

Geopolitical contention and institutional inadequacy in the global energy game



If one wants to understand the current condition of energy policies in the world, there used to be only two options. First, the sea of literature on energy policies in individual nations provides abundant information about how each country or regional political entity deals with energy use. Second, several organizations, such as the International Energy Agency (IEA), regularly publish overview studies of global trends in energy consumption and regulation. These two types of sources offer valuable insights with regard to both national and global trends; but what is lacking is an understanding of how political entities interact with each other in the geopolitical sense when it comes to energy policies.

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WITH THE PUBLICATION of *The Globalization of Energy*, a third option now becomes available that allows for an appreciation of international geopolitical realities that always shadow the making of energy policies. In introducing the international relational perspective to the study of energy policies, it is easy to overemphasize conflicts of interests or international cooperation as an obvious binary. The authors in this collection transcend this binary, discussing the complexity and specificity in the historical relations between China and the European Union, and how changing geopolitical relations shape energy policies. The chapters not only attend to the domestic and international conditions in China and the European Union, but also discuss other important players in the game, such as the United States, India, Iran, and Russia. The volume takes full advantage of an edited book, bringing together research from different perspectives. Some chapters discuss the issues from the vantage point of energy suppliers, i.e., that of Russia and Iran. Some stand in the shoes of energy demanders. Other chapters examine the dynamics between different demanders. The accounts encompass a broad range of perspectives, but also stay focused on its central theme of Sino-EU energy relations, thereby gaining both breadth and depth.

The book consists of two parts, with the first devoted to discussing the “locking in” strategy of trying to secure more sources of conventional energy supply (i.e., oil and gas), and the second to exploring issues with the “seeking out” strategy of developing alternative sources of energy. The two parts are two sides of the same coin, as the world faces energy shortages and increasing energy insecurity.

The first part of the book offers a well-rounded overview of the geopolitical reality of the relation between China and the EU, and how energy issues play an increasingly important role in the relation. A key contribution of the chapters in this part is the identification of the potential for cooperation between China and the EU. The cooperation should not only be premised on the shared demand for oil and gas, but be rooted in a common domestic institutional arrangement that China and the EU share. Specifically, in both political entities, a centralized governing body is responsible for setting up goals of energy savings, and each local governing body devises their own strategies of achieving the goals.

In the European Union, the EU Commission sets legally binding targets. The targets include greenhouse gas emission reduction goals, energy efficiency goals, energy source diversification goals, among others. However, the Commission does not detail the specific action plans through which the goals should be achieved. Member states have the leeway to determine strategies that would work best in the national context. A similar institutional arrangement is in place in China where the National Development and Reform Commission (NDRC) is responsible for goal-setting in the form of Five-Year Plans. Provincial level governments in China are required to meet the goals as mandated by the NDRC, by way of locally defined strategies. Similar domestic governing structures in China and the European Union reflect similar problems faced by the two political entities. Both are troubled by rising energy demands, and corresponding environmental externalities of energy consumption.

Evidently, both China and the EU have turned to foreign policy leverages to enhance energy security and to satisfy domestic demands. More often than not, foreign policies are directed to stress the competitive aspect in the relation between China and EU as energy demanders. For example, regional organizations such as the Shanghai Cooperation Organization (SCO) are usually devised to enhance relations between demanders and suppliers. The chapters in the first part of *The Globalization of Energy*, however, offer insights as to how cooperative relations between demanders are not only necessary, but also possible. Especially with regard to China and the European Union, the two regions’ similarity in domestic energy policy structure warrants a closer tie, so as to learn from each other.

The second part of the book reviews efforts to tap the potential of renewable energy in China, the European Union and beyond. The chapters cast doubt on the feasibility of renewable energy. By examining the history and current status of energy efficiency and sustainable development policies in China, Japan, and the Netherlands, the four chapters reach a consensus that the development of renewable energy is not only hampered by high costs of such, but also by a variety of institutional barriers. In China, the renewable energy sector relies heavily on state subsidies and has little incentive to develop