

State of the Planet

CLIMATE, SUSTAINABILITY

Climate Action Needs Investment Governance, Not Investment Protection and Arbitration

BY MARTIN DIETRICH BRAUCH | MARCH 17, 2022

Investment is crucial to achieving climate mitigation and adaptation goals. We need substantially more investment in zero-carbon sectors, such as renewable power generation (solar, wind, hydropower, and geothermal), batteries and other energy storage technologies, green hydrogen, electric transportation, and energy efficiency, while phasing out investment in fossil fuels and other high-emission economic activities. The 2022 Intergovernmental Panel on Climate Change (IPCC) report on Impacts, Adaptation and Vulnerability also stresses that investments in mitigation must be coupled with investment in adaptation and climate-resilient infrastructure to help billions in areas of growing climate risk.

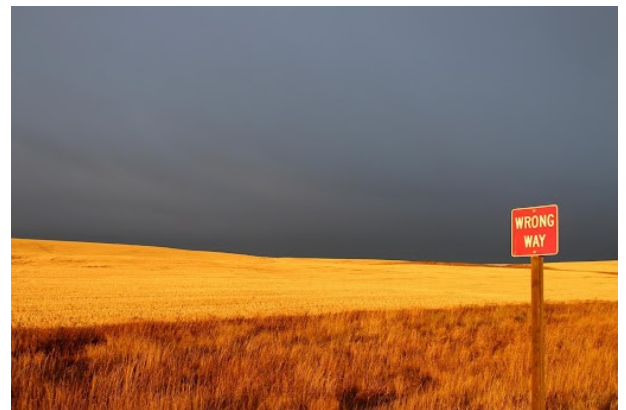


Photo: Tasha Lyn on Unsplash

International investment law should accelerate climate-friendly, sustainable investment and the phase-out of climate-unfriendly investment. Existing investment treaties and investor-state dispute settlements fail to do either. They were not designed to advance those goals, but to protect economic interests of foreign investors and their investments, regardless of their climate friendliness.

For international investment law to support climate goals, we need a wholly new regime for investment governance, not investment protection and arbitration.

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