

## **ABSTRACT**

As international economic globalization increasingly pushing, International investment is more vigorous growth, and the investment activities between countries tend to frequent and generalization. At present, most of the countries around the world gradually signed the BITs, which mostly contain the umbrella clause, in order to promote, accelerate and protect the development of international investment. However, due to the provisions of the special historical background and the macro-economic environment, and based on the respective interests, the host state and the invest state who are the parties of the BITs generated the different views on the understanding of the terms. Moreover, the terms of the content described fuzzy and not explicit, makes the arbitral tribunal appeared the different verdict. So, it is much important and necessary to find the root of the dispute to different decision and search for the appropriate interpretation of the umbrella clause.

This article is attempting to study ICSID arbitral cases, analyse the different attitudes towards the debatable views seeking out the deeper issues in dispute, and find a way to give the interpretation of the umbrella clause being logical analysis and useful explanation. According to this logic thinking, this article's view system is as follows:

The first part, as the beginning for an summary, the main content is reviewing the historical development process of the umbrella clause, presenting the particularity of the umbrella clause owing to the international macro-economic environment. And then, it will analyse the difference of the typical expression about umbrella clause in BITs.

The second part, through the analysis of the ICSID's verdict about umbrella clause, it'll come to the main controversial points of the interpretation of umbrella clause. From this, it'll synthetically state and compare the three different interpretation method: broad interpretation and narrow interpretation.

The third part, be based on the analysis of cases, this section comprehensively analyses and compares the controversial points which is involved in cases on the principal of law. After that, it will clearly indicate the theoretical premise, legal effect, legal status and the representative of rights.

The forth part, this section will deeply analyse the contesting parties' rights. Behind the three subjects' rights, it will find that it exists game during economic sovereignty, "diplomatic protection" and the Principle of Autonomy of Will, which

implies the conflict between public rights and private rights.

The fifth part, at last, in order to balance the conflict of public and private rights, we must clear the standpoint of the terms' interpretation which it should be; In order to pursue the benefit of right remedy, substantial justice, and procedure, we must pursue the values of law which the interpretation of terms should be. Finally, through the logical thinking, hope that we would find a useful and valuable standard to appropriately interpret the umbrella clause.

The sixth part, it is the concluding section. It summarizes the main contents, also displays the thought and the logical system.

**Key Words: Umbrella Clause, Bilateral Investment Treaty, ICSID, International Investment Arbitration**