

Online Appendix

Tuuli-Anna Huikuri, 'Constraints and Incentives in the Investment Regime: How bargaining power shapes BIT reform', *The Review of International Organizations*.

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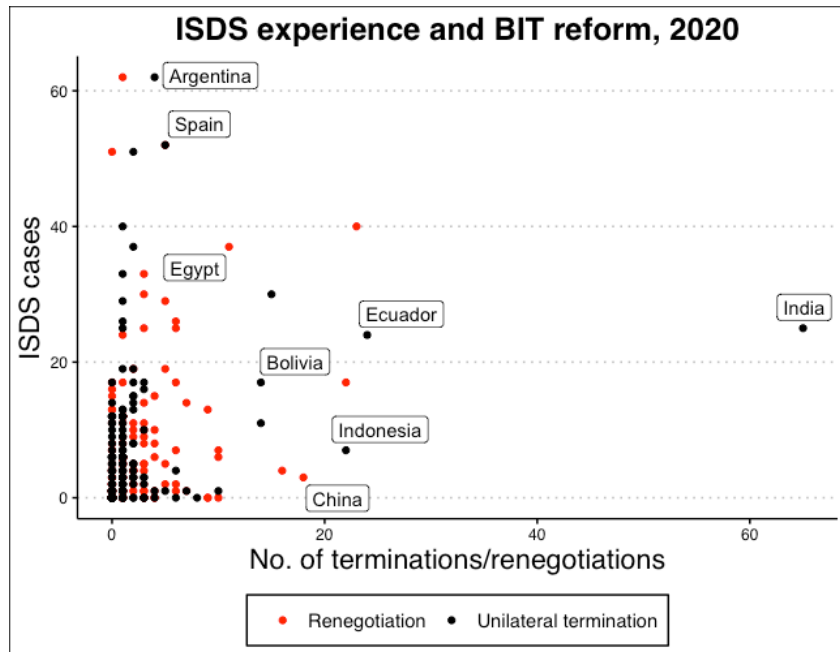


Figure A1. States by number of ISDS cases they have been respondents in and the number of terminated and renegotiated BITs they were parties to in 2020.¹

¹ The pattern looks similar when terminations and renegotiations are counted as proportion of the country's total BITs with the exception of Bolivia, which has the second largest proportion of terminations with 90% of its BITs terminated in 2018.

Table A1. Summary Statistics

Statistic	N	Mean	St. Dev.	Min	Max
Deviation	51,702	0.01	0.09	0	1
Renegotiation	51,702	0.004	0.06	0	1
Unilateral termination	51,702	0.003	0.06	0	1
Relative power change	43,435	-0.06	0.18	-1.78	1.15
Overtook (stronger)	45,044	0.005	0.07	0.00	1.00
Overtook (weaker)	49,672	0.02	0.13	0.00	1.00
ISDS Respondent (stronger)	51,702	0.40	1.28	0	20
ISDS Respondent (weaker)	51,702	0.39	0.97	0	20
ISDS Respondent cum. (stronger)	51,702	3.65	8.54	0	62
ISDS Respondent cum. (weaker)	51,702	3.61	7.09	0	62
ISDS Respondent any (stronger)	51,702	0.47	0.50	0	1
ISDS Respondent any (weaker)	51,702	0.60	0.49	0	1
ISDS Home cum. (stronger)	51,702	10.66	20.85	0	182
ISDS Home cum. (weaker)	51,702	0.78	2.34	0	35
ISDS total cum.	51,702	326.06	298.49	0	1,023
GDP growth (stronger)	51,267	2.82	3.79	-62.08	123.14
GDP growth (weaker)	50,347	4.16	5.12	-62.08	149.97
Law and Order (stronger)	49,281	4.79	1.04	1.00	6.00
Law and Order (weaker)	42,435	3.64	1.07	0.00	6.00
FDI outflows % of GDP (stronger)	50,372	4.39	14.44	-89.66	301.25
FDI outflows % of GDP (weaker)	46,273	1.42	11.04	-89.66	301.25
Democratization (stronger)	40,715	0.004	0.06	0.00	1.00
Democratization (weaker)	39,719	0.02	0.13	0.00	1.00
Democ. accountability (stronger)	49,281	5.05	1.47	0.00	6.00
Democ. accountability (weaker)	42,435	3.78	1.60	0.00	6.00
Socioeconomic conditions (stronger)	49,281	7.65	1.89	0.54	11.00
Socioeconomic conditions (weaker)	42,435	5.47	1.88	0.00	11.00
Government stability (stronger)	49,281	7.97	1.53	2.17	12.00
Government stability (weaker)	42,435	7.88	1.71	0.67	12.00
Leader transition (stronger)	48,180	0.23	0.42	0.00	1.00
Leader transition (weaker)	47,555	0.18	0.38	0.00	1.00
SOLS change (stronger)	48,180	0.11	0.31	0.00	1.00
SOLS change (weaker)	47,555	0.10	0.30	0.00	1.00
Leftist executive (stronger)	36,888	0.43	0.49	0.00	1.00
Leftist executive (weaker)	24,788	0.55	0.50	0.00	1.00
Bureaucratic quality (stronger)	49,281	3.18	0.92	0.00	4.00
Bureaucratic quality (weaker)	42,435	2.01	0.79	0.00	4.00
Intra-EU	51,702	0.06	0.23	0	1
Delta SRS ISDS	3,768	-0.01	0.70	-1.00	1.00
Delta SRS Subs.	3,768	0.20	0.36	-0.32	0.83

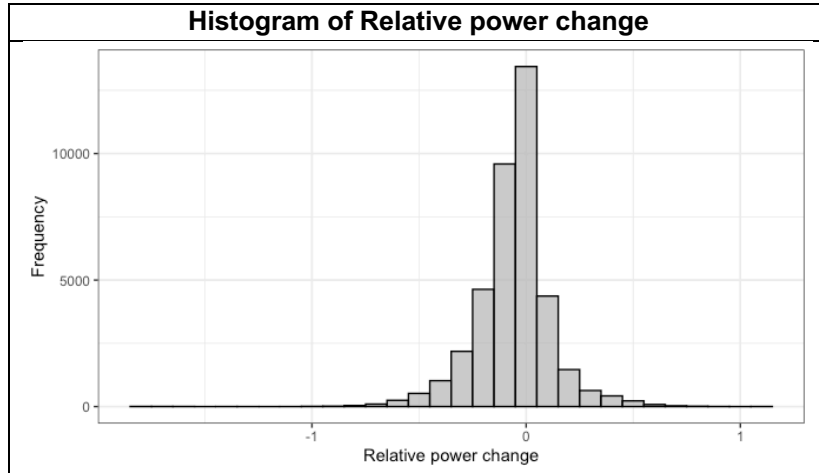


Figure A2. Frequency of observations in relative power variable at different levels

Table A2. Analysis with Overtook -measure, LPM models, DV = BIT deviation

	LPM1	LPM2	LPM3	LPM4
Overtook (weaker)	0.0162** (0.0060)	-0.0179 (0.0256)	0.0246* (0.0121)	0.0246 (0.0212)
Overtook (stronger)	0.0050 (0.0154)	0.0050 (0.0154)	0.0030 (0.0319)	0.0030 (0.0102)
ISDS Respondent cum. (stronger)	0.0005*** (0.0001)	0.0005*** (0.0001)	-0.0000 (0.0002)	-0.0000 (0.0003)
ISDS Respondent cum. (weaker)	0.0008*** (0.0001)	0.0008*** (0.0001)	0.0009*** (0.0002)	0.0009*** (0.0003)
GDP growth (stronger)	0.0003* (0.0002)	0.0003* (0.0002)	0.0003 (0.0005)	0.0003 (0.0004)
GDP growth (weaker)	0.0000 (0.0001)	0.0000 (0.0001)	0.0002 (0.0004)	0.0002 (0.0003)
Law and order (stronger)	0.0029* (0.0014)	0.0029* (0.0014)	0.0007 (0.0028)	0.0007 (0.0023)
Law and order (weaker)	0.0053** (0.0013)	0.005*** (0.0013)	0.0108*** (0.0026)	0.0108*** (0.0025)
Overtook (weaker)*ISDS Respondent cum. (weaker)		-0.0001 (0.0005)		
Overtook (weaker)*GDP growth (weaker)		0.0004 (0.0007)		
Overtook (weaker)*Law and order (weaker)		0.0087 (0.0062)		
FDI outflows % of GDP (stronger)			-0.0001 (0.0001)	-0.0001 (0.0001)
FDI outflows % of GDP (weaker)			0.0000 (0.0001)	0.0000 (0.0001)
Democ. accountability (stronger)			-0.0007 (0.0029)	-0.0007 (0.0027)
Democ. accountability (weaker)			-0.0035* (0.0017)	-0.0035* (0.0017)
Socioeconomic conditions (stronger)			0.0006 (0.0013)	0.0006 (0.0012)
Socioeconomic conditions (weaker)			-0.0002 (0.0013)	-0.0002 (0.0011)
Government stability (stronger)			0.0011 (0.0011)	0.0011 (0.0010)
Government stability (weaker)			-0.0006 (0.0010)	-0.0006 (0.0008)
Leader transition (stronger)			-0.0015 (0.0043)	-0.0015 (0.0038)
Leader transition (weaker)			-0.0055 (0.0037)	-0.0055. (0.0031)
SOLS change (stronger)			0.0042 (0.0050)	0.0042 (0.0051)
SOLS change (weaker)			-0.0006 (0.0046)	-0.0006 (0.0035)
Leftist executive (stronger)			-0.0010 (0.0025)	-0.0010 (0.0028)
Leftist executive (weaker)			-0.0086** (0.0029)	-0.0086* (0.0036)
Bureaucratic quality (stronger)			0.0009 (0.0063)	0.0009 (0.0049)
Bureaucratic quality (weaker)			-0.0018 (0.0045)	-0.0018 (0.0034)
Year + BIT FEs	✓	✓	✓	✓
Dyad-clustered SEs				✓
Num. obs.	32802	32802	11841	11841
R ² (full model)	0.1149	0.1150	0.1275	0.1275
Adj. R ² (full model)	0.0568	0.0568	0.0478	0.0478
Num. groups: Year	34	34	34	34
Num. groups: BIT number	1979	1979	934	934

*** p < 0.0001; ** p < 0.001; * p < 0.01; · p < 0.05

Table A3. Comparing Linear probability models, Cox PH model, and Fixed Effects Logit model, DV=BIT deviation

	LPM1	LPM2	Cox PH	FE Logit
Relative power change t_{-2}	0.1122*** (0.0290)	0.0850** (0.0279)	4.1054*** (1.2291)	-10.9903* (4.3016)
ISDS Respondent cum. (stronger) t_{-2}	0.0005** (0.0002)	0.0002 (0.0002)	0.0292*** (0.0054)	6.6841** (2.1344)
ISDS Respondent cum. (weaker) t_{-2}	0.0005** (0.0002)	0.0005** (0.0002)	0.0112 (0.0084)	14.4765*** (1.5402)
GDP growth (stronger) t_{-2}	0.0003* (0.0001)	0.0004** (0.0001)	0.0380*** (0.0045)	0.1137. (0.0656)
GDP growth (weaker) t_{-2}	0.0002* (0.0001)	0.0002. (0.0001)	0.0231*** (0.0047)	-0.1346** (0.0415)
Law and order (stronger) t_{-2}	0.0025 (0.0016)	0.0018 (0.0016)	-0.0701 (0.0895)	-0.3605 (0.5337)
Law and order (weaker) t_{-2}	0.0035* (0.0016)	0.0034* (0.0015)	0.1863** (0.0705)	0.5532. (0.3084)
Relative power change*ISDS Respondent cum. (weaker) t_{-2}	-0.0043*** (0.0012)	-0.0039** (0.0012)	-0.1891*** (0.0539)	-9.8139*** (1.3798)
Relative power change*GDP growth (weaker) t_{-2}	-0.0023*** (0.0007)	-0.0026*** (0.0007)	-0.1697*** (0.0229)	-0.2701. (0.1455)
Relative power change*Law and order (weaker) t_{-2}	-0.0242** (0.0074)	-0.0224** (0.0073)	-0.7380* (0.3133)	-2.4825** (0.9248)
FDI outflows % of GDP (stronger) t_{-2}	-0.0000 (0.0000)	-0.0000 (0.0000)	-0.0042 (0.0056)	0.0350 (0.0232)
FDI outflows % of GDP (weaker) t_{-2}	0.0000 (0.0001)	0.0000 (0.0001)	-0.0014 (0.0084)	0.1750* (0.0791)
Democ. accountability (stronger) t_{-2}	0.0019 (0.0015)	0.0007 (0.0016)	0.2159* (0.0871)	-0.0866 (0.4662)
Democ. accountability (weaker) t_{-2}	-0.0002 (0.0009)	-0.0005 (0.0009)	0.1178* (0.0562)	1.1290** (0.3552)
Socioeconomic conditions (stronger) t_{-2}	0.0016* (0.0007)	0.0020** (0.0007)	0.0971* (0.0486)	0.9883*** (0.2208)
Socioeconomic conditions (weaker) t_{-2}	0.0015* (0.0007)	0.0006 (0.0007)	-0.0122 (0.0413)	0.3874* (0.1714)
Government stability (stronger) t_{-2}	0.0004 (0.0006)	-0.0002 (0.0007)	-0.1213* (0.0484)	-0.0085 (0.1488)
Government stability (weaker) t_{-2}	-0.0002 (0.0005)	-0.0005 (0.0005)	-0.0632. (0.0372)	0.1196 (0.1566)
Leader transition (stronger) t_{-2}	-0.0021 (0.0024)	-0.0014 (0.0025)	-0.4419. (0.2493)	-0.2271 (0.3435)
Leader transition (weaker) t_{-2}	-0.0046* (0.0019)	-0.0054** (0.0019)	-0.7009* (0.3254)	-0.1186 (0.3769)
SOLS change (stronger) t_{-2}	0.0051 (0.0032)	0.0041 (0.0033)	0.8054** (0.2879)	1.3353** (0.4148)
SOLS change (weaker) t_{-2}	0.0034 (0.0025)	0.0046. (0.0025)	0.6552. (0.3702)	1.0977* (0.5196)
Bureaucratic quality (stronger) t_{-2}	0.0039 (0.0032)	0.0033 (0.0041)	-0.2838* (0.1182)	-1.0205 (1.6881)
Bureaucratic quality (weaker) t_{-2}	0.0007 (0.0023)	0.0009 (0.0022)	-0.1199 (0.0965)	0.4720 (0.7907)
Year FEs	✓	✓		
BIT FEs	✓			✓
Dyad FEs		✓		
Num. obs.	29116	29116	29116	29116
R ² (full model)	0.1238	0.0868		
Adj. R ² (full model)	0.0617	0.0252		
Num. groups: Year	34	34		
Num. groups: BIT number	1871			
Num. groups: Dyad		1784		
AIC			5501.5370	228.2673
R ²			0.0061	0.0399
Num. events			284	284

***p < 0.0001; **p < 0.001; *p < 0.01; ·p < 0.05; LPM1 SEs clustered at dyad-level; reported coefficients of Cox PH model are the betas of the hazard model, positive values corresponding to increased hazard of BIT deviation

Table A4. Comparing LPM results with a subset containing only North-South BITs

	LPM, all	LPM, North-South
Relative power change	0.1614* (0.0533)	0.3280*** (0.0767)
ISDS Respondent cum. (stronger)	-0.0000 (0.0003)	-0.0002 (0.0004)
ISDS Respondent cum. (weaker)	0.0007* (0.0003)	-0.0001 (0.0004)
GDP growth (stronger)	0.0001 (0.0004)	-0.0000 (0.0006)
GDP growth (weaker)	0.0001 (0.0003)	0.0002 (0.0003)
Law and order (stronger)	0.0005 (0.0023)	-0.0034 (0.0031)
Law and order (weaker)	0.0077*** (0.0023)	0.0074* (0.0028)
Relative power change*ISDS Respondent cum. (weaker)	-0.0071** (0.0025)	-0.0158*** (0.0041)
Relative power change*GDP growth (weaker)	-0.0097*** (0.0022)	-0.0091 ** (0.0028)
Relative power change*Law and order (weaker)	-0.0362 ** (0.0129)	-0.0925*** (0.0197)
FDI outflows % of GDP (stronger)	-0.0001 (0.0001)	-0.0000 (0.0002)
FDI outflows % of GDP (weaker)	0.0000 (0.0001)	-0.0001. (0.0000)
Democ. accountability (stronger)	0.0000 (0.0026)	0.0006 (0.0044)
Democ. accountability (weaker)	-0.0034* (0.0016)	-0.0026 (0.0021)
Socioeconomic conditions (stronger)	0.0014 (0.0012)	0.0028. (0.0017)
Socioeconomic conditions (weaker)	-0.0011 (0.0011)	-0.0030* (0.0014)
Government stability (stronger)	0.0013 (0.0010)	0.0004 (0.0013)
Government stability (weaker)	-0.0003 (0.0008)	0.0008 (0.0011)
Leader transition (stronger)	-0.0014 (0.0038)	0.0018 (0.0057)
Leader transition (weaker)	-0.0052. (0.0031)	-0.0056 (0.0040)
SOLS change (stronger)	0.0049 (0.0052)	0.0025 (0.0072)
SOLS change (weaker)	-0.0017 (0.0034)	0.0016 (0.0046)
Leftist executive (stronger)	-0.0004 (0.0028)	0.0027 (0.0033)
Leftist executive (weaker)	-0.0068* (0.0033)	-0.0100* (0.0045)
Bureaucratic quality (stronger)	0.0033 (0.0047)	0.0054 (0.0064)
Bureaucratic quality (weaker)	-0.0002 (0.0032)	-0.0009 (0.0041)
Year + BIT FEs	✓	✓
Num. obs.	11594	8094
R ² (full model)	0.1365	0.1643
Adj. R ² (full model)	0.0562	0.0818
Num. groups: Year	34	34
Num. groups: BIT number	928	669

*** p < 0.0001; ** p < 0.001; * p < 0.01; · p < 0.05

Table A5. Comparing different ISDS measures, Linear probability models with dyad-clustered SEs, DV = BIT deviation

	Model 1	Model 2	Model 3	Model 4
Independent effects				
Relative power change	0.0606 (0.0518)	0.1577* (0.0621)	0.0200 (0.0609)	0.0390 (0.0569)
ISDS Respondent (stronger)	-0.0023** (0.0007)			
ISDS Respondent (weaker)	0.0030** (0.0010)			
ISDS Respondent cum. (stronger)		-0.0001 (0.0003)		
ISDS Respondent cum. (weaker)		0.0009* (0.0004)		
ISDS Respondent any (stronger)			0.0029 (0.0058)	
ISDS Respondent any (weaker)			0.0054 (0.0045)	
ISDS Home cum. (stronger)				-0.0001 (0.0002)
ISDS Home cum. (weaker)				0.0031 (0.0020)
GDP growth (stronger)	0.0003 (0.0005)	-0.0001 (0.0005)	0.0001 (0.0005)	0.0001 (0.0005)
GDP growth (weaker)	0.0002 (0.0004)	0.0001 (0.0004)	0.0002 (0.0004)	0.0002 (0.0003)
Law and order (stronger)	0.0025 (0.0030)	0.0008 (0.0030)	0.0022 (0.0030)	0.0014 (0.0030)
Law and order (weaker)	0.0083** (0.0026)	0.0115*** (0.0029)	0.0084** (0.0026)	0.0089*** (0.0026)
Interaction effects				
Relative power change*ISDS Respondent (weaker)	-0.0256* (0.0100)			
Relative power change*ISDS Respondent cum. (weaker)		-0.0074** (0.0027)		
Relative power change*ISDS Respondent any (weaker)			0.0183 (0.0222)	
Relative power change*ISDS Home cum. (weaker)				-0.0017 (0.0073)
Relative power change*GDP growth (weaker)	-0.0079*** (0.0023)	-0.0090*** (0.0023)	-0.0075** (0.0023)	-0.0075** (0.0024)
Relative power change*Law and order (weaker)	-0.0242. (0.0135)	-0.0392* (0.0154)	-0.0229. (0.0138)	-0.0220 (0.0134)
Controls	✓	✓	✓	✓
Year + BIT FEs	✓	✓	✓	✓
Num. obs.	9554	9554	9554	9554
R ² (full model)	0.1701	0.1730	0.1677	0.1684
Adj. R ² (full model)	0.0808	0.0840	0.0782	0.0789
Num. groups: Year	33	33	33	33
Num. groups: BIT number	868	868	868	868

*** p < 0.0001; ** p < 0.001; * p < 0.01; · p < 0.05

Table A6. The effect of bargaining power on SRS in new BITs

DV:	Delta SRS Subs.	Delta SRS Subs.	Delta SRS ISDS	Delta SRS ISDS
Relative power change	-1.1260** (0.3829)	-0.3846 (0.7637)	-0.6540 (0.8010)	-0.7141 (0.9130)
ISDS Respondent cum. (stronger)	-0.0005 (0.0023)	0.0030 (0.0028)	0.0009 (0.0033)	0.0037 (0.0035)
ISDS Respondent cum. (weaker)	0.0057 (0.0079)	-0.0293* (0.0119)	0.0082 (0.0101)	-0.0353** (0.0135)
GDP growth (stronger)	-0.0182*** (0.0041)	-0.0206** (0.0068)	-0.0294*** (0.0060)	-0.0348*** (0.0085)
GDP growth (weaker)	-0.0019 (0.0032)	0.0007 (0.0063)	0.0030 (0.0056)	-0.0056 (0.0067)
Law and order (stronger)	-0.0271 (0.0246)	-0.0443 (0.0416)	-0.0395 (0.0396)	-0.1045. (0.0551)
Law and order (weaker)	-0.0654** (0.0253)	-0.1135** (0.0375)	-0.0856* (0.0400)	-0.1620*** (0.0441)
Relative power change*ISDS Respondent cum. (weaker)	-0.0329 (0.0269)	-0.1099** (0.0376)	-0.0358 (0.0480)	-0.1389** (0.0475)
Relative power change*GDP growth (weaker)	0.0144 (0.0132)	0.0093 (0.0195)	-0.0163 (0.0312)	0.0477. (0.0259)
Relative power change*Law and order (weaker)	0.2968*** (0.0878)	0.1499 (0.1557)	0.3911. (0.1997)	0.2633 (0.1932)
FDI outflows % of GDP (stronger)		0.0029* (0.0012)		0.0034* (0.0015)
FDI outflows % of GDP (weaker)		0.0116 (0.0117)		0.0096 (0.0146)
Democ. accountability (stronger)		0.0222 (0.0293)		-0.0042 (0.0369)
Democ. accountability (weaker)		0.0325. (0.0192)		0.0149 (0.0259)
Socioeconomic conditions (stronger)		-0.0013 (0.0184)		0.0013 (0.0237)
Socioeconomic conditions (weaker)		-0.0025 (0.0212)		0.0028 (0.0289)
Government stability (stronger)		0.0229 (0.0142)		0.0176 (0.0194)
Government stability (weaker)		-0.0287* (0.0130)		-0.0277. (0.0152)
Leader transition (stronger)		-0.0918** (0.0333)		-0.1148** (0.0430)
Leader transition (weaker)		0.0444 (0.0287)		0.0596 (0.0369)
SOLS change (stronger)		0.0649. (0.0375)		0.0637 (0.0469)
SOLS change (weaker)		-0.0189 (0.0359)		-0.0421 (0.0443)
Leftist executive (stronger)		-0.0114 (0.0346)		-0.0531 (0.0496)
Leftist executive (weaker)		0.0120 (0.0467)		-0.0095 (0.0539)
Bureaucratic quality (stronger)		0.1258* (0.0613)		0.2226** (0.0832)
Bureaucratic quality (weaker)		0.0976. (0.0538)		0.1886* (0.0848)
Year FEs	✓	✓	✓	✓
Num. obs.	1994	844	1994	844
R ² (full model)	0.3301	0.5809	0.3638	0.5947
Adj. R ² (full model)	0.3160	0.5505	0.3504	0.5653
Num. groups: Year	32	32	32	32

*** p < 0.0001; ** p < 0.001; * p < 0.01; · p < 0.05