

EREF Press release

The Energy Charter Treaty impedes the European Green Deal - EU and Member States should therefore withdraw from the Treaty

Brussels, 14th December 2020

On the occasion of the Energy Charter Treaty (ECT) Conference beginning on Wednesday 16th of December, the European Renewable Energies Federation reminds the signatories and in particular the European Union and its Member States that the Treaty and particularly the provisions on fossil fuel investment protection in an obscure private arbitration procedure are impeding the objectives of the European Green Deal and the Paris Agreement. Ending the fossil fuel investment protection enshrined in the ECT or – as a first step – no longer applying respective procedures must be a high priority for the EU and its Member States.

“Unfortunately, changes to the ECT need unanimity and the Treaty itself has a 20-year sunset clause. Just starting negotiations now is therefore not enough to prevent the ECT from interfering with the European Green Deal and the EU’s climate ambitions”, says EREF’s Director, Dörte Fouquet. “We believe that the EU and Member States should set a clear signal that the ECT in its present form must not be continued. They should therefore jointly withdraw and declare that the provisions for fossil fuel investment protection will no longer be applicable to the EU”.

With this background, EREF welcomes the European Commission’s objective of modernizing the ECT and also the conclusions of the European Council on 11 December that Trade Policies need to be consistent with Europe’s climate ambitions. EREF particularly highlights and strongly supports the European Parliament’s decision to amend the European Climate Law to *“end protection of investments in fossil fuels in the context of the modernisation of the Energy Charter Treaty”*. EREF requests that the European Union stop supporting and funding attempts to expand the ECT to more countries in Africa, Asia and Latin America.

Background:

The Energy Charter Treaty (ECT) protects investments in energy supply, including coal mines, oil and gas extraction, pipelines, refineries, and power stations. It allows challenges

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to almost any state measure that impacts the investor's expected profit. Resulting legal disputes are not settled by national courts but in a private arbitration procedure. Penalties worth billions of euros of taxpayers' money are being claimed and compensation can be received for loss of expected profits. The ECT is used to slow down the phase-out of fossil fuels. The threat of investment arbitration claims can dissuade governments from legislating in the public interest, e.g. in implementation of the Paris Agreement and the European Green Deal.

About EREF:

[EREF](#) is the voice of Europe's renewable energy sector and issues initiatives and solutions to the challenges arising from the transition to a fully decarbonised and 100% renewables' system. In this role, EREF monitors and gives impetus to the public debate and policy-making process that leads the way to climate change mitigation through consequent deployment of renewable energy technologies, fostering a greener and more sustainable future for Europe and its citizens.

For more information on this matter, please contact

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