

UK to quit 'outdated' fossil fuel friendly treaty

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Climate activists demonstrate outside BP headquarters in London on December 9, 2023.

The UK will join a string of European countries in leaving a controversial energy treaty that has allowed fossil fuel giants to sue

governments over their climate policies, the government said on Thursday.

The decision to quit the 1990s-era accord comes after efforts to negotiate a modernised [treaty](#) ended in stalemate.

France, Germany, Spain and the Netherlands are also pulling out of the Energy Charter Treaty, while the European Parliament has called for the entire 27-nation European Union to withdraw.

Italy, which lost a costly arbitration case against British oil company Rockhopper under the treaty, announced it was leaving in 2015.

Established in the 1990s when the world energy system was heavily dominated by fossil fuels—coal, gas and oil, the treaty was originally intended to encourage international energy investment.

In practice, it has allowed [foreign companies](#) to challenge energy policies that threaten their investments under a secretive arbitration process.

This has led to a number of countries facing costly legal challenges over reducing their reliance on fossil fuels and boosting renewables.

"The Energy Charter Treaty is outdated and in urgent need of reform but talks have stalled and sensible renewal looks increasingly unlikely," UK Energy Security and Net Zero Minister Graham Stuart said.

"Remaining a member would not support our transition to cleaner, cheaper energy, and could even penalise us for our world-leading efforts to deliver net zero," he added.

The treaty, which the EU and Euratom, the European atomic energy community, signed on to in 1994 came into effect in 1998.



German energy giant E.ON's power station near Nottingham -- one of the UK's biggest coal-fired plants.

'Explosion' of claims

It initially it sought to bring post-Soviet eastern European energy sectors into a cooperative framework with western European ones.

To do that, it allowed [energy companies](#)—many of them using coal and other [fossil fuels](#)—to sue governments over policies putting their investments at risk.

But as countries have shifted towards renewable and more sustainable energy sources, European governments have increasingly balked at remaining part of the treaty.

The United Nations' Special Rapporteur for Human Rights and Environment, David Boyd, warned in December that an "explosion" of multibillion-dollar claims by fossil fuel and extractive firms through shadowy investment tribunals was blocking action on climate and nature.

"When governments bring in these stronger laws and policies, they're ending up paying millions—and sometimes billions—of dollars in compensation," Boyd told AFP.

Developing nations were increasingly being targeted, he said, adding that fossil fuel and mining industries had won over \$100 billion in awards.

Shaun Spiers, executive director of environmental think-tank Green

Alliance, welcomed the UK government's decision.

"Civil society organisations and parliamentarians from all [political parties](#) have been clear that the Energy Charter Treaty is an out-of-date agreement and undermines our efforts to tackle climate change," he said.

"We welcome the UK's decision to leave, which will strengthen global efforts to roll out cheap, clean renewable energy," he added.

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