

## Legal disputes with the European Union

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Nord Stream 2 AG fought the European Union's attempts to subject its pipeline to the rules of the internal gas market. The Union amended its Gas Directive in 2019 to cover pipelines from third countries, requiring, among other things, the separation of the ownership of pipelines from the supply of gas. Considering that the amendment was aimed at its project, Nord Stream 2 AG brought an action before the General Court of the European Union for its annulment, which the General Court dismissed as inadmissible in 2020. In 2022, the Court of Justice set that ruling aside and referred the case back.<sup>1</sup>

The company also initiated arbitration proceedings against the European Union under the Energy Charter Treaty in 2019, claiming that the amended directive violated the treaty's protection of foreign investment.<sup>2</sup> The Swiss seat of the company was essential for this claim, since the treaty protects investors from contracting states and Switzerland was a party to it. The proceedings show how a company incorporated in Zug could use international investment law to challenge the legislation of the European Union, although they lost their practical significance after 2022, when the project ended for other reasons.

### 1 Notes

1. CJEU (Grand Chamber), judgment of 12 July 2022, Case C-348/20 P, Nord Stream 2 AG v Parliament and Council, eur-lex.europa.eu: appeal concerning Directive (EU) 2019/692; the order of the General Court in Case T-526/19 is set aside and the case referred back. ↩

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2. Permanent Court of Arbitration, case page "Nord Stream 2 AG v. The European Union", PCA Case No. 2020-07, [pca-cpa.org](https://pca-cpa.org): arbitration commenced on 26 September 2019 under Art. 26(4)(b) of the Energy Charter Treaty and the UNCITRAL Rules 1976; status pending. ↩

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