

Impact of Globalization, financial development and economic structures on energy diversification: Implications for European Green Deal

Abstract

Global energy markets have been significantly affected by the Russia-Ukraine war and has exposed the risks faced by European nations that source their energy from Russia. This crisis points to the fact that Europe must move to reduce its reliance on Russian energy in order to meet the goals of the European Green Deal. The goal of the proposed project is to investigate and compare the energy diversification strategies of European countries through the lens of globalization, financial development, economic structure and European green deal. Therefore, through the analysis of these factors, we propose a course of action aimed at endeavoring a safer and more stable energy future for Europe.

The specific research questions that guide this research include; first, what kind of policy frameworks exist across Europe to diversify their energy sources? Second, how does globalization, financial development, and economic structure affect energy diversification? Third, what is the relationship between energy diversification and environmental sustainability in the presence of other determinants like globalization, financial development, natural capital, structural changes and economic growth?

To respond, we have designed five work packages (WP). First WP is designed to learn and exchange knowledge with policy practitioners on existing best practices across Europe. The second WP will find the relationships among energy diversification, environmental sustainability, globalization, financial development, natural capital, structural changes, and economic growth. It will explore the ways in which energy diversification is influenced by international trade relations and the European green deal. The third WP will examine the impact of globalization on energy diversification and the environmental sustainability of European countries in the presence of control variables like industrialization, financial development, foreign remittances and information, communication and technology (ICT). The fourth WP will investigate the impact of financial development on energy diversification and environmental sustainability for European countries by considering natural capital, structural changes, economic growth, and export diversification as additional determinants of energy diversification and environmental sustainability demand functions. Last, WP-5 consists of results dissemination activities including impact dissemination, project reports and social media posts etc.

This project is based on mixed methodology. First work package (WP-1) consists of qualitative method that will consist of literature, policy desk reviews; interviews with key policy and academic experts. WP-2, WP-3 and WP-4 will be based on secondary data sources whereby we will check interconnections and impact of independent variables on energy diversification and environmental sustainability in the European countries.

The European Green Deal is a package of strategic initiatives presented by the European Commission to achieve environmental objectives by 2050. Our work aims to respond to current energy security challenges while supporting the long-term objectives of environmental protection and climate change mitigation, thus paving the way for meaningful advancements in the development of a more secure, sustainable, and resilient energy future for Europe.