

Client briefing

## COLOMBIA'S WITHDRAWAL FROM THE INVESTMENT ARBITRATION SYSTEM: Key legal and practical implications for investors

30 March 2026

- President Petro has announced Colombia's withdrawal from the investment arbitration system, which he considers an obstacle to the energy transition and efforts to combat climate change.
- Colombia has not formally notified the International Centre for Settlement of Investment Disputes of its withdrawal, which means that the decision does not take effect immediately.
- If implemented, this withdrawal will not affect ongoing investment arbitration cases against Colombia.
- Under the ICSID Convention, withdrawal takes effect six months after providing notice. For investment treaties, the timing depends on each treaty's terms (e.g. Spanish investors are protected for ten years, while US investors are protected for six months).



El On Wednesday, 25 March 2026, President Gustavo Petro announced that Colombia would be withdrawing from the international investor-State dispute settlement system (ISDS).<sup>1</sup> The decision follows a letter signed by more than 200 economists and academics from 24 countries, including Nobel laureates Joseph Stiglitz and Thomas Piketty, as well as former Colombian Finance Minister José Antonio Ocampo. The signatories urged President Petro to withdraw Colombia from ISDS, arguing that this mechanism directly obstructs the energy transition and efforts to combat climate change.<sup>2</sup>

1.- El País, 'Petro escucha a Piketty, Stiglitz y 200 expertos: anuncia la salida de Colombia del arbitraje internacional de inversión' <https://elpais.com/america-colombia/2026-03-26/petro-escucha-a-piketty-stiglitz-y-200-expertos-anuncia-la-salida-de-colombia-del-arbitraje-internacional-de-inversion.html>

2.- Center for Economic and Policy Research, 'Carta de 220 economistas y juristas al presidente colombiano Gustavo Petro en la que le instan a tomar medidas sobre el sistema de arbitraje de inversion' <https://cepr.net/es/publications/carta-de-220-economistas-y-juristas-al-presidente-colombiano-gustavo-petro-en-la-que-le-istan-a-tomar-medidas-sobre-el-sistema-de-arbitraje-de-inversion/>

This alert explains what this announcement means, how the withdrawal would be implemented, and the specific implications for foreign investors in Colombia.

To understand the scope of this announcement, we first need to clarify the instruments it concerns. ISDS is a mechanism for resolving disputes between private parties and States included in international investment agreements (IIAs), such as bilateral investment treaties (BITs) and investment protection chapters in free trade agreements (FTAs). ISDS allows foreign investors to bring claims directly against States before international arbitral tribunals. The International Centre for Settlement of Investment Disputes (ICSID) is the leading arbitral institution specialising in disputes between foreign investors and States. Established in 1966 by the Washington Convention (ICSID Convention); it is affiliated with the World Bank Group but operates with full legal autonomy. It is headquartered in Washington, D.C., and has more than 160 member States. Its awards are binding and directly enforceable in all contracting states as if they were final domestic court judgments.

The Colombian government has two options to implement the announced withdrawal: (i) amend or modify existing IIAs or (ii) denounce them.

Amendment involves changing a treaty for all contracting States, and, in principle, requires them to be unanimously approved. Modification, by contrast, consists of an agreement between some of the contracting states to a multilateral treaty to alter its application only in their mutual relations. However, both amendment and modification require the other contracting State's consent, which in practice significantly limits the Government's ability to act unilaterally during the remaining months of the current administration.

Denunciation refers to a unilateral act by which a State terminates its participation in an international treaty, without this affecting the agreement's validity for the other contracting states in the case of multilateral treaties. It is understood that the Colombian Constitution vests this power in the President, who is responsible for conducting international relations. It includes the negotiation, execution, signing, ratification and denunciation of international treaties.

Regarding the ICSID Convention, Article 71<sup>3</sup> provides that any contracting state may denounce it by written notice, with effect six months after receipt of the notice. In turn, Article 72,<sup>4</sup> states that denunciation does not affect the rights and obligations of the denouncing State arising from consent to the Centre's jurisdiction granted before the notice is received.

The impact on foreign investors depends on their nationality and the applicable IIA, as denunciation of the ICSID Convention does not automatically entail the termination of BITs containing ISDS clauses. We now analyse the effect on the most relevant BITs for investors in Colombia.

Under the Colombia-Spain BIT, Article 10 provides that, if the ICSID Convention is denounced, investors may bring claims before Colombian courts, an *ad hoc* arbitral tribunal constituted under the UNCITRAL Arbitration Rules, or ICSID's Additional Facility.<sup>5</sup> This BIT also includes a sunset clause: even after the

---

3.- Article 71 of the ICSID Convention: "Any Contracting State may denounce this Convention by written notice to the depositary of this Convention. The denunciation shall take effect six months after receipt of such notice."

4.- Article 72 of the ICSID Convention: "Notice by a Contracting State pursuant to Articles 70 or 71 shall not affect the rights or obligations under this Convention of that State or of any of its constituent subdivisions or agencies or of any national of that State arising out of consent to the jurisdiction of the Centre given by one of them before such notice was received by the depositary."

5.- Article 10 of the Spain-Colombia BIT: "If the dispute cannot be resolved [amicably] within six months from the date of the written notice referred to in paragraph 2, it may be submitted, at the investor's choice, to: 1. the competent courts of the contracting state in whose territory the investment was made; 2. an *ad hoc* arbitral tribunal established under the

termination takes effect, its protections remain in force for an additional ten years with respect to investments made before termination.<sup>6</sup>

For US investors, Article 10.16(3)<sup>7</sup> of the Colombia–US FTA provides that, even if the ICSID Convention no longer applies, investors may submit claims under the ICSID Additional Facility – provided that at least one of the parties remains a contracting state to the Convention – or under the UNCITRAL Arbitration Rules, or before any other arbitral institution agreed by the parties. If Colombia were to terminate the FTA with the US, Article 23.4 provides that termination would take effect six months after written notice is given to the other party.<sup>8</sup>



A similar situation arises under the Additional Protocol to the Framework Agreement of the Pacific Alliance. If Colombia withdraws from ICSID, Mexican, Peruvian and Chilean investors may submit claims under the ICSID Additional Facility, the UNCITRAL Arbitration Rules or any other form of arbitration the disputing

UNCITRAL Arbitration Rules; 3. where one of the contracting parties is not a contracting state to the ICSID Convention, arbitration under the ICSID Additional Facility Rules.” (loose translation)

6.- Article 13 of the Spain-Colombia BIT: “After the initial period, this Agreement remains in force indefinitely unless either Contracting Party terminates it by written notice to the other contracting state. Termination takes effect twelve months after such notice.

For investments made before termination takes effect, the Agreement’s provisions continue to apply for an additional ten years from the date of termination.” (loose translation)

7.- Article 10.16.(3) of the Colombia–United States Free Trade Agreement: “Provided that six months have elapsed since the events giving rise to the claim, a claimant may submit a claim referred to in paragraph 1:

(a) under the ICSID Convention and the ICSID Rules of Procedures for Arbitration Proceedings, provided that both the respondent and the Party of the claimant are parties to the ICSID Convention;

(b) under the ICSID Additional Facility Rules, provided that either the respondent or the Party of the claimant is a party to the ICSID Convention;

(c) under the UNCITRAL Arbitration Rules; or

(d) if the claimant and respondent agree, to any other arbitration institution or under any other arbitration rules.”

8.- Article 23.4.(2) of the Colombia–United States Free Trade Agreement: “Any Party may terminate this Agreement by written notification to the other Party, and such termination shall take effect six months after the date of the notification.”

parties have agreed to.<sup>9</sup> If the Government decides to terminate this instrument, the Additional Protocol allows for denunciation by written notice to the depositary, which takes effect six months after receipt.<sup>10</sup>

Consequently, denouncing the ICSID Convention would not immediately or automatically eliminate Colombia's exposure to ISDS. Foreign investors would retain, under certain conditions, access to alternative dispute resolution mechanisms, such as arbitration under the UNCITRAL rules and the ICSID Additional Facility. Furthermore, sunset clauses in several IIAs would extend protections for pre-existing investments for up to ten years after denunciation takes effect.

The scope of any measures adopted by Colombia will depend on whether they are limited to denouncing the ICSID Convention or extend to terminating or renegotiating individual IIAs. Given the need for the other parties' consent to any modification or amendment, a comprehensive dismantling of the foreign investment protection system will likely require considerable time to be effective.

## CONTACT LAWYERS



**Gabriel Bottini**  
Spain  
+34915870929  
gabriel.bottini@uria.com



**Héctor Hernández**  
Colombia  
+576013268600  
hector.hernandez  
@ppulegal.com



**Heidi López Castro**  
Spain  
+34915860545  
heidi.lopez@uria.com



**Juan Sebastián Arias**  
Colombia  
+576013268600  
juansebastian.arias  
@ppulegal.com

9.- Article 10.16(3) of the Additional Protocol to the Pacific Alliance Framework Agreement: "The claimant may submit the claim referred to in paragraph 1 to arbitration: (a) under the ICSID Convention and the ICSID arbitration rules (the "Arbitration Rules"), provided that both the respondent and the claimant's state are parties to the ICSID Convention;

(b) under the ICSID Additional Facility, provided that the respondent or the claimant's state (but not both) is a party to the ICSID Convention;

(c) under the Arbitration Rules; or

(d) any other arbitral institution or in accordance with any other arbitration rules the disputing parties agree." [loose translation]

10.- Article 16 of Additional Protocol to the Pacific Alliance Framework Agreement: "This Agreement may be terminated by any party by written notice to the depositary, which must notify the other Parties of the termination. Termination takes effect six months after the depositary receives the notification." [loose translation]