

The Energy Charter Treaty and the case for UK withdrawal

Westminster Hall debate briefing

Tuesday 21 March 2023



Background

On 21st March, Chris Skidmore MP has secured a Westminster Hall debate on the Energy Charter Treaty to highlight recent developments with the Treaty and its membership, how the Treaty undermines the UK's climate and net zero commitments, and the case for the UK to withdraw.

- The Energy Charter Treaty (ECT) is an outdated energy investment agreement between approximately 50 countries. It dates to the mid-1990s, from a time when the focus was on access to oil and gas reserves in countries of the former Soviet Union, and levels of climate ambition were not high.
- Its purpose is to protect private foreign investments from regulatory or political interference, through Investor State Dispute Settlement (ISDS), which sets up secretive extra-judicial arbitration panels capable of awarding unlimited compensation at taxpayer expense. This has become the favourite tool of fossil fuel companies to sue governments for policies which protect the climate and environment.
- Negotiations to 'modernise' the agreement were launched in 2018. However, the reform process has reached an impasse. Any reforms require unanimous agreement from Treaty signatories, however the European Commission is publicly backing a full coordinated withdrawal of EU members, citing the Treaty's incompatibility with their climate ambitions. European countries represent roughly half of the Treaty members, which makes it highly unlikely that any reform process will now be successful.
- Despite attempts to reform, the ECT continues to undermine global climate action and several countries have announced plans to exit the Treaty. [Germany](#), [France](#), the [Netherlands](#), [Spain](#), [Poland](#), [Slovenia](#) and [Luxembourg](#) have all said they are leaving. Italy has already left, and further announcements are anticipated.
- In February 2023, a group of [experts wrote](#) to the Energy and Net Zero Secretary calling on the UK to quit the treaty.
- Without swift action, the UK is at risk of being stranded in an unreformed Treaty, which would leave public finances exposed to huge financial liabilities, something the government has already said it cannot support.

This debate will be a chance for parliamentarians to examine the case for the UK to withdraw from the Energy Charter Treaty and how to ensure UK trading activity is aligned with our environmental and climate commitments.

If you have any questions or problems on the day, please contact Cam Witten, cwitten@green-alliance.org.uk.

About the Environment APPG

The All-Party Parliamentary Group for the Environment exists to promote environmental ambition across Parliament. The Group has over one hundred cross-party parliamentary members and is Chaired by Rt Hon. Chris Skidmore, MP for Kingswood and the Secretariat is provided by independent think-tank and environmental charity, Green Alliance.

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