

WTI Brown Bag Seminar



5th October 2022, 12:30 - 13:30pm (Hybrid event)

To join virtually via Zoom, please use this [link](#) or with Meeting ID: 814 5384 5567 (Passcode: 623689)

The Effects of International Investment Arbitrations on Foreign Direct Investment Flows

Abstract:

Do international investment disputes only ever have a downside for the governments involved, or can they also have an upside? The question is tackled empirically in the context of Foreign Direct Investment (FDI). FDI arguably drives economic growth, but governments of low-income countries may face a temptation to expropriate foreign investors, e.g. to redistribute wealth. As scholars noted, countries that expropriate may suffer damages to their reputation as safe investment locales, especially when investors lodge complaints with international institutions, thereby discouraging future FDI. Current studies assume that any dispute damages the trustworthiness of the host country involved, regardless of the outcome. This study shows how the outcome of a dispute may matter more than its filing and contributes an original causal mechanism to the literature: when countries lose a dispute, their reputation takes a hit, but when they win or settle a dispute their reputation can improve. The article contributes to the empirical literature on foreign direct investment, investment treaties and dispute resolution mechanisms. The empirical contribution is a statistical analysis of how international arbitrations help shaping the reputation of host states as trustworthy investment destinations. The results can inform policy debates on investment agreements, at a time when many are terminated unilaterally, and on the impact of transparency in dispute settlement.



Biography of the speaker:

Stefano Burzo is a Ph.D. candidate at the University of British Columbia. His main focus areas are international relations, international political economy and research methods. He has training and experience in quantitative and qualitative methods. His dissertation project studies the effects of international investment agreements on foreign direct investment using statistical analyses, original interviews and a survey experiment.

He holds an M.A. in Political Science from UBC and an M.A. in Political Theory from the University of Florence.

Stefano Burzo

burzo@student.ubc.ca