Abbreviations	21
Introduction	23
Part I: Investment protection in the European Union: the rise of potentially conflicting legal frameworks in the European Union	33
Chapter 1: The necessity of investment protection	33
Chapter 2: The ascent of investment protection through IIA / BITs	37
A. The historical development of investment protection mechanisms I. From the Middle Ages until the Colonial Era: the use of force	37
and other individual measures	37
II. The Post-Colonial Era: the gradual rise of public international law as protection mechanism	39
1. Customary international law: minimum standard of treatment	40
2. Conventional obligations: Treaties of Friendship,	40
Commerce and Navigation	42
III. Remaining inefficiencies of the protection mechanisms	
leading to more specific instruments	44
1. Procedural enforcement: dependence on either the home state or the host state	44
2. Unspecific provisions and a general trend to the conclusion of more specific treaties	46
B. International Investment Agreements: investment protection	70
through bilateral or multilateral international treaties	47
I. Conventional protection of investments through IIAs	49
II. Higher degree of clarity as to the protection standards	50
III. Direct enforcement by investors	51
IV. Enlargement of the scope of rights through the terms	
investment and investor	54
C. State-contracts	57
Chapter 3: The reception of modern investment protection through	50
IIAs / BITs in the EU: doubling the protection? A. Rise of the EU and the internal market: Investment protection	58
through EU law	58
	20

9



B. Rise of IIAs concluded by EU member states: EU-Investment	
protection through IIAs	63
I. Extra-EU IIAs	66
II. Intra-EU IIAs	67
III. Mixed agreements including the EU as contracting party	68
Chapter 4: The separate legal frameworks of investment protection in	
the EU	70
A. The IIA framework: investment-protection through IIAs	70
I. Guiding principles of investment protection through IIAs	70
II. Substantive protection: overview and scope of protection	
standards in IIAs	71
1. Fair and equitable treatment	72
2. Protection against Expropriation	77
3. Full protection and security	80
4. Non-discrimination clauses	83
(1) National treatment	83
(2) Most favoured nation treatment	86
(3) Other non-discrimination clauses	87
5. Umbrella clauses	89
6. Free transfer of funds	90
7. Admission clauses and right to establish	92
III. Legal remedies: the dispute settlement mechanism	
in IIAs	93
1. Investor-state arbitration governed by the ICSID-	
Convention	95
(1) Jurisdiction of the Centre	95
(2) Procedural rules and applicable law	97
(3) Recourse and enforcement	99
2. Investor-state arbitration in private forums:	
ICC / SCC, etc.	101
(1) Jurisdiction of the arbitral tribunal	101
(2) Applicable law and procedural rules	102
(3) Recourse and enforcement of arbitral awards issued in	
private forums	104
3. Other remedies such as inter-state and local remedies	107
B. The EU-Law framework: "investment"-protection in EU law	108
I. Guiding principles of EU law	109
II. Substantive protection and its limits under EU law	110
1. Investment protection through the fundamental freedoms	110
(1) Freedom of establishment	111
(2) Free movement of capital	118
(3) Free transfer of funds	122

(4) Free movement of goods and freedom to provide	
services	122
2. Charter of Fundamental Rights of the EU	123
(1) Scope of application of the Charter	
(Art. 51 of the Charter)	124
(2) Freedom to conduct business (Art. 16 of the	
Charter)	127
(3) Right to property (Art. 17 of the Charter)	129
3. Other principles, including the general principles of	
EU law and principles of access to justice and due	
process / relief	136
III. Dual provisions offering protection but also enabling	
interventionist measures	139
1. Competition law: Art. 101, 102 TFEU	140
2. State aid provisions: Art. 107 ff TFEU	140
3. Secondary legislation	141
IV. Legal remedies: judicial review as conceived under	
EU law	142
1. Proceedings before national courts and preliminary ruling	
procedure (Art. 267 TFEU)	142
2. Immediate proceedings before the CJEU: legal	
actions enumerated in the European Treaties	145
(1) Action for annulment (Art. 263, 264 TFEU)	145
(2) Infringement proceedings as inter-state remedies for	
violation of EU law (Art. 258 ff TFEU)	147
3. Action for damages	148
(1) Extra-contractual action for damages against the EU	149
(2) Extra-contractual action for damages against the	
member states	150
Chapter 5: Potential conflicts of EU law and international investment	
law	151
A. Preliminary remarks as to the notion of conflict regarding different	
legal frameworks	153
B. Potential conflicts between EU law and IIAs	156
I. Conflicting provisions between EU law and IIAs regarding	
substantive guarantees	156
1. State aid rules (Art. 107 ff TFEU)	158
2. European public procurement and competition law	161
3. Fundamental freedoms and their limitations in general	165
4. Non-discrimination (Art. 18 TFEU or the fundamental	
freedoms)	168
5. Free movement of capital	169

6. Changing legal framework	170
II. Conflicting provisions between EU law and IIAs regarding	
jurisdiction	170
 Conflict between arbitration clauses and Art. 344 TFEU Conflict between arbitration clauses and the dispatch of 	171
competencies in the EU	172
3. Conflict between arbitration clauses and the principle of	
non-discrimination (Art. 18 TFEU)	173
C. Potential implications of the conflict	175
I. Arbitration proceedings	176
II. 'Setting-aside' or 'vacatur' proceedings and annulment	
proceedings	176
1. Setting-aside an award rendered in private forums (ICC, SCC, etc.)	177
(1) Invalidity of the arbitration clause (Art. 34 (2)	1//
lit. a UNCITRAL Model Law	
(Lack of jurisdiction))	177
(2) Award contrary to public policy	179
2. ICSID-Annulment proceedings	1/9
III. Enforcement proceedings	181
1. Enforcement in private forums (ICC, SCC, etc.)	183
2. Enforcement of ICSID-Awards	185
IV. The impact of further potential EU proceedings on the	184
enforcement of an award	186
	100
V. Conclusion on potential conflicts in the arbitration	107
proceedings	187
D. Handling EU law in international investment arbitration	107
proceedings: different scenarios but similar interests	187
I. Distinguishing different types of situations raising the	105
conflict: intra-EU vs. extra-EU IIAs	187
II. Enjeux en question – Guiding principles which should	400
be respected by any solution to this conflict of laws	189
Part II: Conflicts between EU Law and IIAs in the intra-EU setting	191
Chapter 6: Intra-EU IIAs in arbitration proceedings: how to address	
the interaction of EU law and intra-EU IIAs	193
A. Structure of the analysis	198
B. The perspective of an arbitral tribunal in an intra-EU investment	
dispute	200

Chapter 7: EU law as international law applicable to the dispute A. The relevance of any other rule of law than the IIA in the	204
proceedings	204
B. The qualification of EU law as international law	204
I. EU law is sourced in international law	213
1. Transferal of competencies and rights to legislate	214
2. Irrelevance of principles set forth in the European Treaties	
for its qualification	218
II. EU law primarily creates rights and obligations towards	
member states and as an auxiliary individual rights	222
III. EU law regulates rights between subjects of	
international law	223
Chapter 8: The relevant rule of conflict of laws regarding EU law	
and IIAs	225
A. Preliminary remarks how to resolve conflicts between	
several rules of laws	226
I. Absence of explicit provisions dealing with the	
conflict in IIAs and the European Treaties	228
II. Absence of conflict rule leading to the termination	220
of an entire treaty	220
•	230
B. Art. 59 of the Vienna Convention on the Law of Treaties	231
I. Same subject matter in terms of Art. 59 VCLT	232
1. The notion of sameness in Art. 59 VLCT as interpreted by	
the arbitral tribunals dealing with intra-EU disputes	233
2. The misuse of the notion of "same subject matter" to	
eliminate conflicts ab initio	235
II. Tacit intention to terminate the IIA subsequent to a member	
state's accession to the European Union (Art. 59 (1) lit. a	
VCLT)	240
,	243
IV. Conclusions on the effect of Art. 59 VCLT on	213
	245
	243
C. Conflict rules of the TFEU (Art. 350, 351 TFEU and the principle	
	245
	246
II. Ordinary meaning and scope of Art. 350 TFEU	247
III. Art. 350, 351 TFEU as opposition to the (inherent) general	
	247
D. Applicable conflict rule under the principles of the Vienna	
	252
	252
E. Conclusion and summary concerning the rule of conflict in the	
intra-EU hypothesis	254
	10
	13

I. First sub-hypothesis: IIA concluded before accession	254
II. Second sub-hypothesis: IIA concluded after accession	255
III. Necessity of a conflict and the legal consequences	255
Chapter 9: Jurisdiction of the arbitral tribunal: Incompatibility of	200
the intra-EU IIA's arbitration clause	256
A. Incompatibility of arbitration clauses with the specific	230
characteristics and the autonomy of EU law (the exclusive	
jurisdiction of the CJEU)	257
I. Why the arbitral tribunal should consider the interpretatio	
the CJEU in its arbitration proceedings	257
II. The erroneous view on the criteria to be observed by a	231
dispute settlement mechanism within the European Union	259
1. The irrelevance of the EU's competencies to regulate	. 239
arbitration for the question of compatibility	263
2. The scope of application of Art. 344 TFEU	263
3. The existence of a duty to respect the fundamental	204
elements of the European Union's legal order and judic	vial
system	268
4. The criteria to determine the incompatibility with the	200
general principles of the European Union's legal and	
judicial order	272
III. Violation of the principles deducted by the CJEU by arbitr	- · -
tribunals in investment proceedings	280
1. Quantity of cases and quality of provisions concerned	200
(criteria n° 1 and n° 2)	280
2. Interpretative monopoly – (<i>de facto</i>) binding interpretat	
(criterion n° 3)	283
3. Circumvention of preliminary ruling procedure – disrup	
the interaction of the courts (criterion n° 4)	286
4. Further safeguards to ensure the uniform application	200
of EU law (criterion n° 5)	290
5. Contravention of the principle of mutual trust	_> 0
(criterion n° 6)	292
6. Overall assessment of the criteria n° 1 to n° 6	295
IV. Interim conclusions on the arbitration clause's	_,,,
incompatibility with the autonomy of the EU's legal order	r
and its specific characteristics	295
V. Excursus for mixed agreements	296
B. Incompatibility of the arbitration clause with EU law due	
to the violation of competencies exclusively attributed to	
the EU?	297

I. The type of provisions to be affected to trigger the application of the ERTA-jurisprudence	n 301
II. Scope of comparison under the ERTA-Doctrine /	501
Pringle-Case	303
III. Interim conclusion on the arbitration clause's incompatibility	
due to violation of the EU's exclusive competences	
-	305
C. Incompatibility of the arbitration clause with the principle	205
of non-discrimination	305
I. Violation of the principle of non-discrimination by	•••
the arbitration clause	307
1. Inbound perspective (host state discriminating	
non-IIA protected investors)	307
(1) Difference in treatment between investors from	
different nationalities	308
(2) Comparable circumstances between such investors	309
(3) Justification for the differential treatment in	
comparable circumstances	316
2. Outbound perspective (home state favoring its	
national investors towards non-national investors)	316
II. Legal consequences of the violation of the principle of non-	
discrimination	319
D. Interim conclusions on conflicts between EU law and arbitration	
clauses contained in IIAs	321
Chapter 10: Primacy of EU law on the merits	322
A. Inconsistency with substantive guarantees provided in the IIA	322
B. How to implement EU law's primacy on the merits	323
Chapter 11: Challenges to the results due to the particular interests	525
and rights in question	326
A. Impact of sunset clauses on the results	326
-	332
B. Conformity of the solution with the interests in question	332
Part III: Conflicts between IIAs and EU Law in the extra-EU setting	335
T art III. Connets between IIAs and EO Eaw III the exita-EO setting	555
Chapter 12: The current status of extra-EU IIAs under public	
international law and EU law	338
A. External perspective: continuous validity of extra-EU IIAs under	220
	220
public international law	338
I. Principle of pacta sunt servanda	339
II. No fundamental change of circumstances upon	240
accession to the EU (Art. 62 VCLT)	340
III. Consequences for obligations arising from IIAs	
under public international law	342
	15

15

B. Unionist perspective: primacy of EU law despite	
contradicting obligations under public international law	343
I. The effects of Art. 351 TFEU: grandfathering of conflicting	
obligations	344
II. Limits to Art. 351 (1) TFEU and its consequences	
for the unionist perspective on extra-EU IIAs	346
1. Limits to Art. 351 (1) TFEU regarding prior treaties	347
2. Non-application of Art. 351 (1) TFEU to substantial	
	352
(1) Arguments against the application of	
· · · · · · · · · · · · · · · · · · ·	353
(2) Limitations to the grandfathering effect of	
	354
III. Summary regarding the unionist perspective and the status of	
	356
C. Excursus for mixed agreements and future comprehensive trade	
	357
Chapter 13: Current perception of EU law in extra-EU arbitration	
	358
A. The dual nature of EU law in extra-EU arbitration proceedings:	
	359
B. Potential interferences of EU law with extra-EU investment	
proceedings	361
I. Interferences of EU law with extra-EU investment	
proceedings through the IIA itself	362
1. The legality requirement: investments made in accordance	;
	363
(1) The prerequisite of the investment's legality under the	
	363
(2) Consequences for interferences of investments with	
EU law	369
2. Interpretation of the Fair and Equitable Treatment	
standard	372
II. Interferences of EU law with extra-EU investment	
proceedings through domestic law being applicable law to the	;
	376
1. EU law being the applicable law to the jurisdictional stage	
	376
2. EU law at the merits stage	379
C. The role of EU law in the subsequent proceedings	382
I. Setting-aside or enforcement proceedings	383
II. Potential decisions by the European Commission	384

D. Interim conclusion on the disruptive potential of ignoring	
	387
Chapter 14: Cooperative approach: transposing Solange and	
Bosphorus to extra-EU investment proceedings	388
A. The reception of "similar conflicts" by other courts: Solange and	
	389
I. German Constitutional Court: Solange II	389
II. ECtHR: Bosphorus vs. Ireland	390
B. Transposing Solange and Bosphorus to extra-EU IIA investment	
arbitration	395
I. EU law as a mean of interpretation for obligations	
under an IIA	396
1. EU law as domestic law being applicable law to	
the investment dispute	397
2. Considering EU law by virtue of Art. 31 (3)	
lit. c VCLT	397
(1) Mixed agreements (e.g. Energy Charter Treaty)	398
(2) Transposing the underlying idea of the Bosphorus-	
	405
II. Interim results on the possibility to transpose the Bosphorus	
	406
Chapter 15: Conditions to reduce the margin of control according to	
	407
	408
	408
1. Equivalence of measures being qualified as expropriations	
	417
	418
	418
	419
	420
3. Equivalence of protected assets and holders of these rights 4	
	422
(2) Implications of the chain of control: indirectly owned	
	427
	428
1. Equivalence of prohibition of national treatment	
	429
(1) Protected assets: "investment" and "free movement of	
•	430
(2) Exceptions and justifications to guarantees	
under the IIA and under EU law	432

17

(3) Scope of application of the free movement of capital:	
erga omnes protection?	440
2. Compensation of protection through application of Art. 20)
of the Charter	443
III. Fair and equitable treatment	445
1. Administrative and judicial due process (element no°1)	447
(1) Due process in judicial proceedings	447
(2) Due process in administrative proceedings	450
2. Prohibition of arbitrary and discriminatory measures and	
measures causing intentional harm	
(element no°2)	452
3. Obligation to provide legality, stability and transparency	
in exercising legislative or regulatory powers (element	
no°3)	453
4. Honouring of legitimate expectations and stability	
of legislation (element no°4)	457
5. Principle of proportionality (element no ^o 5)	462
6. Overall comparative assessment regarding the FET	
standard	462
IV. Further principles: Prohibition of arbitrary measures	462
and umbrella clauses	463
1. Protection against arbitrary measures	463
2. Umbrella clauses	463
V. Additional protection for investors established within	465
the EU and operating in other EU member states VI. Overall assessment of substantive protection under EU law	403
and IIAs	465
Equivalence of procedural guarantees under EU law	467
I. How to address the equivalence of procedural protection	468
II. The implementation of procedural investment	400
protection by mixed arbitration	469
III. Equivalence of procedural investment protection under EU	107
law compared to IIAs	470
1. Procedural protection through a non-national court system	471
(1) Direct actions before the CJEU	471
(2) Supplementary function of national courts under EU	
law	478
(3) The assisting function of secondary relief:	
compensation for violation of EU law	482
2. Specific performance instead of deterrence: how to ensure	
observance of substantive guarantees	484

B.

3. Complementary means offered by EU law to enforce	
compliance with substantive guarantees	485
IV. Overall assessment of the equivalence of procedural	
protection under IIAs and EU law	487
Chapter 16: Implementing the Bosphorus-Approach in extra-EU	
investment arbitration proceedings	488
A. The presumption of lawfulness: how to determine if an act	
is 'mandatory' under EU law	488
I. Mandatory actions by the host states under EU law	489
II. The burden of proof relating to an act being "mandatory"	490
B. Rebutting the presumption: when to consider the protection	
to be manifestly deficient	491
I. Consequence of prior proceedings	491
II. Downgrade in the level of protection	492
III. Considerable lack of protection in the particular case	
depriving the investor of any protection	492
IV. Denial of justice: forcing the EU member states to	
grant sufficient procedural protection	493
C. The required dialogue of the judges	495
D. Conformity of the solution with the interests in question	496
Part IV: Outlook regarding the EU's future investment policy	499
Conclusion	502
Conclusion	503
Literature	513
	515