

# **An Examination of Bilateral Investment Treaties and their Impact on Foreign Direct Investment: the Swiss Experience**

## **Abstract**

In the era of globalization, international bilateral treaties have become an imperative global phenomenon. The unprecedented surge of the number of bilateral investment treaties signed over the last past decades has impelled an intense debate in which the core of the discussion is whether such agreements facilitate investment. The availability of comprehensive datasets and the limited set of empirical studies related to bilateral investment agreements have motivated us to integrate quantitative resources and evaluating the impact of BITs on foreign direct investment flows. Given Switzerland's position of an active player in the international investment scenario, this study examines the utilization of BITs as instruments to encourage Swiss FDI flows. This study also attempts to investigate the role of BITs as protective tools of Swiss foreign investment. This paper is based on secondary data analysis; data is obtained from various official entities. This study uses statistical and machine learning techniques in order to detect meaningful relationships between BITs and FDI flows. Our findings suggest that the completion and implementation of BITs have an insignificant impact on the increase of Swiss FDI flows. From our analysis, two models have emerged suggesting that the completion of BITs may have an impact on the increase of political stability and role of law of host countries.

**Keywords** – *International Investment Treaties, Bilateral Investment Agreements, Double Taxation Treaties, Foreign Direct Investment, Institutional Environmental Features*

**JEL Classification:** *F21, F23, F29*