

Stockholm Treaty Lab: International Law, Arbitration and the Fight Against Climate Change

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Nearly one hundred climate scientists, economists, policy specialists, investors, and lawyers recently convened in Stockholm for the conference “Bridging the Climate Change Policy Gap: The Role of International Law and Arbitration” organized jointly by the Arbitration Institute of the Stockholm Chamber of Commerce (“the SCC”), the International Bar Association, the International Chamber of Commerce and the Permanent Court of Arbitration. The conference explored whether international law could bridge the gap between the objectives and the outcomes of international climate change agreements – and whether arbitration could serve as an enforcement mechanism in the climate change context. A report from the conference is available on the SCC website.

Building on the momentum created at the conference, the SCC will now continue working toward a sustainable future through the Stockholm Treaty Lab. The aim of this new initiative is set high: The drafting of a new model international treaty that will encourage investment in climate change mitigation and adaptation. A treaty that, if implemented, would create transparent, stable and enforceable investment policy regimes and encourage investors to fund low-carbon projects, support technological innovation, and otherwise invest in a sustainable future.

The agendas for curbing global warming that were laid out in the 2015 Paris Agreement and Sustainable Development Goals will require investments amounting to trillions of dollars across the globe. Renewable energy must become even more affordable and available; energy-efficient transportation will be needed to carry an increasingly mobile world population; sustainable agriculture and forest restoration must substitute unsustainable land use and deforestation; and climate-resilient infrastructures must be built where global warming and rising sea levels already put communities at risk. To some extent, the technologies necessary already exist – solar and wind power, energy-efficient vehicles, and carbon capture and storage – but enormous investments are needed to deploy these on a meaningful scale. In other areas, investments are needed to support the innovation of new technologies where existing ones fall short.

A recurring theme among the speakers and participants at the conference in Stockholm was that although the money for these “green” investments exists, investors are hesitant to deploy their funds in the absence of stable and transparent legal frameworks, including neutral and reliable enforcement mechanisms. Nonetheless, no international legal instrument exists that specifically incentivizes and protects cross-border investments aimed at climate change mitigation and adaptation.

It is against this background that the SCC is launching the Stockholm Treaty Lab - an innovation contest where the grand prize will be awarded to the contestant team that drafts the model treaty with the greatest potential to increase investments in climate change adaptation and mitigation. The SCC envisions that contestants will draw inspiration from the existing regime of international investment agreements, which encourages foreign investments by ensuring market liberalization, fair treatment of investors, and neutral enforcement through arbitration.

Kluwer Arbitration has produced a [short video](#) introducing the Stockholm Treaty Lab (viewable also below), featuring SCC Secretary General Annette Magnusson and SCC Chairman Kaj Hobér. More information on the initiative is also available on the [SCC website](#).

The SCC plans to launch the contest in March 2017.