Transparency, Legitimacy, and Investor-State Dispute Settlement: What Can We Learn from the Streaming of Hearings?

Kluwer Arbitration Blog
June 9, 2018

Colin Trehearne (Herbert Smith Freehills LLP)


[I]t is not merely of some importance but is of fundamental importance that justice should not only be done, but should manifestly and undoubtedly be seen to be done.[fn] R v Sussex Justices, ex parte McCarthy [1924] 1 KB 256, 259 (Lord Hewart C.J.)/[fn]


Scholars, NGOs, and practitioners have been discussing the legitimacy of investor-state dispute settlement (“ISDS”) for years. Much of this debate has focused on the critique that ISDS, usually taking the form of confidential and binding arbitral proceedings, sees private and unelected tribunals determining matters thought to be of public importance. Some activist and media publications (such as in this local newspaper or in this news website) also allege a host of profound ills arising from ISDS: negative impacts on systems of criminal justice, the protection of kleptocracy, and the placing of pressure on host states to assist in the murder of environmental activists.[fn] The author notes that addressing such critiques is beyond the scope of this blog post./[fn] All of this harm is compounded still further, it is argued, by the fact that ISDS is largely conducted behind closed doors.

The Open Court Principle

The argument that justice should be seen to be done, also known as the open court principle, is nothing new to interlocutors from (at least) the common law world. Generally speaking this principle holds that both proceedings and the record, including the evidence submitted in the matter, should be available for public scrutiny. In many jurisdictions this principle has become enshrined in law and,
in some locations, in the constitutions of States. Openness is argued to foster fairness and to allow
individuals to determine for themselves whether or not legal matters are being conducted in
accordance with the rule of law. See, for example, Douglas at pages 117 and 119. Transparency is thought to foster legitimacy, and on some views, is a condition of legitimacy.

For these and other reasons, court systems throughout the world have sought to increase
transparency and in many cases have begun either time-delayed or live streaming, on the internet, of
proceedings. The Supreme Court of England and Wales, for example, both live streams cases and
provides on-demand access to some of its past proceedings. According to the Court, about 15,000
people used the live streaming service per month in the seven months following its launch. Similar
services are available in other jurisdictions, such as Canada - where the norm is to broadcast
Supreme Court proceedings online and to provide video archives of almost the last 10 years of
hearings. In Australia the High Court and other levels of court offer similar services. Similar efforts in
China, too, demonstrate that this trend is not limited to the common law world. Courts are not alone,
however, in looking to technology to improve transparency and thereby to increase perceived
legitimacy.

**Transparency in the Proposed Investment Court System and ISDS**

In 2015 the European Commission proposed the introduction of its Investment Court System (“ICS”)
for inter alia the Transatlantic Trade and Investment Partnership. In a speech introducing the idea,
Commissioner Cecilia Malmström referred to a “fundamental lack of trust by the public” in the
traditional ISDS system and stated that the answer to this problem was clear: “We need to introduce
the same elements that lead citizens to trust their domestic courts. This is the only way to establish
trust in this system.” With regard to how this will be achieved, Commissioner Malmström set out
various elements of the new ICS and affirmed that: “All this will be done in a system that is even more
transparent than in domestic courts. All documents will be online and hearings will be open to the
public.”

Against this background, participants in and defenders of traditional ISDS have also taken significant
steps to increase legitimacy through increased transparency. The adoption by the United Nations
Commission on International Trade Law (“UNCITRAL”) of Rules on Transparency in Treaty-based
Investor-State Arbitration (the “Transparency Rules”) were thought to hold the potential to blaze a
trail towards ISDS transparency and the UN Convention on Transparency in Treaty-based Investor-
State Arbitration was thought yet another step. Certain key institutions, including the International
Centre for Settlement of Investment Disputes (“ICSID”), have used technology – including the live
streaming of hearings – to increase transparency. It is now approaching 10 years of practice since the
first case in which an ICSID hearing was publicly webcast (Pac Rim Cayman LLC v. Republic of El
Salvador (ICSID Case No. ARB/09/12)). This practice has continued, most recently with BSGR et al v.
Republic of Guinea (“BSGR”) — the first ISDS case to apply the Transparency Rules under the ICSID
Convention, with the resulting recording available on ICSID’s YouTube channel.

**BSGR**

The Kluwer blog has previously considered BSGR and examined the sources and implications of its
transparency provisions. Interestingly, however, we are now better placed to answer a question posed
in previous posts: whether open hearings will attract a huge crowd of spectators or whether the
purported public interest in ISDS proceedings is much ado about nothing. If an ISDS hearing was likely
to attract public attention, BSGR seems a reasonable candidate for the role: in an era of Wikileaks and
the Panama papers, the matter involved the mining industry, allegations of a political conspiracy,[fn]
BSG Resources Limited v The Republic of Guinea, Request for Arbitration at paragraph 75.[fn]
allegations relating to corruption[fn] Request for Arbitration at paragraph 60.[fn] and allegations of
the wrongful involvement of billionaire George Soros,[fn] Request for Arbitration at paragraphs 57ff.[fn] and a failed application for disqualification of all of the tribunal members.[fn] Decision on the Proposal to Disqualify All Members of the Arbitral Tribunal (28 December 2016), available here.[fn]

One might expect, therefore, various civil society actors, institutions, scholars, and the public to be keenly interested in the hearing. An initial analysis suggests that this is not the case; public interest in ISDS hearings, based on BSGR at least, appears to be minimal.

BSGR and View Counts

While few members of the public have the resources, time, and ability to attend public ISDS hearings, billions of people are online and have ready access to free platforms like YouTube, Vimeo, and Dailymotion. So while the UN General Assembly[fn] General Assembly Resolution 69/116 of 10 December 2014[fn] recognized “the need for provisions on transparency in [ISDS] disputes to take account of the public interest involved”, the view counts visible on uploaded ISDS videos suggest more concretely the actual amount of public interest. The BSGR hearing is, it bears noting, a relatively recent upload to YouTube (published on 29 March 2018) but the view counts are extremely low: the English version of the hearing videos has (as at 7 May 2018) fewer than 150 views for day 1 and no more than 30 views for any of the other days made available. These figures, it bears noting, may also overstate or understate the amount of public interest: YouTube’s view count only indicates that the video was loaded and does not indicate whether the video was actually watched in part or in full, nor does a single view count capture all views where hearings are available on multiple websites (such as the Vattenfall v Germany hearing, available on YouTube and Livestream). What these numbers do suggest, nevertheless, is that there has so far been minimal public interest in observing ISDS cases. A recent video on how to pick up cats safely recorded more than 2 million views in 5 days, and a video showing a silent black screen with a blinking red dot recorded more views than the BSGR hearing in less than 24 hours. What can be gleaned from this?

The goal of increased transparency and open courts is generally a worthy one, provided that appropriate protections are in place as needs be and as national courts regularly put into effect in addressing risks that can arise from cameras in court rooms. As institutions and policymakers take steps towards greater ISDS transparency,[fn] It bears noting, of course, that these are limited steps as evidenced by the slow adoption of the United Nations Convention on Transparency in Treaty-based Investor-State Arbitration of 2014. As of May 2018 this convention has only three parties.[fn] an (admittedly) cursory examination of the ISDS hearings available online suggests that too much is being made of the ability of transparency to improve public perceptions of legitimacy. While there may be small gains to legitimacy for those especially interested in a given matter, few people appear to have the time or inclination to meaningfully engage with the technology-assisted offerings nor is there evidence that ICSID’s streaming of hearings for almost a decade has improved opinions of ISDS legitimacy. While streaming and uploading hearings may be one part of improving the perceived legitimacy of ISDS, the view counts suggest that much more will need to be done if the link between transparency and legitimacy is as strong as some suggest.

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