Billion-dollar exposure: Investor-state dispute settlement in Mozambique’s fossil fuel sector

Lea DI SALVATORE and Maria Julia GUBEISSI
Billion-dollar exposure: Investor-state dispute settlement in Mozambique's fossil fuel sector

Table of contents

Key takeaways

◆ Mozambique is endowed with extensive untapped natural resources, particularly gas and coal. The country’s gamble on fossil fuel-based economic growth comes with significant economic risks and crowds out investments in the country’s enormous renewable energy potential.

◆ Mozambique faces a substantial economic risk due to its exposure to investor-state dispute settlement (ISDS) claims by foreign investors in its coal, oil, and gas sectors. The investment protections in the country’s international investment agreements and contracts, combined with ISDS, expose Mozambique to multi-billion-dollar financial liabilities. Even conservative estimations show that potential ISDS liabilities from oil and gas projects would cover almost a decade of Mozambique’s government expenditures for SDGs.

◆ Mozambique’s international investment agreements and publicly available oil, gas, and coal contracts allow foreign investors to bypass the national judicial system and bring multi-billion-dollar ISDS claims against Mozambique. Such claims can result in significant costs for the country, and they also have a considerable chilling effect on any new public-interest regulation in areas such as health, environment, community rights or labor protections. ISDS can undermine attempts to adopt meaningful legislation to transition away from fossil fuels and achieve sustainable development goals. This regime can therefore contribute to locking the country into a high-carbon economy.

◆ In addition, multiple stabilization clauses in the analyzed contracts lock the operations into specific legal and fiscal regimes for the duration of the contracts. Stabilization clauses protect investments from unexpected regulatory changes or new fiscal rules. If a host state does introduce such changes, stabilization clauses allow investors to demand measures or compensation that would ensure their same profitability absent such changes. These clauses thus exacerbate the limits to – and chilling effect on – states’ public interest regulation.

◆ Mozambique and other countries can take actions to remove ISDS from their contracts and treaties, replacing the mechanism with alternative dispute resolution mechanisms. They can also take steps to terminate investment agreements in force. Home countries of Mozambique’s foreign investors have a responsibility to support such action, especially as they, themselves, remove ISDS from their own treaties.
# Table of contents

Key takeaways 2  
Table of contents 3  
**1.** Introduction 4  
**2.** Mozambique’s Exposure to Treaty-Based ISDS 6  
**3.** Mozambique’s Exposure to Contract-Based ISDS 7  
  - ISDS Clauses 7  
  - Stabilization Clauses 7  
  - Treaty-like clauses 9  
**4.** Conclusion and Recommendations 10  
References 11  
APPENDIX 1. Table listing the fossil fuel investment 13  
End notes 15
1 Introduction

Mozambique is home to abundant natural resources, including coal, gas, titanium, and other minerals. Its abundant and untapped gas reserves, estimated at around 100 trillion cubic feet, rank it among the world’s top gas reservoirs and the third largest in Africa. Mozambique is also estimated to have substantial coal reserves, around 1,975 million tons, ranking it 26th in the world.

Decades of mining and resource extraction, however, have not translated into sustained economic growth. In 2023, Mozambique was ranked among the ten countries with the lowest Human Development Index. With very limited economic diversification, Mozambique’s economy remains particularly entangled with and dependent on its extractive industry and official development aid.

Mozambique’s extractive industry has also been embroiled in human rights abuses. For instance, an ongoing civil war has unfolded in Cabo Delgado since 2017 in connection with its gas megaproject, which is one of the biggest gas extraction projects in Africa. The ongoing conflict has already resulted in extreme violence and the displacement of 670,000 people. In Tete province, local communities residing in close proximity to coal mines have reported a range of issues, including forced displacement, land grabbing, inadequate compensation, and adverse health effects due to environmental pollution.

The exploitation of Mozambique’s coal, oil, and gas reserves is also incompatible with global climate change goals. Recent research identifies 425 oil, gas, or coal projects as “carbon bombs” worldwide. Each of these projects presents a CO₂ emissions potential that exceeds 1 Gigaton; six of these carbon bombs are in Mozambique. Potential emissions from these six projects alone are expected to be 11.8 gigatons of CO₂ (GtCO₂), making Mozambique the 19th country in the ranking of carbon bombs. In comparison, the European Union’s total emissions in 2022 was 2.96 GtCO₂. In other words, cumulative emissions resulting from these six projects are equivalent to the emissions of twenty-seven countries for four years, including some of the biggest polluters, such as Germany.

Exploiting these resources would considerably jeopardize the achievement of global climate change goals, posing grave risks to Mozambique, given its vulnerability to climate change impacts. Like other fossil fuel–exporting developing countries, Mozambique faces profound economic risks by delaying its transition away from fossil fuel extraction and export. First, in the long term, such resources are unlikely to remain economically competitive. As global efforts intensify to mitigate climate change, fossil fuel reserves are poised to become stranded resources. This situation will impact the profitability of existing and new fossil fuel projects worldwide, and therefore, also in Mozambique. Moreover, the country’s economy is not diversified: it is exceptionally entangled with and highly dependent on its extractive sector, which, in turn, is subject to highly volatile markets. Much endemic features, coupled with the stranding of these assets, considerably lower the profitability of these projects and make it challenging to realize effective and inclusive growth.

Second, developing coal, oil, and gas projects locks Mozambique into a high-carbon economy and infrastructure, delaying the transition to sustainable and low-carbon alternatives. Mozambique is richly endowed with renewable energy resources that are scarcely exploited. For a country like Mozambique, renewable energy (RE) could help sustainably improve access to energy, especially in rural areas (SDG 7), and also respond to the climate change challenge (SDG 13). However, the current focus on fossil fuel resources is locking Mozambique into inefficient megaprojects that are not achieving these objectives.
Globally, as of 2023, coal, oil, and gas investors have initiated 20% of all known contract- and treaty-based ISDS cases; these claims have already granted them at least USD 82.8 billion. Of the cases where the arbitral tribunal reached a decision, the award was in favor of the investor in over 75% of the cases.

An opaque but formidable obstacle to Mozambique’s ability to navigate the global energy transition and mitigate risks is its commitments to protect investors in the fossil fuel sector through contracts that govern specific projects and through investment treaties with investors’ home countries. These contracts and treaties include a number of extraordinary legal protections for investors that are directly enforceable against the state through the investor-state dispute settlement (ISDS) mechanism. Increasingly, fossil fuel companies and investors are using this mechanism to lock in the profitability of their investments in the context of the energy transition, challenging measures that states are taking to transition away from fossil fuel extraction and use.

Fossil fuel investors have relied extensively on ISDS since its inception. Globally, as of 2023, coal, oil, and gas investors have initiated 20% of all known contract- and treaty-based ISDS cases; these claims have already granted them at least USD 82.8 billion. Of the cases where the arbitral tribunal reached a decision, the award was in favor of the investor in over 75% of the cases.

Tienhaara et al. estimate that global climate action could generate upward of USD 340 billion in new ISDS claims globally from oil and gas investors and that Mozambique is one of the most exposed countries. In another study, they calculate that “the total mean [net present value] of all Mozambique’s treaty-protected oil/gas assets ($29 billion) is nearly twice the size of its GDP in 2019 ($15 billion).” Both studies only consider yet-to-be-developed projects in upstream oil and gas (e.g., excluding coal and midstream/downstream infrastructure) and do not account for the ISDS exposure with projects under exploration or development, so the actual potential liabilities for host states in general, and Mozambique in particular, are much higher. TotalEnergies’ final investment decision for the LNG megaproject in Cabo Delgado alone stands at USD 20 billion.

Mozambique’s 2023 public budget allocates a total amount of MZN 200 trillion - equivalent to approximately USD 3.1 billion—to government expenditures geared toward achieving Sustainable Development Goals (SDG) 1 (eradicating poverty), 3 (good health and well-being), and 4 (quality education) in 2023. These three items constitute half of the 2023 public budget. Assuming these amounts remained constant in budgets over the next decade, even Tienhaara et al.’s underestimated figure of USD 29 billion in potential ISDS liabilities from oil and gas projects would cover almost a decade of Mozambique’s government expenditures for SDGs 1, 3, and 4, or approximately half a decade of total public expenditures. Therefore, potential ISDS liabilities from oil and gas projects could divert a substantial amount of Mozambique’s public resources away from high-priority areas such as poverty eradication, education, and healthcare at a crucial time for achieving the 2030 Agenda.
Mozambique’s Exposure to Treaty-Based ISDS

Mozambique is a party to 25 IIAs in force. Investment treaties afford foreign investors special protections that are enforceable directly against the ‘host’ state, allowing them to claim damages for alleged breaches of the investor protections. These usually include protections against direct and indirect expropriation, as well as standards such as fair and equitable treatment (FET), national treatment, most-favored-nation treatment (MFN), and full protection and security. All of Mozambique’s BITs in force provide for these types of protections.

At first glance, only a very few investors seem to have access to treaty protection. As presented in Appendix 1, it appears that investors in only four contracts would be covered by the applicable BIT, based on the nationality of the contracting party as expressed in the contract. Most of the concessionaires in these contracts have been constituted under the laws of Mozambique. In this context, it is important to note that there might be advantages or requirements for an investor to establish a company in the host state. For example, regarding oil and gas activities, article 26 of the Petroleum Law 21/2015 requires a company to be registered in Mozambique to sign an EPCC and conduct petroleum.

However, this is illusory for a series of reasons. IIAs Protected investors can include not only the contracting entities but also subsidiaries and shareholders based in countries with which Mozambique has a treaty. A previous analysis that takes into account the nationality of the investors’ headquarters reveals that almost all fossil fuel megaprojects are covered by one or more IIA with ISDS provisions. Investors often “treaty shop” and bring cases through entities that are able to directly take advantage of the most favorable IIA, so Mozambique’s exposure to IIA risk is as vast as the network of shareholders and subsidiaries of its investors. To facilitate the ability of shareholders and other stakeholders in the investments to bring claims under existing IIAs, many of the contracts (11 out of the 20 analyzed contracts in this analysis) include additional language to specify the nationality of the investor or of the investment for purposes of treaty protection and dispute settlement provisions. Mozambique’s investment treaty with Mauritius also contains an “umbrella clause” such that any breach of the investor’s contractual rights by the host state can be considered a violation of the treaty. Even if there is great diversity in the interpretation of umbrella clauses by investment tribunals, such provisions can have a powerful chilling effect by allowing investors to build claims combining treaty and contractual obligations.
Mozambique’s
Exposure to
Contract-Based ISDS

In addition to ISDS exposure under IIAs, Mozambique is highly exposed to ISDS risk in its contracts because of the combination of its contracts’ dispute settlement provisions, stabilization clauses, and other treaty-like investor protection provisions.

As of November 2023, Mozambique concluded six licensing rounds of oil and gas exploration. In its sixth round, it granted 16 licenses for oil and gas exploration, and in its previous round, in 2015, the government awarded 15 licenses. The Mozambique mining cadastre shows a myriad of mining concessions and exploration areas, with a large number of active coal mining concessions. Only 20 coal, oil, and gas contracts in force are publicly available, constituting only a small sample of Mozambique’s fossil fuel investment contracts.

This analysis is based on these 20 contracts and 2 model exploration and production concession contracts (EPCC) adopted by Mozambique in 2006 and 2016 (see list in Appendix 1). Twelve contracts are concession contracts for the exploration and subsequent production of hydrocarbons (oil and gas), either onshore or offshore; one is an infrastructure contract for the construction of a pipeline; and seven are mining contracts for coal extraction.

ISDS Clauses

Every contract analyzed contains an ISDS provision allowing the investor to bring claims alleging harm suffered because of measures adopted by Mozambique that breach its contractual obligations.

Eighteen contracts and the two model contracts, provide that if negotiations do not resolve disputes, either party may resort to ISDS as the sole method of adjudicating disputes involving the interpretation of law or the application of the contract. These contracts allow investors to bypass the national judicial system, as in the case of investors and shareholders covered by IIAs, undermining the government’s own ability to advance and improve the applicable legislation and procedural rules relating to these sectors.

Stabilization Clauses

The contracts’ stabilization clauses can exacerbate the risks of treaty-based and contract-based dispute settlement provisions. Stabilization clauses protect investments from unexpected regulatory changes over the duration of the contract. They have received widespread attention because of their chilling effect on government regulation “designed to promote environmental, social, or human rights goals.”

The contracts under analysis include various forms of stabilization clauses (with substantially similar wording), and thirteen of them and the 2006 EPCC model include multiple stabilization provisions in the same contract.

The 2007 mining contract concluded with Vale’s subsidiary includes a full freezing stabilization clause. This type of clause stipulates that changes to the law are not applicable to the project.

The terms of this contract are binding during the term of the project on the State, which undertakes not to change them unilaterally or to act in such a way as to affect the terms and conditions defined for the implementation and operation of the project.

This freezing stabilization clause is the most traditional form of stabilization and is “regarded as contractually prohibiting the host state from enacting legislation that
This freezing stabilization clause is regarded as contractually prohibiting the host state from enacting legislation that modifies the investment contract.

modifies the investment contract. They are described as ‘plac[ing] a guillotine on changes in the proper law.’ By committing the state ‘at the core of its legislative sovereignty,’ they constitute ‘an absolute block’ on its legislative competence.”

A modestly less restrictive approach is the inclusion of economic equilibrium and allocation of burden clauses, which provides that if any change in the law affects the economic interests of the concessionaire, the parties must agree on the necessary changes to be made to the contracts to restore the investor’s original economic position. Most contracts (17), but none of the model contracts, include an economic equilibrium clause. These are worded exactly as – or substantially similar to – the following article from an EPCC with Eni:

In the event of changes in petroleum legislation or in any other Mozambican legislation that affect Petroleum Operations that may, individually or cumulatively, negatively affect the economic benefits of the Concessionaire or the State under this contract, the Parties will meet as soon as possible after the occurrence of any of the aforementioned situations with a view to verifying and agreeing on the necessary changes to this contract in order to restore, as close as possible, the economic benefits that would accrue to the concessionaire if the legislative change had not occurred. [Emphasis added, translated from Portuguese]

The same article provides an exception for non-discriminatory measures adopted in the interest of safety, health, labor, or environmental preservation, so long as they are reasonable and in accordance with standards generally accepted in the international petroleum industry. The provision places the burden of proof on the state in any dispute surrounding this requirement. In investor-state disputes, arbitrators are afforded wide latitude in determining whether a measure taken in the public interest is reasonable and non-discriminatory. The contracts also do not specify the “standards generally accepted in the international petroleum industry,” which is an evolving and subjective standard.

The stabilization of fiscal terms can be found in both law and contract. Mozambique’s Tax Law was amended in 2017 to grant fiscal stability to petroleum operations for ten years, extendible for the duration of the contract. Several EPCCs signed after that date reference that legal provision explicitly.

Most of the contracts (15), and the two model EPCCs include fiscal stabilization provisions. There are two types of fiscal stabilization clauses, and the first generally hews close to the following:

In the event that, after the Effective Date, any other tax that is not of the type set out in Article 11 is introduced in the Republic of Mozambique, and, as a result, there is an adverse effect of a material nature on the economic value derived from the Petroleum Operations by the concessionaire, the Parties will, as soon as possible thereafter, meet to agree on changes to this EPCC which will ensure that the concessionaire obtains from the Petroleum Operations, following such changes, the same economic benefits as it would have obtained if the change in the law had not been effected. [Emphasis added, translated from Portuguese]

The second type of fiscal stabilization is found in eight Contracts - the early EPCCs concluded between 2005 and 2010 - and the 2006 EPCC model contract. These clauses typically read along the lines of the following:

If there is a breach of the warranty set out in Article 11.6 [fiscal guarantees] or in the event that after the Effective Date there is a change in the laws of the Republic of Mozambique of the kind referred to in Article 11 [fiscal stabilization] and as a result, the Parties meet to agree on changes to be made to this EPC[C], then during the period starting when the change in the law comes into effect and ending when an agreement between the Parties is reached pursuant to Article 11, the portion of Profit Petroleum to which the Concessionaire and the Government would otherwise be entitled shall be adjusted so that the net revenues to be received by the Concessionaire from Petroleum Operations are the same as they would have been if no change in the law had taken place. [Emphasis added]

These fiscal stabilization provisions function similarly to an economic equilibrium clause, whereby the state must ensure the concessionaire continues to experience the same fiscal advantages throughout the contract’s duration.

The OECD Guiding Principles for Durable Extractive Contracts notes that “where governments decide they are necessary, fiscal stabilization provisions can be designed to minimize the general tax policy impact, by limiting its
Investors have claimed breaches of indirect expropriation when a host government measure or series of measures allegedly interfere with their investment even without a direct taking of that investment. 

Treaty-like Clauses

Some of the key protections typically offered to foreign investors in IIAs have also been included in the analyzed contracts. For instance, all of the EPCCs concluded before 2016 and five mining contracts provide explicit protection against indirect expropriation. Investors have claimed breaches of indirect expropriation when a host government measure or series of measures allegedly interfere with their investment even without a direct taking of that investment. Investors have successfully challenged a range of regulatory measures as tantamount to expropriation, further eroding host states’ policy space.

Lastly, five of the analyzed mining contracts include a most-favored-nation (MFN) clause, which entitles foreign investors to receive treatment no less favorable than that granted to investors from any other foreign country. This mechanism has been interpreted to allow investors to import favorable provisions from IIAs between the host state and third countries, thereby enhancing investors’ protections. This clause may facilitate “treaty shopping,” where investors exploit advantageous provisions from unrelated treaties, increasing Mozambique’s exposure beyond its negotiated agreements.
4 Conclusion and Recommendations

The far-reaching and broad protections afforded to foreign investors under Mozambique’s IIAs and fossil fuel contracts, combined with access to ISDS, is likely to paralyze—possibly beyond mid-century—any attempt to adopt meaningful legislation to transition away from fossil fuels and achieve sustainable development goals. All of the analyzed contracts were signed between 2000 and 2019 and contemplate, on average, an extractive period of 25 to 30 years. Some of the contracts explicitly provide for the possibility of extension in time or area. For example, a coal concession signed in 2014 with Midwest Africa has a duration of 25 years and foresees the possibility of continuing the extraction for a second period of 25 years. In other words, Mozambique could still be extracting coal under the terms of that contract in 2064.

Several actions are available to Mozambique and its partner countries to address the issues identified in this paper.

First, Mozambique—unilaterally or by consent with its partner states—can terminate IIAs in force and agree to neutralize sunset clauses. Termination of IIAs would help Mozambique address the excessive costs and risks associated with the current regime. While unilateral termination of IIAs is possible and has been done by several states, termination by consent is preferable. Unilaterally terminating an IIA that includes a sunset clause exposes Mozambique to ISDS claims for a number of years after its unilateral termination, whereas mutual termination with a neutralized sunset clause would immediately extinguishing the investment obligations of the state parties toward covered investors.

Mozambique and its treaty partners could alternatively amend their agreements to remove ISDS provisions. Amending IIAs in this manner reflects a state’s sovereign right to adapt its obligations and commitments while seeking to strike a balance between protecting foreign investments and protecting its own regulatory autonomy. Because an amendment requires an agreement between the parties to the IIA, states cannot do this unilaterally. In the case of amending an IIA to remove the ISDS provision, states may choose to replace that provision with an alternative mechanism, such as state-to-state dispute settlement or reliance on domestic legal systems only to resolve investment disputes. Guidance can be drawn from Mozambique’s experience in the renegotiation of the SADC protocol on investment, leading to the removal of the ISDS clause and the rebalancing of investment protections and securing regulatory space for the host states.

Lastly, Mozambique should also assess its exposure to ISDS under contracts and consider renegotiating them. Here, one of the foremost challenges is the threat of legal disputes and the potential for ISDS claims that could discourage Mozambique from pursuing renegotiations. To address these challenges, Mozambique should seek to build legal and financial expertise to renegotiate its fossil fuel contracts on a basis of fairness and equity, bringing them in line with the climate change and energy transition imperatives and preventing the devastating long-term developmental consequences of a carbon lock-in. More broadly, the government should carefully weigh the risks of further entrenching ISDS liabilities resulting from new fossil fuel licensing rounds and contracts against the overwhelming long-term advantages of reducing fossil fuel dependence and leapfrogging to low-carbon development based on renewable energy systems.

Home countries of Mozambique’s foreign investors have a responsibility to support both the termination of IIAs and the renegotiation of contracts, in line with both their climate and broader sustainable development and rule of law commitments. Indeed, such support would align with the steps that many countries in the European Union and the United States have already taken to limit their own exposure to ISDS.
References


Energy Information Administration, ‘Mozambique Overview’ (Energy Information Administration, accessed on Sep 14, 2023) https://www.eia.gov/international/overview/country/MZ.


Irshner J., ‘A Luta Continua: Contending High and Low Carbon Energy Transitions in Mozambique’ in Mike Pasqualetti; Stefan Bouzarovski; Castan Broto (ed), Routledge Energy Geographies Companion (Routledge 2017)


Riffel C., ‘Indirect Expropriation and the Protection of Public Interests’ (2022) 71 International and Comparative Law Quarterly 945.


Tienhaara K and Cotula L, ‘Raising the Cost of Climate Action?’ (IIED ed, IIED 2020)


APPENDIX 1. Table listing the fossil fuel investment contracts under analysis.

Table 1 includes the following contracts:

a) 1 production sharing agreement (PSA) (2000);

b) 1 infrastructure construction contract - the pipeline contract (2000);

c) 6 first-generation exploration and production concession contracts (EPCC), similar in structure and wording to the 2006 EPCC model contract. (2005-2010) Some of these contracts have additional agreements, which have been added here under the original contracts;

d) 7 mining contracts (2007-2015);

e) 5 second-generation EPCCs, similar in structure and wording to the 2016 EPCC model (2018); and

f) 2 EPCC model contracts (2006 & 2016).
End notes

1 Energy Information Administration, ‘Mozambique Overview’ (Energy Information Administration 2020), https://www.eia.gov/ international/overview/country/MOZ.


10 Ibid, 5

11 The projects are: Zambeli Coal Mine (Coal, 4.1 GTCO2); Chiredzi Coal Mine (Coal, 2.9 GTCO2); Revuobe Coal Mine (Coal, 1.4 GTCO2); MZLNG Joint Development (TT-T2) (Oil&Gas, 1.3 GTCO2); Area-1 Future Phases (Oil&Gas, 1.0 GTCO2); Area-1 LNG (T1&T2) (Oil&Gas, 1.0 GTCO2). See Kjell Kühne et al., supra note 3, “Appendix 3 - List of Carbon Bombs.”


13 Ibid.
16

37 Foreign investors should receive treatment that is at least as favorable as that given to investors from any other country. This provision encourages host countries to extend any preferential treatment granted to one foreign investor to all foreign investors.

38 Lea Di Salvatore, supra note 35.


40 Lea Di Salvatore, supra note 35.

41 Jones Day, a global law firm operating in ISDS, recommends that “given the likely significant impacts that the new mining laws will have on investments in Tanzania, every prudent investor should consider how international arbitration can protect existing investments against future state actions.” See the August 2017 commentary, Javade Chaudhri and Melissa Stear Gorsline “Tanzania Overhauls Mining Laws, Fines Investor US$1.5 Billion: Is Your Investment Protected?” (Jones Day, August 2017) https://www.jonesday.com/content/crisis/2017/04/ tanzania-overhauls-mining-laws-fines-investor-us15-billion-is-your-investment-protect-


47 There have been long existing concerns about the lack of transparency in contracting and the non-disclosure of contracts, which can lead to corruption and deals that do not benefit the public interest. Transparency is considered necessary for citizens to hold authorities accountable for managing collective resources, and there is support for the idea that investor-state contracts should have a different balance between transparency and confidentiality compared to purely commercial transactions. International guidance, national laws, and initiatives are promoting transparency and disclosure, with some progress being made in the extractive industry, but more limited progress in other sectors such as agribusiness. The public law dimensions of natural resource contracting are outside the responsibility of authorities to act in the interest of their people strengthen the case for transparency and accountability. See: Lorenzo Cotula, ‘Reconsidering Sovereignty, Ownership and Consent in Natural Resource Contracts: Policies, Concepts to Practice’ (2019) 9 European Yearbook of International Economic Law 143, 160 https://www.iied.org/x00200. According to the Center for Public Integrity (CIP) in Mozambique, the country has made efforts to improve transparency in its extractive industries, but that challenges persist in fully complying with the Extractive Industries Transparency Initiative requirements. See: CIP, Moçambique continua com Transparência limitada nos contratos extractivos (CIP, 1st of March 2019) https://en.cip.evo.org.za/wp-content/up-

48 Three additional agreements have been aggregated to their original contracts. See (Appendix 1.)

49 Except for two mining contracts, the Mining contract with Riversdale Mozambique, 2009, and the Mining contract with Eta Star, 2015.

50 While most of the provisions indicate expert determination and arbitrations as the sole methods of determining a conflict, expert determination is only valid for non-legal matters, leaving arbitration as the only forum for legal interpretation.


52 On the categories of stabilization clauses, see: ibid.; and Jola Gjuzi, Stabilization Clauses in International Investment Law: A Sustainable Development Approach” (Springer 2018).

53 See Appendix 1.


55 Jola Gjuzi, Stabilization Clauses in International Investment Law: A Sustainable Development Approach (Springer 2018), 38

70 Riffle also notes that carefully drafted provisions in recent regional agreements restrict the scope of indirect expropriation, leaving more space to the state to regulate in the public interest. Yet, in this case, no further restriction nor definition of what indirect expropriation constitute is provided in the contracts.


72 E.g., see Mining contract with Midwest Africa, 2013, Article 4.2.a) and b)


74 Sunset clauses typically stipulate that the treaty remains in force for a certain period after a country’s termination of that treaty, providing protection to existing foreign investments for several years into the future. This delay leaves governments and stakeholders bound by outdated agreements and investor protections within these agreements.

75 Daniel Rangel et al. supra note 81

76 Daniel Rangel et al. supra note 81, 30.

77 More information on these processes can be found in a recently published report by Rethink Trade and the Columbia Center on Sustainable Investment. See: Daniel Rangel et al. supra note 81.


81 Agreements protecting high carbon investment are inherently inconsistent with the Paris Agreement’s objective of “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.” (Art. 2.1(c))
