

ABSTRACT

The present research examines the evolution of the legal framework of foreign investments at the international level. The main objective of International Law on Foreign Investment is to enable equilibrium and reach mutually acceptable and effectively applicable compromises between differing interests of the main subjects involved in foreign investment relations (States that export capital and natural and juridical persons which have the nationality of a State other than the State in which they are investing), creating thus a framework which application guarantees the protection of both, in respect of treatment standards, established in relevant international legal documents. Hence, the relevance of both, dispute settlement and investment guarantee facility mechanisms, is fundamental for ensuring an adequate level of protection for the investor and plays an important role in incentivizing foreign investments.

Furthermore, the present work gives an overview of the progress of Yugoslavia's, presently, Serbia's, regulatory regime on foreign investments from the period of socialism to date, all in the aim of achieving a European Union member state status. Therefore, the full harmonization with communitarian law is crucial in supporting the inflow of new investments and further opening of Serbia towards foreign markets. Finally, the Stabilisation and Association Agreement as well as numerous BITs and FTAs concluded with a large number of developed countries are indicators of Serbia's transformation and progress in an international context.

Key words: Foreign investments, Standard of treatment, ICSID, MIGA, Serbia, Privatization, The policy of attracting foreign investments, Free zones, BITs, Stabilization and Association Agreement, FTAs.