Contents

Table of Cases	xvii
Table of Treaties and EU Legislative and Policy Instruments	xxix
List of Abbreviations	xxxv

Introduction

I THE CONCEPTUAL AND NORMATIVE FRAMEWORK OF EU FOREIGN INVESTMENT LAW

1	The	e Origins, Definition, and Scope of EU Foreign Investment Law	7
	1.1	The origins of EU foreign investment law 1.1.1 The rationale behind international regulation of	8
		foreign investment	8
		1.1.2 The emergence of international norms on foreign investment	12
		1.1.3 The evolution and development of EU foreign	
		investment law pre-Lisbon	16
	1.2	Definition of foreign investment	20
		1.2.1 Definitions of foreign investment in international law	21
		1.2.1.1 The meaning of 'investment'	21
		1.2.1.2 Characteristics of investment	24
		1.2.1.3 The notion of 'foreign'	32
		1.2.1.4 Definition of foreign investment in the OECD and	
		the WTO	35
		1.2.2 Definition of foreign investment in EU law	36
		1.2.2.1 The notion of foreign direct investment under EU law	37
		1.2.2.2 Defining other (non-direct) forms of foreign investment	
		under EU law	43
		1.2.2.3 The notion of foreign investments in EU IIAs	45
		1.2.3 Concluding remarks	47
	1.3	The regulatory scope of EU foreign investment law	49
		1.3.1 Outward and inward investments	49
		1.3.2 Admission of foreign investment	50
		1.3.2.1 Capital movements	50
		1.3.2.2 Establishment of foreign investors	52
		1.3.3 Post-admission treatment and operation of foreign investment	53
		1.3.3.1 General standards of treatment of foreign investment	53
		1.3.3.2 Specific issues of foreign investment operation	55
		1.3.4 Protection against expropriation and other political risks	58
		1.3.5 Dispute settlement	58
		1.3.6 Promotion of foreign investment	61
		1.3.7 Concluding remarks	61

II THE SCOPE, CONTENT, AND OBJECTIVES OF EU FOREIGN INVESTMENT LAW

2	EU	Competence over Foreign Investment	65
	2.1	General principles of EU external competence	67
		2.1.1 Existence of EU competence	67
		2.1.2 Exclusivity of EU competence	71
	2.2	EU competence over admission and	
		operation of FDI	75
		2.2.1 Competence over capital movements	76
		2.2.1.1 The scope of the capital movements provisions	76
		2.2.1.2 The relevance of the capital movements provisions for establishment of FDI	78
		2.2.2 Competence over establishment and post-establishment	
		treatment of FDI under the EC Treaty	85
		2.2.2.1 Competence over initial establishment based on Article 133 TEC	85
		2.2.2.2 Competence over initial establishment based on	
		implied powers	89
		2.2.2.3 Competence over post-establishment treatment	92
		2.2.3 Competence over establishment and post-establishment	
		treatment of FDI after the Lisbon Treaty	94
		2.2.3.1 The scope of FDI competence	94
		2.2.3.2 The exclusive nature of FDI competence	98
		2.2.4 Competence over specific issues relating to	00
		the operation of FDI	99
		2.2.4.1 Competence over performance requirements	99
		2.2.4.2 Competence over investment-related movement of	101
		natural persons	101
		2.2.4.3 Competence over investment guarantee	105
		EU competence over portfolio investment	104
	2.4	EU competence over foreign investment in the form of concession	100
		contracts and state contracts	105
	2.5	EU competence to regulate protection of foreign investment	
		against expropriation and other political risks	108
		2.5.1 The scope of Member State exclusive competence under Article 345 TFEU	108
		2.5.2 Competence based on Article 207 TFEU	111
		2.5.3 Competence based on Articles 114, 115, and 352 TFEU	113
	2.0	5 EU competence to regulate settlement of investment disputes	116
	2.7	7 EU competence to regulate foreign investment in association	
		and cooperation agreements	119
		2.7.1 Competence to conclude association agreements	119
		2.7.2 Competence to conclude development and technical	
		cooperation agreements	121
	2.	8 Conclusions	122

Contents

3	Co	nclusion and Content of EU International Investment Agreements	125
	3.1	Conclusion of EU IIAs	127
		3.1.1 Procedural requirements for the conclusion of EU IIAs	128
		3.1.1.1 Negotiation of EU IIAs	128
		3.1.1.2 Conclusion of EU IIAs: decision-making in	
		the Council	130
		3.1.1.3 Conclusion of EU IIAs: the role of the Parliament	133
		3.1.2 Conclusion of EU IIAs in practice	136
		3.1.2.1 The choice of legal basis	136
		3.1.2.2 EU IIAs as mixed agreements	138
		3.1.2.3 Conclusion of EU IIAs after the Lisbon Treaty	139
	3.2	Scope and content of EU IIAs	140
		3.2.1 EU IIA provisions on capital movements	140
		3.2.1.1 Determining capital movements: exclusion of	
		portfolio investment	141
		3.2.1.2 Scope of liberalization of capital movements	142
		3.2.1.3 Compatibility of capital movement provisions of	
		EU IIAs with primary EU law	144
		3.2.2 EU IIA provisions on establishment and post-establishment	
		treatment of FDI	146
		3.2.2.1 The main characteristics of EU IIAs distinguishing	
		them from BITs	146
		3.2.2.2 The scope of EU IIA provisions on establishment of FDI	148
		3.2.2.3 The scope of EU IIA provisions on post-establishment	
		treatment of FDI	152
		3.2.2.4 Standards of treatment of foreign investment	154
		3.2.2.5 EU IIA provisions on specific issues relating to the	
		operation of FDI	167
		3.2.2.6 Exceptions and limitations to establishment and	
		post-establishment treatment	171
		3.2.2.7 Compatibility of establishment and post-establishment	1-0
		provisions of EU IIAs with primary EU law	173
		3.2.3 EU IIA provisions on foreign investment in the form of	1.76
		concession contracts	175
		3.2.4 EU IIA provisions on investment protection against expropriation	177
		3.2.5 EU IIA provisions on dispute settlement	178
		3.2.5.1 Political settlement of investment disputes	178
		3.2.5.2 Interstate dispute settlement	180
		3.2.5.3 Investor-state arbitration	182 184
		3.2.6 EU IIA provisions on investment promotion 3.2.7 The content of future EU IIAs	184
		3.2.7.1 Defining foreign investment	185
		3.2.7.2 Admission and operation of foreign investment	187
		3.2.7.3 Protection against expropriation and other risks	187
		3.2.7.4 Dispute settlement	190
		3.2.7.5 Balancing investment and public policy considerations	190
		3.2.7.6 Investment promotion	191
		3.2.8 Concluding remarks	191
		J.2.6 Concluding foliates	192

xiii

Contents

4	The	Princ	iples an	d Objectives of EU Foreign Investment Law	195
	4.1	The le	- gal and	political framework determining the objectives	
				investment law	197
		4.1.1	Investr	nent-related objectives of	
			EU fore	eign investment law	199
			4.1.1.1	The primary EU law-mandated objectives of	
				the CCP	201
			4.1.1.2	The primary EU law-mandated objectives of	
				the internal market	207
			4.1.1.3	The investment policy objectives in light of the general	
				objectives of international regulation of	200
				foreign investment	209
			4.1.1.4	A policy preference towards multilateralism?	212
		4.1.2		g foreign investment and development objectives	214
			4.1.2.1	The primary EU law provisions on	214
				development cooperation	214
			4.1.2.2	The role of development objectives in EU	217
				policy making in the field of foreign investment	21/
		4.1.3		iting the objectives of EU foreign investment law in the	220
				r EU external relations	220
			4.1.3.1	Primary EU law rules ensuring coherence and	
				consistency in pursuance of the objectives of	221
			4127	EU foreign investment law The general values, principles, and objectives of EU	22.
			4.1.J.2	external action after Lisbon	223
			4133	Linking foreign investment with broader EU external	20
			4.1.5.5	relations policy objectives	226
			4134	Is EU investment policy coherent?	229
	4.1	2. The		es of EU foreign investment law in practice:	
				es of EU IIAs	230
				vestment-related objectives of EU IIAs	231
		1.2.1		The objectives of market openness and	
				competitiveness	231
			4.2.1.2	The objectives of investment protection	233
				Investment objectives and	
			_	public policy considerations	234
		4.2.2	2 The de	evelopment objectives of	
				vestment provisions of EU IIAs	236
			4.2.2.1	Sustainable development as	
				an objective of EU IIAs	236
			4.2.2.2	2 The development orientation of the substantive	
				provisions of EU IIAs	238
			4.2.2.3	3 The development dimension of	(.
				the investment promotion provisions of EU IIAs	240
		4.2.		olitical objectives of the	~ / •
	,			ment provisions of EU IIAs	241
	4.	3 Cor	lusion	s	244

ALC: NO DESCRIPTION.

III THE LEGAL EFFECTS OF EU FOREIGN INVESTMENT LAW

5	Inte	ernati	onal Law Effects of EU IIAs	249
	5.1	Disti	nguishing between the international obligations and	
			onsibility of the EU and its Member States	250
			Setting out the problematique	250
			International obligations arising out of EU IIAs	253
			5.1.2.1 Distinguishing between EU IIAs that include references	
			to the division of competence and those that do not	254
			5.1.2.2 Union, Member State, or joint and	
			several responsibility?	255
		5.1.3	Attribution of wrongful conduct breaching obligations	-22
			under EU IIAs	259
			5.1.3.1 EU responsibility for the conduct of EU organs	259
			5.1.3.2 EU responsibility for the conduct of	
			Member State organs	260
			5.1.3.3 Member States' responsibility for	
			the conduct of their organs	265
			5.1.3.4 Member States' responsibility for	
			the conduct of EU organs	266
			Revisiting the rules: international responsibility under EUIIAs	268
	5.2	Relat	ion between EU IIAs and between EU and Member State IIAs	272
		5.2.1	Relation between bilateral EU IIAs and the WTO Agreement	
			and the ECT	274
			5.2.1.1 The relation between EU IIAs and the GATS	274
			5.2.1.2 The relation between bilateral EU IIAs and the ECT	277
		5.2.2	The relation between EU IIAs and Member State BITs	278
			5.2.2.1 EU IIAs making explicit reference to	
			Member State BITs	279
			5.2.2.2 EU IIAs making reference to	
			Member State IIAs in general	281
			5.2.2.3 EU IIAs that do not make reference to	
			Member State BITs	282
		_	5.2.2.4 Future EU and Member State IIAs	285
	5.3	Conc	lusions	285
6	EU	Law F	Effects of EU Foreign Investment Law	287
-			-	
	0.1		Jnion law obligation and responsibility to perform EU IIAs The scope of the Union law obligation to perform and comply	288
		6.1.1	with the provisions of EU IIAs that are mixed agreements	289
			6.1.1.1 The link with the scope of EU law	289
			6.1.1.2 Are the investment provisions of EU IIAs within	209
			the scope of EU law?	291
		6.1.2	The limitations on the existence and exercise of Member State	£91
		Q. I. 4	powers in the areas covered by EU IIAs	293
		6.1.3	Enforcing EU IIAs under EU law: review of legality and direct	~))
		().1.,)	effect of EU IIAs	296

Contents

6.1.3.1 The conditions for judicial review	296
6.1.3.2 The binding nature, the purposes, and	
the structure of EU IIAs	298
6.1.3.3. The nature of the investment provisions of EU IIAs	302
6.2 Compatibility of Member State BITs with EU Law	305
6.2.1 The legal framework on the compatibility of Member State	
BITs with EU law	305
6.2.1.1 BITs concluded after the accession of	
Member States to the EU	305
6.2.1.2 BITs concluded prior to the accession of	
Member States to the EU	309
6.2.2 The fields of substantive incompatibility between	
BITs and EU law	310
6.2.2.1 Incompatibilities regarding capital movements	312
6.2.2.2 Incompatibilities regarding the admission of	
foreign investment	312
6.2.2.3 Incompatibilities regarding	
post-establishment treatment	313
6.2.2.4 Incompatibilities arising from the need for equal	
treatment of all EU nationals in EU Member States	314
6.2.2.5 Incompatibilities arising from the need for equal	
treatment of all EU nationals in third countries	317
6.2.3 The transition from Member State BITs to EU IIAs	318
6.2.3.1 The long-term objective of replacing Member	
State BITs with EU IIAs	319
6.2.3.2 Authorizing existing and future Member State BITs	321
6.3 Compatibility of EU IIAs with EU law	325
6.3.1 The obligation of EU institutions to	
respect the primacy of EU law	326
6.3.2 The obligation of Member States to respect the primacy and	
autonomy of EU law	326
6.3.2.1 The application of the GATS in disputes between	
Member States	328
6.3.2.2 The application of the ECT in disputes between	
Member States	329
6.3.3 Do investment tribunals have an obligation to respect the	
primacy and autonomy of EU law?	332
6.4 Conclusions	334
Conclusions	337
Building a comprehensive EU common investment policy	337
Does an EU common investment policy better serve the	
regulatory interests of the stakeholders involved?	342
6 7 million and a second se	-
Bibliography	349
Index	369