## **Contents**

1	Inves	tment Dispu	ite Settlement and the Position of State-to-State			
	Arbi	ration in In	vestment Law	1		
	1.1	Background	d to the Study	1		
	1.2		e Study	5		
	1.3					
		Investment	Agreements	7		
		1.3.1 Orig	gins of Investment Protection	8		
		1.3.	1.1 Investment Protection: Parties to the Debate	9		
		1.3.	1.2 The IIAs as the Backbone of the Current			
			Investment Protection Framework	10		
		1.3.2 Disj	pute Settlement Through Arbitration	13		
		1.3.	2.1 History of Arbitration in International Dispute			
			Settlement Among States	14		
		1.3.	2.2 History of Arbitration in IIAs	17		
		1.3.	2.3 Recent Developments on the Adoption			
			and Signing of IIAs	18		
	1.4	State-to-Sta	te Arbitration as a Means of Dispute Settlement			
		Under IIAs		19		
		1.4.1 Orig	gins of State-to-State Arbitration in IIAs	19		
		1.4.2 Stat	e-to-State Arbitration Provisions in Major			
		Mod	del BITs	22		
		1.4.3 Stat	e-to-State Arbitration Under Trade and Investment			
		Agr	reements	22		
		1.4.4 Stat	e-to-State Arbitration in Energy Charter Treaty	23		
	1.5	Interim Con	nclusions	23		
2	Fran	ework for S	state-to-State Arbitration Under the			
_			Clause in an IIA	25		
	2.1		ing the Scope of the Powers from the Text	20		
	2.1		ty	25		
		or the rical	.,	40		

viii Contents

	2.1.1	The Requirement of the Existence of a Dispute Between
	2.1.2	the Parties
2.2	2.1.2	Coverage: 'Interpretation or Application of This Treaty'
2.2		functioning of the State-to-State Arbitration Process
	2.2.1	Arbitrability as a Key Feature for Arbitration
	2.2.2	Principles Related to Jurisdiction of an Arbitral Tribunal
		2.2.2.1 Separability of the Arbitration Clause
		2.2.2.2 Competence-Competence Principle
		2.2.2.3 Challenges to the Jurisdiction of the Tribunal
	2.2.3	Mutual Consent of State Parties for Arbitration
	2.2.4	Admissibility as a Key Issue for State-to-State
		Arbitration
	2.2.5	Additional Key Principles Required To Be Fulfilled
		2.2.5.1 Need for the Exhaustion of Other
		Remedies Before Acceptance of Disputes
		by the Tribunal
		2.2.5.2 Bar on State-to-State Arbitration
		and Fork in the Road Clauses for
		State-to-State Arbitration
	2.2.6	Applicable Law and Rules for State-to-State Arbitration
	2.2.0	Under IIAs
		2.2.6.1 Applicable Law
		2.2.6.2 Applicable Rules
	2.2.7	Exclusion of Disputes on Certain Subjects from
		the SSAT
	2.2.8	Remedies Which Can Be Sought from an SSAT
2.3	Interir	m Conclusions
Utilis	sation o	f State-to-State Arbitration Based on the
Com		sory Clause in Practice
3.1		ground
3.2		ation as a Means for Treaty Interpretation
3.3	Interp	retations by an SSAT
	3.3.1	Claims for Interpretation of the Treaty on Abstract
		Questions (Purely Interpretative Questions)
	3.3.2	Claims for Interpretation of the Treaty Based on Existing
		Disputes
3.4	Future	e Possibilities for Use of Interpretative Powers
		SSAT
	3.4.1	Interpretation of an IIA and Determining Coverage of an
		Investment (Preliminary Ruling and Advanced Ruling
		Procedures)
		3.4.1.1 Through a Preliminary Ruling Procedure for
		Existing Disputes

Contents ix

		3.4.1.2 Through an Advanced Ruling Procedure for
		Investments Yet To Be Made
		3.4.1.3 Comparing the Two Methods
		3.4.1.4 Distinguishing the Preliminary Ruling and
		Advanced Ruling Procedure
	3.4.2	Harmonised Interpretation of Multi-Party Investment
		Treaties
	3.4.3	Treaty Overlap as a Concern for Interpretation and Use
		of Harmonised Interpretation for Overlapping IIAs
	3.4.4	Unwanted Consequence: <i>Maffezini</i> Decision and the
		Possibility to Use of Interpretations of SSAT
		Interpretations of Other IIAs by Investor-State Arbitral
		Tribunals
3.5	Arbitr	ration for Deciding Disputes on the Application
		Treaty
	3.5.1	
		Rights Under a Treaty
	3.5.2	A Diplomatic Protection Claim Espousing the Claim
		of Its Nationals
	3.5.3	When the Respondent State in an Investor-State
		Arbitration Fails to Honour an Award of an ISAT
		Under an IIA
	3.5.4	Declaratory Claims for Determination of Compliance
		with Its Obligations Under an IIA by the Host State
	3.5.5	Declaratory Claims of Non-breach or Limited Breach
		by a Host State
3.6	Possib	pility of Mixed Claims on Interpretation and Application
	of a T	Treaty
3.7	Dispu	ites on Violation of Failure to Comply with Obligations
	to Cor	nsult in Good Faith
3.8	Other	Disputes Which May Be Resolved Through State-to-State
	Arbitr	ration
3.9	The E	Enhanced Role of State-to-State Arbitration in the Future
	Based	l on Disputes Related to the Application of the Treaty or
	Throu	igh Mixed Claims
	3.9.1	Use of State-to-State Arbitration by States to Pursue
		Claims on Behalf of Investors in 'Mass Claims'
	3.9.2	Other Disputes Under the Compromissory Clause
		3.9.2.1 SSAT as a Means of Pursuing Human Rights
		and Environmental Claims
		3.9.2.2 Situations Not Covered by the Jurisdiction
		of an ISAT
		3.9.2.3 Claims on Behalf of a State-Owned Enterprise
3.10	Interir	m Conclusions

x Contents

4			of Procedural Hurdles in Utilising State-to-State Under IIAs	1
	4.1		ground	1
	4.2		ssue of the 'Binding' Nature of Decisions of an SSAT	•
	2		s Effect on a Future ISAT	1
		4.2.1	The Current Debate on the Status of SSAT Interpretative	
		1.2.1	Awards	1
			4.2.1.1 Rejection of SSAT Awards as Subsequent	1
			Agreement or Source of Subsequent Practice	1
			4.2.1.2 SSAT Awards as Authoritative Interpretations	1
			Binding on Future ISATs	1
		4.2.2	First Solution Option: Acceptance of SSAT Awards	1
		4.2.2	as Authoritative Interpretations and Their Acceptance	
			as Soft Law	1
		4.2.3	Second Solution Option: Amendment of IIAs as a Path	1
		4.2.3	to Provide an Explicit Binding Effect of SSAT Awards	
			on Future ISATs	1
		4.2.4	Third Solution Option: Use of Interpretations from	1
		4.2.4	SSATs as Precedents or <i>Jurisprudence Constante</i>	1
			4.2.4.1 Hurdles in Use of Precedents in Investment	1
				1
			Arbitration	1
			Use of Precedents	1
			4.2.4.3 The Likely Path Forward	1
	4.3	A I ac	ck of Provisions in IIAs for Enforcement of SSAT	1
	4.5		ions	1
		4.3.1	Background to the Current Situation	1
		4.3.2	Ensuring the Enforcement of SSAT Awards	1
		7.5.2	4.3.2.1 Negotiated Settlements and Compensation	1
			4.3.2.2 Suspension of Concessions and Membership	1
			•	1
			Rights	1
		4.3.3	Insight into Possible State Practice for the Implementation	1
		7.5.5	of SSAT Decisions	1
	4.4	Legal	Challenges to the Decision of an SSAT	1
	4.4	4.4.1	A Challenge to a Decision Under International Law	1
		4.4.1	A Challenge to a Decision Under International Law  A Challenge to a Decision Under Domestic Law	1
		4.4.2	Preventing Referral of SSAT Awards to ICJ to Impede	1
		4.4.3	Enforcement	1
	4.5	Dogo 11	el Proceedings: State-to-State Arbitration and Other Modes	1
	4.3		spute Resolution	1
		4.5.1	Investor-State Arbitration and State-to-State Arbitration .	1
		4.3.1		1
				1
			SSAT and ISAT	1

Contents xi

			4.5.1.2	When Decisions Have Already Been Made
			4.5.1.3	by an ISAT
			r.J.1.J	Has Been Made by an SSAT
		4.5.2	State-to-	State Arbitration and a Court Proceeding
		4.5.3		ng the Conflicts Arising from Parallel
				ings
			4.5.3.1	
			4.5.3.2	Provisions for Parallel Proceedings Inspired from Other IIAs
			4.5.3.3	Provisions for Parallel Proceedings of Courts and Joint Interpretative Committees
			4.5.3.4	Good Faith and Abuse of Process as Grounds for Rejection of Claims
			4.5.3.5	Provision of Claims Against Violation of Obligations Under the Treaty
	4.6	Interir	n Conclus	sions
5	Coor	istoneo	of State	to-State Arbitration Under IIAs with Other
				esolution and Treaty Interpretation
	5.1			esolution and Treaty Interpretation
	5.2		•	State-to-State Arbitration in IIAs and Other
	3.2			orums for Resolution of Investment Disputes
		5.2.1	State-to-	State Arbitration and the New Multilateral
		<b>7.00</b>		ent Court
		5.2.2		State Arbitration and the Appellate Body for
		<i>5</i> 0 0		ent Disputes
		5.2.3		State Arbitration and the CJEU
			5.2.3.1	
		5 2 4	5.2.3.2	
		5.2.4		State Arbitration and the ICJ
		5.2.5		State Arbitration and Other Regional Courts
	5.3	5.2.6		State Arbitration and the WTO
	5.5			s of Treaty Interpretation and Overlap with
				arbitration
		5.3.1		al Declaration of Interpretation by the States
		5.3.2		tation of Treaties Through Investor-State
		522		ion
		5.3.3		tation by Treaty Bodies Formed by State Parties
				Interpretative Agreements and Its Relationship te-to-State Arbitration and Investor-State
	5.4	Inton!		ion
	3.4	mem	n Conclus	sions

xii Contents

6	Additional Suggestions for Developing State-to-State Arbitration					
		Effective Means of Dispute Resolution				
	6.1	Background				
	6.2	Resolving Hurdles for Diplomatic Protection Claims				
	6.3	Clarification on Abstract Interpretation Awards by IIAs and Their Effect				
	6.4	Inclusion of Provisions for Time-Bound Resolution of Disputes				
	6.5	Clarification on Admissibility Requirements for Completion of Pre-arbitration Procedures				
	6.6	Framing Clear Procedural Rules and Guidelines for State-to-State Arbitration				
	6.7	Interim Conclusion				
7	Conc	lusion				
Ca	ises					
	Cour	t of Justice of the European Union				
	Perm	anent Court of International Justice				
	Interr	national Court of Justice				
		estic Courts				
		tor-State Arbitration Cases				
	WTC	Panel and Appellate Body Reports				
		to-State Arbitrations Based on IIAs				
		International Courts and Tribunals				
		ral Awards for State-to-State Arbitrations				
Ag	Mode	ents				
		Agreements, Conventions, Statutes and Draft or Model ements				
Re	ferenc	es				