## Contents

	Table of Cases			page xi	
	List o	of Abbi	reviations	xvi	
1.	Intro	Introduction to Foreign Direct Investment: History, Trends			
	and F	and Rationales			
	1.1	Intern	ational Investment Law	1	
	1.2	Foreig	gn Direct Investment	3	
	1.3	Histor	rical Context - Beginnings of Foreign Direct		
		Invest	tment (FDI)	6	
	1.4	The C	olonial Period	7	
	1.5	Post-colonialism and Gunboat Diplomacy		10	
	1.6	The Late Twentieth Century		13	
	1.7	Concepts of Property		16	
	1.8	Current Trends in FDI			
	1.9	Economic Rationales for FDI - Cost and Profit			
	1.10	1.10 Foreign Direct Investment and Host States			
		1.10.1	Advantages	23	
		1.10.2	Disadvantages	25	
	1.11	Sourc	es of International Law on Foreign Investment	27	
	1.12	Concl	usion	31	
2	Dilak	aval D	anianal and Multilataval Investment		
2.			egional and Multilateral Investment	22	
			s and Investment Contracts	33	
	2.1	Introduction		33	
	2.2	Bilateral Investment Treaties		34	
	2.3		nal Trade Agreements	40	
			Energy Charter Treaty (ECT)	40	
		2.3.2	North American Free Trade Agreement		
			(NAFTA)	41	
		2.3.3	Association of South East Asian Nations		
		دعات	Comprehensive Investment Agreement (ACIA		
		2.3.4	The Trans Pacific Partnership (TPP)	42	

		2.3.5	Transatlantic Trade and Investment				
			Partnership (TTIP)	43			
		2.3.6	Economic Community of West African States				
			(ECOWAS)	44			
	2.4	The V	Vorld Bank	45			
		2.4.1	The Multilateral Investment Guarantee				
			Agency (MIGA)	46			
		2.4.2	International Finance Corporation (IFC)	47			
		2.4.3	The International Centre for the Settlement of				
			Investment Disputes (ICSID)	49			
	2.5	The V	Vorld Trade Organization (WTO)	50			
		2.5.1	General Agreement on Trade in Services				
			(GATS)	51			
		2.5.2	Agreement on Trade-Related Investment				
			Measures (TRIMS)	53			
		2.5.3	Agreement on Trade-Related Aspects of				
			Intellectual Property (TRIPS)	54			
	2.6	The In	nternational Monetary Fund (IMF)	55			
	2.7	The Organisation for Economic Cooperation and					
		Develo	opment (OECD)	56			
	2.8	Other Multilateral Initiatives					
	2.9	Invest	ment Contracts	61			
	2.10	Concl	usion	63			
3.	National Laws Governing Foreign Investment and						
	Defir	initions and Conditions of Admission					
	3.1	Introd	uction	65			
	3.2	State	Responsibility	66			
	3.3	Nation	nal Investment Laws	68			
	3.4	Defini	tions of Investment and Investor	74			
		3.4.1	Investment	75			
		3.4.2	Investor	81			
		3.4.3	Denial of Benefits	87			
	3.5	Perfor	mance Requirements	89			
	3.6	Concli	ision	93			
4.	Guar	Guarantees Against Discrimination: National Treatment					
	and I	d Most Favoured Nation					
	4.1	Introd	uction	95			

vii

7.	Con	Compensation		
	7.1	Introduction	18.	
	7.2	Measure of Compensation	188	
		7.2.1 Prompt, Adequate and Effective	188	
		7.2.2 The Calvo Doctrine	19	
	7.3	Illegal Takings and other Treaty Breaches	193	
	7.4	Special Compensation Provisions	197	
	7.5	Valuation of Investment	198	
		7.5.1 Book Value	199	
		7.5.2 Replacement Value	200	
		7.5.3 Discounted Cash Flow	201	
		7.5.4 Liquidation Value	203	
		7.5.5 Cost of the Investment	204	
	7.6	Moral Damages	206	
	7.7	Non-Pecuniary Remedies	209	
	7.8	Conclusion	212	
8.	Disp	Dispute Settlement		
	8.1	Introduction	214	
	8.2	International Arbitration as an Alternative to		
		Domestic Courts	216	
	8.3	Alternative Dispute Resolution Provisions	219	
	8.4	State-to-State Dispute Settlement Provisions	220	
	8.5	Investor-State Dispute Settlement Provisions	222	
		8.5.1 Scope	222	
		8.5.2 Prior Exhaustion of Local Remedies	224	
		8.5.3 Choice of Specific Fora	225	
		8.5.4 Transparency and Access	227	
		8.5.5 Applicable Law	229	
		8.5.6 Other Common Features of Investor–St	ate	
		Dispute Settlement Provisions	231	
	8.6	Arbitration Systems	233	
		8.6.1 ICSID	233	
		8.6.2 Non-ICSID Systems	242	
	8.7	Enhanced Investor-State Dispute Settlement:		
		New Regimes	245	
	8.8	Costs	246	
	8.9	Conclusion	248	

9.	Public Interest Issues: The Environment, Human Rights			
	and (	Culture		250
	9.1	Introd	uction	250
	9.2	Categories of Public Interest		
		9.2.1	General Public Interest and Sustainable	
			Development	252
		9.2.2	The Environment	256
		9.2.3	Health	261
		9.2.4	Labour	263
		9.2.5	Culture	266
	9.3	Public	Interest and Expropriation	271
	9.4	Corpo	rate Social Responsibility (CSR)	272
	9.5	Volun	tary Guidelines Encompassing Public Interest	273
		9.5.1	OECD Guidelines for Multinational Enterprises	274
		9.5.2	UN Global Compact	275
		9.5.3	The Collevecchio Declaration on Financial	
			Services	275
		9.5.4	The Equator Principles	276
		9.5.5	The Ceres Principles	276
		9.5.6	The Santiago Principles	277
	9.6	Public	: Interest in Development Bank Lending	
		Guidelines		277
		9.6.1	The Multilateral Investment Guarantee	
			Agency (MIGA)	278
		9.6.2	The International Finance Corporation (IFC)	278
		9.6.3	The Regional Development Banks	279
		9.6.4	The New Development Bank (NDB)	279
	9.7	Balan	cing Public Interest against Treaty Protections	280
	9.8	Concl	usion	282
10.	Non-	Preclud	ded Measures: Essential Security, Economic	
			d the Defence of Necessity	284
		774	luction	284
			tial Security	285
			FDI as a Risk to Essential Security	285
			Essential Security Exceptions in IIAs	286
			Domestic Screening Laws and National Security	290
			Essential Security and Economic Sanctions	292

	10.3 Economic Stability Objectives	293
	10.3.1 FDI and Economic Crises	
	10.3.2 Economic Stability and Prudential Measures	293
	10.4 The Doctrine of Necessity	295
	10.4.1 The Scope of the Doctrine	298
	10.4.2 The Argentina Cases	298
	10.5 Conclusion	300 304
1.4	Para III a sa s	304
11.	Beyond International Investment Law	307
	11.1 Introduction	307
	11.2 Risk Mitigation	308
	11.3 Political Risk Insurance (PRI)	310
	11.3.1 National Providers	311
	11.3.2 Multilateral Providers	312
	11.3.3 Regional Development Bank Providers	313
	11.3.4 Private Providers	314
	11.3.5 Effectiveness of PRI	315
	11.4 Improvements in Domestic Governance	316
	11.5 Incentives	318
	11.6 Concluding Criticisms of International Investment	
	Law	320
	11.6.1 Fragmentation	320
	11.6.2 Imbalance	322
	11.6.3 Extension	324
	11.6.4 Re-Constitutionalization	326
	11.7 Conclusion	328
	Bibliography	330
	Index	336