Energy Charter Treaty: withdrawal of the Union

2023/0273(NLE) - 05/06/2024 - Final act

PURPOSE: to withdraw the Union from the Energy Charter Treaty.

NON-LEGISLATIVE ACT: Council Decision (EU) 2024/1638 on the withdrawal of the Union from the Energy Charter Treaty.

BACKGROUND: the Energy Charter Treaty (ECT) is a multilateral agreement that entered into force in 1998 and contains provisions on investment protection and trade in the energy sector. As this treaty is no longer in line with the Paris agreement and the EU ambitions regarding the energy transition, a process of modernisation has been initiated in 2018.

In the absence of any substantial update of the ECT since the 1990s, the ECT became increasingly outdated. In 2019, the Contracting Parties to the ECT engaged in negotiations aimed at modernising the ECT in order to bring it into alignment with the principles of the Paris Agreement, the requirements of sustainable development and the fight against climate change, as well as with modern standards of investment protection.

During an ad-hoc Conference on 24 June 2022, the Contracting Parties reached an agreement in principle on the modernised text, thus concluding the negotiations, without prejudice to the final assessment by the Contracting Parties. The negotiated outcome was meant to be adopted at the 33rd meeting of the Energy Charter Conference on 22 November 2022.

Ahead of the meeting of the Conference, the Union did not adopt a position on the modernisation of the ECT.

In the absence of a Union position, the Union is unable to vote on the adoption of the modernised ECT at the Conference.

CONTENT: with this Decision, the European Union will leave the Energy Charter Treaty. Several Member States have expressed their support for the proposed amendments to the ECT and have indicated their intention to remain Contracting Parties, subject to its modernisation. Those Member States should therefore be allowed, through a separate Council decision, to approve or not oppose the modernisation of the ECT at the Conference that will adopt that modernisation.

ENTRY INTO FORCE: 30.05.2024.