

A Liberal Actor in a Realist World

The European Union Regulatory
State and the Global Political
Economy of Energy

Andreas Goldthau and Nick Sitter

OXFORD
UNIVERSITY PRESS

Contents

List of Figures and Table

ix

1. Introduction: The European Union and the Changing International Political Economy of Energy	1
1. The European Union and the Changing World of Energy	1
2. The EU Regulatory State and Its External Dimension	6
3. The EU Regulatory State and the IPE of Energy	9
4. The Structure of the Book	12
2. The Changing International Political Economy of Energy	14
1. Setting the Stage: IPE and Energy	14
2. Changing Paradigms: Neo-liberalism and the Shift from the State to the Market	19
3. Changing Power Structures: Three Eras and a New Turn	21
4. Contemporary Challenges: Supply Security, Price Shocks, and Climate Change	23
5. Toward a “Realist” IPE of Energy	30
3. The EU Regulatory State and Energy Security	31
1. The EU Regulatory State: The Nature of the Beast	31
2. The EU Regulatory State Approach to Public Policy in Energy: Designing, Ordering, and Maintaining Markets	34
3. The EU as a Regulatory State Actor: Preferences and Decision-Making	40
4. The Policy Tools of the EU Regulatory State: Competition Policy, Market Regulation, and Infrastructure	44
5. The EU Regulatory State and Its External Dimension	46
4. Oil Markets: Dealing with Global Market Failures	51
1. The Changing IPE of Oil	51
2. Designing Markets: Addressing “Anarchic” Global Oil Markets and Their Failures	55
3. Building Markets: Fostering International Market Institutions and Global Governance	58
4. Operating Markets: Using the EU Regulatory State Toolbox	63
5. Assessment of EU Policy: Risk Management in Anarchic Markets	66

Contents

5. Gas Markets: Dealing with Market Failures and Asymmetric Power in the Near Abroad	68
1. The Changing IPE of Gas	68
2. Designing Markets: The EU's Regional Regulatory State Project and Gas Trade	74
3. Building Markets: The Commission's Pursuit of Rule-Based Regimes for Regional Energy Trade	76
4. Operating Markets: The Commission's External Policy Tools	80
5. Assessment of EU Policy: Focus on Regional Market Making and Operation	89
6. The Carbon Challenge: Dealing with the Externalities of Energy Markets	91
1. The Changing IPE of Climate Change	91
2. Designing Climate Regimes: The EU's Strategy for Emission Externalities and a Global "Common Pool" Problem	94
3. Building Climate Regimes: Carbon Mitigation, the Kyoto Protocol, and the Environment–Trade Nexus	96
4. Operating Climate Regimes: Regional Arrangements and Their External Dimension	100
5. Assessment of EU Policy: Regional Second-Best Solution as a Response to Global Policy Failure	104
7. The Long Reach of the Regulatory State: "Regulatory Power Europe"	107
1. The EU as a Foreign Policy Actor	107
2. Power, Policy Tools, and Targets	109
3. The Regulatory State and Its Power in IPE	116
4. Regulatory Power Europe	122
8. Conclusion: A Liberal Actor in a Realist World	125
1. The EU's Liberal Profile in a Changing IPE of Energy	125
2. The EU Regulatory State and IPE	127
3. Regulatory Power Europe by Choice	130
<i>References</i>	133
<i>Index</i>	161