

The EU's sustainability capitalism: identifying the varieties of financing market transition – a law of political economy approach

The project explores the impact of EU law, and specifically **sustainable finance regulation**, in shaping the conditions of energy transition financing across different Member States. This question is particularly pertinent in the context of the growing emphasis on achieving **climate neutrality** in the EU. New regulations oblige financial sector actors to take into account the climate and environmental impact of their investments. As such they will have far reaching implications for the form, cost and pace of energy transition across EU Member States. Behind such immediate concerns, which are of high immediate economic and social relevance, in particular in countries where climate action requires a significant adaptation effort, lurk important questions of **how legal changes interact with economic and political institutions**.

The project will tackle such questions by studying the role of law in constituting the interests and mutual relations between actors involved in providing private sector financing to support energy investments across the European Union. To this end, it will develop a typology of “**sustainability capitalisms**” – that is different combinations of features which define the politico-economic institutional set-ups around financial market transition across the EU (e.g. financial market development, energy mix). Such an approach draws on research recently popularised by authors such as Thomas Piketty, which shows the role of capitalist institutions in determining particular socio-economic outcomes. In contrast to the purely economic, or politico-economic, perspective, the project in this context explores rather the potential and actual impact of EU law, and specifically EU financial regulations which introduce the notion of sustainable finance. **Do such EU laws change the politico-economic set-up?** Does such impact depend on specific institutional features, and if so – which?

EU laws are becoming ever more detailed, regulating a wider range of economic activities, in an increasingly cross-sectoral manner, in particular in the area of climate protection. Understanding of the determinants of EU laws' differentiated impact in this context is fragmentary. Addressing this gap in knowledge requires building an understanding of the role of law in different politico-economic contexts, such as the institutional set-up in the area of financing energy transition. The research will use legal scientific methods, which are developing increasingly refined tools for the analysis of such problems, in particular with regard to regulatory outcomes and the institutional dynamics these trigger. The project in addition to furthering the understanding of the problems which can arise from differentiation in this context, will – as a second step – identify corrective measures to ensure that far-reaching regulations can bring about the desired change across a variety of institutional contexts.