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Energy Charter Treaty:

I appreciate the concerns raised about the Energy Charter Treaty (ECT) being used by fossil fuel companies to sue governments for introducing climate policies. It is clear that the ECT is a major barrier to effective international action to tackle the climate crisis, with energy companies using the treaty's investor-state dispute settlement (ISDS) provisions to challenge plans to move to net zero.

In particular, where companies are able to claim their investments in fossil fuel extraction are being damaged by government intervention, they can use the ECT to sue for damages or use the threat of lawsuits to deter governments from acting. We have seen, for example, the case of RWE suing the Netherlands for €1.4 billion over the phase-out of coal and of UK oil company Rockhopper, which won a case against Italy over a ban on offshore drilling.

As the Climate Change Committee has said, with prospects for reform of the ECT uncertain, it represents a risk to the UK's climate transition and to the taxpayer. The treaty is outdated, as shown by the number of countries leaving it or calling for it to be overhauled. I believe we need to take co-ordinated action with other likeminded nations, so it does not obstruct the delivery of our climate commitments.

As constituents may know, at the House of Commons Report Stage of the Energy Bill, new clause 7 was tabled to require the Government to withdraw the UK from the ECT. This amendment was not called for a vote and did not make it into the Bill. However, the Government has now said it is reviewing the UK's membership of the ECT, including whether we should leave the treaty. It says it will make a further decision if modernisation of the treaty has not been adopted by November. I can therefore assure constituents that I will continue to monitor this issue closely and support efforts to press the Government on it.

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