conclusions	33
2.	Is A	anything Wrong with Treaty Shopping?	34
		Introduction	34
		Considerations in Favour of a 'Treaty Shopping-permissive' Approach	34
		2.2.1 Sovereign consent	34
		2.2.2 Access to justice?	37
	2.3	Policy Concerns Against Treaty Shopping	39
		2.3.1 Reciprocity	39 40
		2.3.1.1 Reciprocity in public international law	40
		2.3.1.2 Reciprocity in international investment law	49
		2.3.2 Legitimacy concerns 2.3.2.1 The meaning of legitimacy in international law	49
		2.3.2.2 Legitimacy concerns in international investment law	52
		2.3.2.3 Legitimacy concerns and treaty shopping	58
		2.3.3 Sustainable development	59
		2.3.4 Regulatory chill	62
		2.3.5 Lack of a 'level-playing' field	63
	2.4	Preliminary Conclusions	65

DADT II	SYSTEMATIC APPROACHES TO THE VALIDITY
PAKI II.	SISTEMATICAL TO THE CHARD THE CONTRACTOR OF THE
OF	A CLAIM INVOLVING TREATY SHOPPING

2	The Car	tomary International Law Relative to Changes of Nationality	69
3.			69
	3.1 Int	coduction	69
	3.2 The	Concept of Nationality	71
	3.2	1 Natural persons	71
		3.2.1.1 Nottebohm case	72
		3.2.1.2 Discussion	74
	3.2	.2 Legal persons 3.2.2.1 Domestic law theories on the creation of legal persons	74
		3.2.2.1 Domestic law theories on the organization of the organizat	74
		3.2.2.1.1 Interporation energy 3.2.2.1.2 Seat theory	75
		3.2.2.1.2 Scar theory 3.2.2.1.3 Control theory	77
		3.2.2.2 Customary international law	77
		3.2.2.1 Barcelona Traction case	77
		3.2.2.2.2 Discussion	80
		3 2 2 2 3 Diallo case	84
		3.2.2.2.4 ILC 2006 Draft Articles on Diplomatic	05
		Protection	85
	33 C	ontinuous Nationality Requirement	86
	3.5 C	elevance of Customary International Law for the Practice of	0.0
	7.4 K	reaty Shopping	88
	2 5 D	eliminary Conclusions	90
	3.5 F	elililiary Conclusions	
,	т : 1	ation Patione Personal	92
4		ction Ratione Personae	92
		ntroduction	92
	4.2 N	Jatural Persons	93
	4	2.1 'Genuine link' requirement in international investment law?	93
		4.2.1.1 Single nationality	95
		4.2.1.2 Dual nationality	97
	4	2.2. Dual nationality of a natural person exercising 'foreign control'	98
		.2.3 Discussion	99
	4.3 I	egal Persons	101
	4	.3.1 Formal approach v 'piercing of the corporate veil'	102
		4.3.1.1 So-called 'round-tripping'	108
		4.3.1.2 So-called mailbox or shell companies	111
		4.3.1.3 Discussion 4.3.2 Substantive link requirements	114
	4	4.3.3 Denial of benefit clauses	116
	,	4.3.3.1 Prospective or retrospective effect?	117
		4.3.3.2 Discussion	119
		(2.4 Definition and scope of 'control'	120
		4.2.4.1 Motion of toreign control III the ICOID Convention	121
		4.3.4.1.1 Which criteria can be used to define control.	122
		4.3.4.1.2 Legal v effective control	123
		4.3.4.1.3 Discussion	125

Table of Contents	xiii
4 3.4.2 Level of control	127
4.3.4.2.2 Discussion  4.3.4.3 Notion of control in IIAs  4.3.4.3.1 Legal or effective control  4.3.4.3.2 Discussion	127 131 134 134 136 138
	140
<ul> <li>5.1 Introduction</li> <li>5.2 Notion of Investment in IIAs</li> <li>5.2.1 Shareholding as investment</li> <li>5.2.2 Indirect investments</li> <li>5.2.2.1 Inclusion of indirect investments when the treaty text is silent?</li> <li>5.2.2.2 Discussion</li> <li>5.2.2.3 Exceptions</li> <li>5.3 Notion of Investment in the ICSID Convention</li> <li>5.4 Specific Problems Related to Treaty Shopping</li> </ul>	140 140 141 142 143 144 145 147 150 150
5.4.1.1 Economic motivation 5.4.1.2 Transactions at nominal price or for free 5.4.2 Risk requirement 5.4.3 'Active contribution' requirement? 5.4.3.1 Cases 5.4.3.2 Discussion 5.4.4 Good faith as an element of the notion of investment? 5.4.4.1 Cases 5.4.4.2 Discussion 5.5 Preliminary Conclusions	151 155 155 155 158 160 160 163 164
6. Jurisdiction Ratione Temporis	166
<ul> <li>6.1 Introduction</li> <li>6.2 Timing of Nationality Requirement <ul> <li>6.2.1 ICSID Convention</li> <li>6.2.2 Other investment treaties</li> </ul> </li> <li>6.3 Continuous Nationality Requirement <ul> <li>6.3.1 Loewen Group Inc and Raymond Loewen v United States</li> <li>6.3.2 Discussion</li> </ul> </li> <li>6.4 Exclusion of Pre-existing Disputes <ul> <li>6.4.1 Why should a pre-existing dispute be excluded?</li> </ul> </li> </ul>	166 167 167 168 169 169 171 175 176
6.4.1.1 Treaty-based exclusion clauses 6.4.1.2 No treaty-based exclusion clauses 6.4.2 When has the dispute arisen? 6.4.2.1 Importance of the notion of dispute for a claim following	177 177 182
a corporate restructuring	182

### Table of Contents

(1)	184
- CTT 1 ICT : an midence on the Hollott of dispute	185
	187
(4222 Discussion	188
6.4.2.3 Notion of 'dispute' in international investment law	188
( / 2.2.1 Definition of displife	100
or cubiective approach to the	190
notion of dispute:	194
6.4.2.3.3 Philip Morris Asia v Australia	194
6.4.2.3.4 Identity of disputes?	199
6.4.2.4 Discussion	
6.5 Preliminary Conclusions	201
6.) Preliminary Constants	202
7. Objections on Grounds of an Abuse of Rights or Abuse of Process	
	202
7.1 Introduction	202
7.1 Introduction 7.2 The Abuse of Rights or Abuse of Process Doctrine 7.3 The Timing of the Corporate Structuring or Restructuring and the	
7.3 The Timing of the Corporate Structuring of Restriction 8	205
Existence or Foreseeability of a Dispute	206
7.2.1 Cases	206
7.3.1 Cases 7.3.1.1 Société Générale v Dominican Republic	207
7.3.1.2 Cementownia v Turkey	207
7.3.1.3 Phoenix Action v Czech Republic	208
7.3.1.4 Aguas del Tunarí v Bolivia	208
7.3.1.5 Mobil v Venezuela	210
7.3.1.6 Pac Rim v El Salvador	211
7.3.1.7 Tidewater v Venezuela	213
7.3.1.8 ConocoPhillips v Venezuela	215
7.3.1.9 Lao Holdings v Laos	
7.3.1.9 Lao Holdings v Laos 7.3.1.10 Cervin Investissements & Rhone Investissements v	215
Costa Rica	216
7.3.1.11 Renée Rose Levy and Gremcitel SA v Peru	217
7.3.1.12 Philip Morris Asia v Australia	219
7.3.2 Discussion	
7.3.2 Discussion 7.3.2.1 Distinction between jurisdiction ratione temporis and	219
abuse of process	
7.3.2.2 The existence of an actual dispute and the foreseeability	222
of a future dispute	227
7.3.2.3 The 'sole purpose' doctrine	
7.3.2.3 The sole purpose doctrine 7.3.2.4 Other factors that may influence whether a tribunal will be prepared to accept a corporate (re)structuring as	
will be prepared to accept a corporate (15)51111111111111111111111111111111111	228
'legitimate corporate planning' or not	229
7.4 Nemo Dat Quod Non Habet	229
7.4.1 Cases	231
7.4.2 Discussion	232
7.5 Preliminary Conclusions	234
Conclusions of Part II	

# PART III. POSSIBLE SOLUTIONS TO THE INCONSISTENT APPROACHES TOWARDS TREATY SHOPPING

8.	Wh	at Stat	es Can	Do to Cu	rb Treaty Shopping	239
	8.1	'Political' Approaches to Treaty Shopping				239
	011	8.1.1	8.1.1 Negotiation of a multilateral investment framework			
		8.1.2 Prescription of mailbox companies				
		8.1.3 Investment treaties without ISDS clauses				241
	8.2				oaches to Treaty Shopping	242
	8.2.1 Joint interpretations				243	
	8.2.2 The role of the preamble				244	
				of investor		246
			8.2.3.1	Natural pe	ersons	246
				8.2.3.1.1	Inclusion of the effective nationality principle	246
				8.2.3.1.2	Exclusion of claims by host State nationals	248
				8.2.3.1.3	Permanent residents as protected investors	248
			8.2.3.2	Legal pers	ons	249
				8.2.3.2.1	'Anti-treaty shopping' nationality criteria found	250
					in IIAs	250
					Denial of benefits clauses	251
					Discussion	256
			8.2.3.3	Notion of	fcontrol	256
			8.2.3.4	Foreign co	ontrol as in Article 25(2)(b) ICSID Convention	260
		8.2.4		of investm		261 262
			8.2.4.1	Protection	n of indirect investments	264
			8.2.4.2	Specific c	riteria pertaining to the notion of investment	264
				8.2.4.2.1	Specifications of the contribution requirement	264
				8.2.4.2.2	Good faith requirement	265
				8.2.4.2.3	'Active contribution' requirement	268
			<b>T</b>		Origin of capital requirement	269
		8.2.5		ral jurisdic		269
			8.2.5.1	Principle	of non-retroactivity of disputes that have arisen prior to the entry	20)
			8.2.5.2	Exclusion	e of the IIA	270
			0252		n of acts or facts giving rise to a later dispute	271
			8.2.3.3	Dispute	settlement clause: notion of dispute	272
		026	0.2.).4 Inclusi	on of cond	itions under which a corporate restructuring is	
		8.2.0	accepte		mons under which a corporate root area.	272
		027	Inclusi	on of the a	buse of process doctrine	274
		8 2 8	Inclusi	on of the 'r	pre-existing/foreseeable dispute' jurisprudence	274
	0 2	0.2.0 Dral	minary	Conclusion	ons	276
	0.5	, 1101	iiiiiiai y	Concident	×	
9	. Th	e Role	of the	Principle (	of Good Faith in Treaty Shopping	278
						278
	<ul><li>9.1 Introduction</li><li>9.2 The Normative Status of the Principle of Good Faith and its</li></ul>					
	7.4			LIVE Status	of the limespie of Good Large and	279
	Functions					

#### xvi

### Table of Contents

9.3 The Interpretative Approach Towards Treaty Shopping	283
9.3 The Interpretative Approach Towards Treaty 53-77	284
9.3.1 Ordinary meaning	285
9.3.2 Context	285
9.3.3 Object and purpose	287
9.3.4 Special case: Phoenix Action v Czech Republic	290
0.2.5 Discussion	_,
9.4 Application of the Principle of Good Faith or One of its	291
Concretizations	291
9.4.1 'Genuine link' theory	291
9.4.2 'Piercing of the corporate veil' doctrine	
0 / 3 Fraud	298
chichtelebuse of process doctrine	301
0.5 A (More) Systematic Approach Iowards the Use of the Timespie	ot
Good Faith and its Emanations in Cases of Treaty Shopping	303
Good Faith and its Emanations in Survey	307
9.6 Preliminary Conclusions	309
Conclusions	
	317
Annex	331
Bibliography	351
Index	