

The hypothesis of the planned research is that there has been a paradigm shift in international investment law (IIL). At least until the end of the twentieth century, the basic purpose of this branch of international law was attracting foreign investments by States through bilateral treaties concerning the encouragement and reciprocal protection of investment (hereinafter BITs). The first of these treaties was concluded in 1959 and nowadays their number is estimated to amount to over 3000. The BITs envisage substantive protection of foreign investor through the introduction of standards of treatment and procedural rights to bring a claim against a host country before international organ (arbitral tribunal). BITs were therefore directed primarily at protection of foreign investor and they were interpreted by arbitral tribunals accordingly. In this context it shall be highlighted that, due to the rapid increase in the number of foreign investors' complaints against states, the jurisprudence in this field of international law has developed to a significant extent.

This one-sided development of IIL (i.e. focusing mainly on foreign investors' protection) meets today with considerable criticism from non-governmental organizations and some representatives of academia. This, in turn, has substantial impact on the position of states and international organizations. Some developed states, like the United States and Norway, have proposed new models of BITs which clarify to much greater extent, investor rights and introduce the requirement of protection of the non-economic values. European Union proposed new balanced approach by stressing the importance of state's right to regulate and new solutions related to the impartiality of arbitrators. Both the United States and the EU support the introduction of an appeal to arbitral mechanism of settlement of investment disputes.

The research project is justified for the following reasons.

First of all, the profound reform in international investment law (change of paradigm) that we are witnessing – has not been explored in international law in general.

Secondly, international investment law is a principal legal framework of foreign direct investments, which contributes significantly to the global development.

Third, evaluation of change of paradigm in international investment law is particularly important when taking into account current negotiations on the so called “mega-regional agreements”, of which the most known are the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership.

Forth, European Union is actively engaged in the reform of international investment law and is negotiating first EU bilateral investment treaties with China and Myanmar.

Fifth, international investment arbitration has raised strong political reaction and controversies recently.

Hence, it is necessary to clarify the essence of change of paradigm in international investment law in particular in the context of the right to regulate, changes in the substantive rights of investors and in the procedural rights of investors.