

Responding to Climate Change: A Study of the EU 2023 Model BIT and Its Implications for China

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Abstract. As global climate governance enters a critical phase, the European Union (EU), as a pioneer in climate action, has given priority to environmental protection, climate change, and sustainable development in the EU 2023 Model BIT. Through integrating sustainable development into the preamble, affirming the regulatory right to address climate change, emphasizing corporate social responsibility, including specific provisions on “Investment and Environment” and “Investment and Climate Change,” and introducing climate-related exceptions to indirect expropriation, the Model BIT provides legal safeguards for host states implementing climate policies. Based on an analysis of these key provisions, this paper explores how China may draw legislative insights from the EU’s approach, including conducting a systematic review of existing BITs, incorporating exemptions for environmental and climate measures, and promoting environmental due diligence by enterprises—thereby proactively addressing climate change and contributing to global sustainable development.

Keywords: Climate Change, Bilateral Investment Treaty, Sustainable Development

1. Introduction

Since the United Nations Conference on Trade and Development (UNCTAD) launched the ‘Investment Policy Framework for Sustainable Development’ in 2012, an increasing number of countries have sought to balance economic, social, and environmental considerations when formulating international investment agreements. Sustainable development has thus become a key principle of international law [1]. Climate change, as a central issue within environmental sustainability, stands at the forefront of global governance. Today, climate governance is at a historical crossroads, and its future trajectory will profoundly affect the development of human society.

Against this backdrop, the European Union released its EU Model Clauses for BITs 2023 (hereinafter referred to as the “EU Model BIT” or “Model”), which improves and strengthens provisions related to environmental protection and climate change [2]. As a long-time self-proclaimed leader in climate governance, the EU places great emphasis on global environmental issues, making the release of the EU Model BIT particularly significant for academic study.

Building on a study of the EU Model BIT’s substantive provisions on climate change, this paper aims to analyze the EU’s legal approach to climate action and identify elements that could serve as

valuable references for China. By drawing on the EU's experience in legal design, the paper seeks to contribute to the scientific formulation, reform, and improvement of China's international investment agreements in order to better respond to the challenges of climate change.

2. Contextual background of the EU 2023 model BIT's climate change provisions

2.1. Climate change as a matter of global concern

In 2023, the Intergovernmental Panel on Climate Change (IPCC) released its Sixth Synthesis Report. According to the report, human activities—primarily greenhouse gas emissions—have been clearly identified as the cause of global warming. From 2011 to 2020, the average global surface temperature was already 1.1°C higher than that of the 1850–1900 period. Continued greenhouse gas emissions will further intensify global warming, leading to increasingly severe and unavoidable risks and adverse impacts. Moreover, climate-related risks may interact with non-climate risks, resulting in complex and cascading risks that are more difficult to address. While some future changes and risks are inevitable or possibly irreversible, rapid, deep, and sustained reductions in greenhouse gas emissions over the next two decades are likely to slow the pace of global warming and may alter the composition of atmospheric greenhouse gases within a few years [3].

In recent years, in response to the growing international demand for effective global climate governance, many countries have gradually begun to incorporate climate-related provisions into international investment agreements. According to UNCTAD statistics, from 2010 to 2021, a total of 347 international investment agreements included climate action-related content, marking a significant increase in the environmental orientation of international investment treaties [4].

2.2. Constructing the EU's international identity as a leader in climate action

As a long-standing leader in international environmental governance, the European Union has continuously committed to taking robust action in response to climate change. In 2019, the new European Commission introduced the European Green Deal, aiming to accelerate the EU's green transformation. The ultimate vision of the Green Deal is to make the EU the world's first climate-neutral region by 2050. Other major goals include promoting a circular economy, clean industry, healthier environments, more sustainable farming, and climate justice and fairness [5]. In June 2021, the EU formally adopted the European Climate Law, and in July 2021, the Commission released the "Fit for 55" package to ensure the achievement of climate goals set out in the Climate Law. Since then, the EU has continued to introduce and refine climate governance measures in a gradual and steady manner.

According to constructivist theories of international relations, ideas and norms play a powerful role in shaping state behavior—not just material interests [6]. At the internal level, concepts such as "sustainable development" and "environmental protection" have become core elements of the EU's value system. These values not only influence EU policy goals but have also permeated the behavior of its institutions and member states, serving as guiding principles in policy formulation [7]. At the external level, the EU's self-identification as a normative power, committed to environmental protection and human rights, has been consistently projected onto the global stage. This identity construction has led the EU to actively incorporate such values into the investment and trade agreements it concludes with third countries.

2.3. Early practice of international investment arbitration

In the early stages of international investment dispute settlement, arbitral tribunals rarely took environmental considerations into account, tending instead to prioritize the protection of investors' property rights while relatively neglecting the host state's regulatory power. As a result, many cases concluded with decisions against host states [8]. However, over the past decade or so, with the international community placing increasing emphasis on the concept of sustainable development, arbitral practice has gradually shown greater recognition of host states' environmental regulatory powers. At the same time, the number of cases involving climate-related actions by host states has risen significantly.

According to UNCTAD's 2022 statistical report, between 1987 and 2021, at least 175 investor-state dispute settlement (ISDS) cases involving environmental protection measures were initiated by investors. In the fossil fuel sector, investors have been frequent claimants in ISDS proceedings, filing at least 192 cases against host state actions. In addition, over the past decade, ISDS cases brought by investors in the renewable energy sector have surged, reaching 80 cases by 2021 [9].

As a global frontrunner in climate action, the European Union has implemented a wide range of proactive policies to promote environmental protection and the transition to renewable energy. However, these measures have also led to EU member states being frequently drawn into investment arbitration proceedings, particularly in the environmental and renewable energy sectors, making them a focal point for such disputes. Based on the above UNCTAD data and the author's estimates, of the 130 environment-related ISDS cases filed since 2010, over 80 involved current EU member states as respondents, with countries such as Spain, Italy, and Romania being particularly frequent targets. Of the 80 renewable energy-related cases filed since 2011, only 10 involved respondent states that were not EU members, highlighting the unique pressure EU countries face in this area.

Although, excluding pending cases, settlements through other means, and those with unavailable data, host states have prevailed in approximately 40% of disputes, the frequent initiation of ISDS proceedings significantly increases the cost of implementing climate governance policies. Essential climate mitigation or adaptation measures may even become a legal liability, as they expose host states to the risk of large-scale compensation claims. This could create a chilling effect on regulatory action and ultimately pose serious obstacles to the EU's achievement of its long-term climate goals.

2.4. Summary

In conclusion, the global climate crisis has become increasingly severe. According to the IPCC's Sixth Synthesis Report, greenhouse gas emissions have clearly contributed to global warming, leading to complex environmental challenges and making climate action more urgent than ever. As a frontrunner in climate governance, the EU has introduced major initiatives to achieve climate neutrality by 2050. However, while taking ambitious climate measures, EU member states have also faced frequent international investment arbitration.

As the world's largest economic bloc and trading group, the EU ranks among the top globally in both attracting foreign investment and conducting outbound investment. It is currently the primary economic partner of more than 80 countries [10]. The EU's active role in international investment has enabled its member states to detect early on the legal tensions between climate-related investment and host states' climate governance within the framework of bilateral investment treaties. Given the EU's strength and leadership in both climate governance and international investment, the publication of the EU Model BIT not only provides a regulatory framework for future climate-

related investment governance within the EU but also offers valuable solutions for the international community in addressing similar challenges.

3. Substantive climate-related provisions in the EU model BIT: content and analysis

The EU Model BIT actively promotes sustainable development and addresses climate change through several key aspects. First, the preamble emphasizes the importance of sustainable development and reaffirms the commitment of both parties to relevant sustainable development principles. Second, the Model BIT includes a provision on “Investment and Regulatory Measures”, reaffirming the regulatory authority of the contracting parties to address climate change within their respective territories. Third, under the clause on “Corporate Social Responsibility and Responsible Business Conduct”, the EU Model BIT establishes investor responsibilities guided by sustainable development, aiming to balance corporate rights and obligations. Additionally, the provisions on “Investment and Environment” and “Investment and Climate Change” set out the specific rights and obligations of the contracting parties in the fields of environmental and climate protection. Finally, in the annex, the Model BIT provides climate exclusion of indirect expropriation.

This paper primarily examines how the EU Model BIT responds to climate change, which necessarily includes discussions related to the environment and sustainable development. The concept of sustainable development seeks to balance the needs of present and future generations in terms of social and economic progress while protecting the environment and minimizing human harm to it. As one of the three pillars of sustainable development, environmental protection includes climate action as a key component. Addressing climate change is thus a subset of environmental protection, refining the broader concept of environmental regulation. Emphasizing climate change helps to overcome the vagueness and generality often associated with “environment”, and enables more targeted solutions to climate-related challenges [11].

Therefore, this paper will also discuss relevant provisions in the EU Model BIT concerning the environment and sustainable development. While the Model also contains clauses on labor and human rights, both of which reflect sustainable development principles, these will not be addressed here, as their connection to climate change is relatively limited.

3.1. Inclusion of “sustainable development” in the preamble

According to the Vienna Convention on the Law of Treaties (VCLT), interpreting treaty language in light of its context is a key method of legal interpretation [12]. As noted in the expert commentary on the EU Model BIT, the legislative intent and objectives expressed in the preamble play an important role in interpreting the bilateral investment treaty as a whole. They assist both contracting parties and readers in better understanding and construing the substantive provisions that follow [13].

In the EU Model BIT, the very first sentence of the first paragraph of the preamble emphasizes the importance of strengthening the investment relationship between the parties to achieve sustainable development across economic, social, and environmental dimensions. The second paragraph of the preamble reaffirms both parties’ commitment to the principles of sustainable development and transparency. As previously discussed, when interpreting the subsequent provisions, one must take into account not only the text of the clauses themselves, but also the preamble and the objectives it reflects. By explicitly incorporating the goal of sustainable development into the preamble, and reaffirming it again in the purpose clause, the EU Model BIT provides an interpretive foundation that can help prevent arbitral tribunals from leaning too heavily

toward investor protection due to a lack of sustainability-related context, thereby reducing the risk of host state losses in investment disputes.

3.2. Affirmation of the host state's regulatory power in addressing climate change

The original design of international investment agreements aimed primarily at protecting the property rights of foreign investors abroad. As a result, earlier treaty texts paid limited attention to the regulatory authority of host states. However, as investors increasingly invoked treaty provisions to challenge normal public policy measures, sometimes even triggering a regulatory chilling effect, the international community has come to recognize the importance of explicitly affirming host state regulatory powers in investment treaties [14]. The inclusion of regulatory power clauses serves to compensate for the vagueness and limited legal effect of general statements in the preamble, and enhances protection for host state policy autonomy. In practice, the EU has taken a leading role in institutionalizing regulatory powers within investment agreements. As early as 2013, the EU introduced a dedicated “right to regulate” clause in the Transatlantic Trade and Investment Partnership (TTIP) [15]. Later, in the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU, a similar provision, titled “Investment and Regulatory Measures”, was included in the investment protection section [16]. This marked the EU's first inclusion of an independent regulatory clause in an international investment agreement.

The EU 2023 Model BIT continues this tradition by including a standalone provision on “Investment and Regulatory Measures.” The key innovation lies in the explicit recognition of climate measures as one of the legitimate policy objectives. The first paragraph of this clause reaffirms the contracting parties' right to regulate within their territories to pursue legitimate public policy goals, which include public health, social services, public education, safety, the environment (including climate change), public morals, social or consumer protection, privacy and data protection, and the promotion and protection of cultural diversity.

The regulatory power clause is the clearest and most direct expression of a host state's responsibility to pursue global climate goals. As the European Commission has stated, corporate actions can have a profound impact on the lives of people in Europe and beyond. Compared to other forms of expression, the “Investment and Regulatory Measures” clause holds unparalleled legal weight in affirming regulatory authority. By explicitly incorporating the right to regulate for climate purposes into its investment treaty text, the EU affirms the sovereignty of host states and provides them with a firm legal basis to defend their climate actions in future disputes. This not only encourages arbitral tribunals to give greater weight to public interest objectives in balancing competing claims, but also offers EU member states legal legitimacy and justification in arbitration, thereby reducing the legal and financial risks associated with environmental policy and ensuring the stable implementation of climate governance measures.

3.3. Emphasizing corporate social responsibility and responsible business conduct

Traditional international investment agreements typically impose obligations on host states to protect foreign investors and uphold their own investment commitments, but they seldom impose corresponding obligations on investors to serve the public interest. In contrast, the new generation of international investment agreements increasingly recognizes that investors also bear responsibility for promoting sustainable development and advancing global climate objectives. In response to this trend, more and more treaties have begun to reference and incorporate key international instruments on corporate social responsibility (CSR). These instruments regulate multinational enterprises across

various dimensions, including environmental protection, human rights, and labor standards, and serve as normative foundations for drafting investor obligations in investment agreements.

The “Corporate Social Responsibility and Responsible Business Conduct” clause in the EU Model BIT reflects this shift. Its first paragraph states that the contracting parties recognize the importance of investors conducting due diligence to identify and address potential adverse impacts on the environment and labor conditions arising from their operations, supply chains, and other business relationships. It further provides that parties shall promote CSR or responsible business conduct by enterprises and investors to foster sustainable development and responsible investment.

The second paragraph of this clause states that parties should support the dissemination and application of relevant internationally recognized instruments endorsed or supported by the parties, such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises. Specifically, the UN Global Compact outlines ten principles covering human rights, labor, the environment, and anti-corruption, calling on companies to voluntarily integrate these principles into their strategies, cultures, and day-to-day operations. The UN Guiding Principles establish the "Protect, Respect, and Remedy" framework, which has been adopted by many modern investment treaties and explicitly requires investors to respect human rights and avoid causing harm when operating abroad. Although not legally binding, the OECD Guidelines are frequently referenced in investment treaties due to their multilayered governance logic and comprehensive regulatory content, and are used to help regulate investor conduct and responsibility.

Furthermore, the third paragraph provides that the contracting parties may exchange information and best practices regarding CSR and responsible business conduct. Notably, in the expert commentary on this clause, the analysts not only interpret the clause itself but also offer insight into the EU’s broader framework for sustainable development, underscoring the importance of this clause as a key expression of the sustainability principle within the Model.

3.4. Inclusion of the “investment and environment” clause

The “Investment and Environment” clause, also referred to as a dedicated environmental provision, generally sets out the environmental rights and obligations of the contracting parties. The EU Model BIT includes four paragraphs under this clause.

The first paragraph affirms that each contracting party has the right to determine its own sustainable development policies and priorities, the right to establish domestic environmental protection standards it deems appropriate, and the right to adopt or amend its environmental laws and policies. At the same time, such standards, laws, and policies must be consistent with the parties’ commitments to internationally recognized environmental protection standards and agreements. As noted by EU experts in their commentary on the clause, this paragraph establishes a baseline while preserving the right of parties to pursue higher standards. This, to some extent, corrects the traditional bias of investment treaties that prioritize investor interests while neglecting host states’ sustainable development goals. It provides a firmer legal foundation for host states to formulate environmental policies. In particular, since environmental regulations are often challenged by investors in arbitration as constituting “indirect expropriation” or “unfair treatment”, this provision can serve as an important legal basis for host states to assert their policy space and reduce the institutional risk of facing substantial compensation claims.

The second and third paragraphs can be jointly understood, based on expert commentary, as establishing a non-regression clause. The core content is that each party has a duty not to lower its

environmental standards. Specifically, the parties may not weaken or reduce the levels of environmental protection provided under their laws, may not waive or derogate from those laws, and may not offer such actions as conditions for attracting investment. These two provisions aim to ensure a level playing field and to prevent parties from intentionally lowering environmental standards to gain an unfair competitive advantage. Compared to the vague and abstract “fair and equitable treatment” clauses in traditional investment treaties, the non-regression clause provides a clearer and more enforceable safeguard for maintaining stable environmental standards, helping to prevent a “race to the bottom.” In addition, this obligation also places institutional constraints on investors, preventing them from using arbitration to pressure host states, and instead encouraging them to treat compliance with environmental laws as a core element of lawful business conduct.

The fourth paragraph provides that each contracting party shall effectively implement the multilateral environmental agreements (MEAs), conventions, and amendments it has ratified. This paragraph emphasizes that the interaction between investment and sustainable development must be addressed comprehensively, advocating for investment policy to be embedded within a broader framework that supports sustainability. Under this integrated approach, bilateral investment agreements among member states, along with the EU’s trade and investment agreements, work together to promote global governance and ensure the effective implementation of multilateral environmental agreements. By incorporating international environmental obligations into the investment treaty text, this clause helps substantively connect investment rules with international environmental law and fosters coherence within the legal system. It also empowers arbitral tribunals to legitimately refer to international conventions when adjudicating environment-related disputes, thereby enhancing the enforceability and international authority of environmental provisions.

3.5. Inclusion of the “investment and climate change” clause

As previously noted, while many bilateral investment treaties (BITs) include specific environmental provisions defining the rights and obligations of the contracting parties, these provisions often fail to adequately address the systemic challenges posed by climate change. The EU Model BIT introduces a dedicated “Investment and Climate Change” clause, reflecting the latest trend of integrating climate governance with investment rules. This development not only helps reduce the risk of investor-state dispute settlement (ISDS) claims triggered by climate measures but also provides legal safeguards for the establishment of stable climate policy environments and green investment frameworks, ultimately supporting climate-aligned investment.

This clause consists of three paragraphs. The first emphasizes the importance of urgent action by the contracting parties to address climate change, and acknowledges the critical role of investment in this context. It makes clear that aligning climate action with investment policy is essential for achieving the goals set out in the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement, and other multilateral environmental agreements (MEAs). By isolating climate change as a standalone legal topic rather than embedding it within general environmental provisions, the clause enhances the treaty’s function as a normative guide in climate governance. It also encourages investors to treat low-carbon development as a key consideration when selecting and managing investment projects. As the logical foundation of the clause, this paragraph serves not only as a declaration of values but also provides normative justification for the obligations that follow.

The second paragraph sets out two key climate-related obligations for the contracting parties. The first requires them to effectively implement their commitments under the UNFCCC and the Paris Agreement, including their respective nationally determined contributions (NDCs). This provision

effectively transforms what was previously regarded as “soft law” into binding obligations under an investment treaty, thereby enhancing international legal support for host states’ low-carbon transitions and reducing legal uncertainty from policy shifts. The second obligation concerns the promotion of climate-friendly investment. Parties are required to foster investment in climate change mitigation and adaptation, including in climate-friendly products and services such as renewable energy, low-carbon technologies, and energy-efficient goods and services. They are also expected to develop policy frameworks conducive to the deployment of climate-friendly technologies. This design moves beyond the traditional model of investment promotion focused solely on market access, and, for the first time, institutionalizes the link between green investment and proactive policy guidance, facilitating a shift from mere capital liberalization to a more strategic optimization of investment structures.

The third paragraph provides that the parties shall work together, as appropriate, at bilateral, regional, and international levels to enhance cooperation on investment-related aspects of climate change policies and measures. According to the joint report “Working Together for Better Climate Action” by the World Trade Organization, UNCTAD, the International Monetary Fund, the OECD, and the World Bank, closing the ambition and implementation gaps in countries’ NDCs is essential to achieving the goals of the Paris Agreement, but this challenge cannot be resolved by any single country or region alone. This provision directly addresses that global governance dilemma by promoting institutionalized cooperation frameworks for information-sharing, capacity building, and the exchange of best practices. It not only underscores the irreplaceable role of multilateralism in tackling climate challenges but also reflects the EU’s longstanding commitment to rule-based global governance.

3.6. Climate-related exceptions to indirect expropriation

Given the long-standing controversy in practice over how to define indirect expropriation, especially when host state climate policies affect investment interests and may be alleged to constitute expropriation [17], it is particularly important for investment treaties to clearly delineate the boundaries of such claims [18]. To address this issue, the EU 2023 Model BIT supplements its expropriation clause with an annex on expropriation, the two parts working in tandem. Article 3 of the annex specifies that, for greater certainty, except in rare circumstances where the impact of a measure or series of measures is so severe in light of its purpose that it appears manifestly excessive, non-discriminatory measures designed and applied by a party to protect legitimate public policy objectives do not constitute indirect expropriation. Environmental protection measures, including those related to climate change, are expressly listed as legitimate public policy objectives under the Model. By exempting such measures from compensation, it affirms the host state's regulatory power as an exception to expropriation claims and thereby helps preserve the state’s ability to pursue major public interest objectives.

In addition, as noted by EU experts, the third paragraph of this article reflects the police powers doctrine. This principle, which affirms the sovereign right of states to regulate in the public interest, is widely accepted and has become a fundamental norm in international law. At its core, the police powers doctrine holds that non-discriminatory regulatory measures taken within a state’s legitimate authority to pursue public policy objectives do not warrant compensation, even if they cause economic loss [19]. Only when such measures are manifestly excessive in relation to their intended purpose can they be considered indirect expropriation. Through this provision, the EU 2023 Model BIT clearly defines the boundary between indirect expropriation and police powers, offering arbitral tribunals a more explicit legal basis for delivering fair decisions.

4. Implications for China

In 2020, President Xi Jinping announced during the General Debate of the 75th Session of the United Nations General Assembly that China aims to peak carbon emissions before 2030 and strive to achieve carbon neutrality before 2060. This ambitious goal implies that China will achieve the greatest reduction in carbon intensity globally and complete the transition from carbon peaking to carbon neutrality in the shortest time span in global history. It requires both technological innovation and a fundamental restructuring of the energy system and sustained efforts in policy implementation, industrial transformation, and institutional support—posing unprecedented challenges.

Against this backdrop, international cooperation and a supportive institutional environment are particularly critical. Traditional international investment law prioritizes investor protection and emphasizes investment stability and predictability. While this framework facilitates capital flows, it may also constrain the regulatory powers of host states in addressing climate change. Therefore, the urgency of climate action and the structural tension within investment law have jointly driven the international community to re-examine the legitimacy and normative foundations of existing investment treaties and to focus increasingly on the necessity and direction of reform.

The EU Model BIT offers valuable insights in several respects, such as affirming host states' regulatory authority, establishing non-regression clauses, and encouraging climate-friendly investment, all of which align with China's policy goals of high-quality development and green transformation. However, certain aspects, such as the high standard for corporate social responsibility and the emphasis on public participation mechanisms, may be difficult to fully implement at China's current stage of development. As such, China should draw on relevant experiences selectively, taking into account its own national circumstances, and gradually build a green investment rule system suited to its institutional context. On this basis, China must consider how to advance the legalization of green investment through legislation, regulation, and international negotiations in the next stage of reform.

On the one hand, as a capital-importing country, China should promptly conduct a systematic review of its existing investment treaties to identify provisions that may hinder the realization of its climate policy goals, such as overly broad definitions of indirect expropriation or undue restrictions on environmental regulatory powers under the investor-state dispute settlement (ISDS) mechanism and pursue revisions through negotiation. In future treaty negotiations, China can refer to the EU Model BIT by incorporating clauses such as the non-regression obligation and exemptions for environmental and climate-related measures, thereby enhancing host states' policy space during green transitions. At the same time, China should formulate a sustainable development-oriented model BIT tailored to its national conditions, aligned with the 14th Five-Year Plan and the "dual carbon" goals, clearly supporting green and low-carbon investment while safeguarding environmental regulatory powers.

On the other hand, as a capital-exporting country, China should encourage enterprises to conduct environmental due diligence and strengthen oversight of environmental compliance in overseas investment projects. In drafting its own model investment treaty, China should take a cautious approach to certain elements promoted by the EU, such as corporate social responsibility clauses, disclosure obligations, and public participation mechanisms. It would be more appropriate to first guide centrally administered state-owned enterprises and other "going global" companies to gradually adapt to international green investment standards, and then institutionalize relevant obligations at an appropriate time, facilitating an orderly transition from "soft advocacy" to "normative integration". Additionally, green finance instruments and environmental information-

sharing mechanisms can serve as key areas for cooperation in investment treaties with developing countries, helping to shape a green investment governance model with Chinese characteristics.

In today's increasingly complex international landscape, global climate governance faces mounting challenges, from growing geopolitical fragmentation and inadequate implementation of nationally determined contributions (NDCs), to widening gaps in climate finance. These issues have severely undermined both coordination and effectiveness within the global climate regime. Against this backdrop, China, as a major global economy and outward investor, must not only accelerate its domestic green transition but also enhance institutional alignment and policy cooperation with other countries. In particular, China should promote international collaboration in green technology and climate finance to jointly address the systemic risks posed by climate change. Only by deepening reform of the international investment legal framework and ensuring effective alignment between climate action and investment policy can China make a greater contribution to global sustainable development. At the same time, China should strengthen the coordination between its domestic and foreign policies to promote green investment and the exchange of low-carbon technologies, thereby providing strong support for achieving global climate objectives.

5. Conclusion

Amid growing geopolitical tensions and worsening climate risks, global climate governance faces serious challenges in coordination and implementation. In this context, China, one of the world's leading economies and investors, must not only accelerate its domestic green transition but also enhance cooperation with other countries to jointly address climate change. The EU Model BIT provides useful insights, particularly in affirming host states' regulatory powers, introducing non-regression clauses, and promoting climate-friendly investment, all of which align with China's goals for high-quality development and green transformation. However, due to differences in development stage and institutional context, China should selectively adopt relevant practices. Priority should be given to building a green investment framework tailored to national conditions, with emphasis on safeguarding regulatory space and encouraging low-carbon investment. Looking ahead, China should advance legal reforms across legislation, regulation, and international negotiation to embed climate objectives into its investment treaty practice. At the same time, greater alignment between domestic and international policy, along with deeper cooperation in green finance and low-carbon technologies, will be essential. By doing so, China can help ensure that investment rules evolve in a way that supports climate action, contributing not only to its own dual carbon goals, but also to global sustainable development.

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