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Course Title: Research Seminar "Energy Policy of Euroasia"

National Research University-Higher School of Economics, St. Petersburg

Course description:

Energy is one of the major factors in the architecture of country strategies, national power, and in determining the shape of the international system. As both concerns about oil supply and pressures to reduce carbon emissions intensify, countries are grappling to situate their energy policies in the broader context of their grand strategies. This course will examine the intersection between international security, climate change, and global energy issues and regulation. It looks at new technologies and innovations – such as those making the extraction of shale gas and tight oil economical – and how they are changing patterns of trade and demanding new forms of regulatory practices at domestic, international, and transnational levels. Finally, while acknowledging that oil and gas will be dominant for the next 20-40 years, the course considers the consequences of a successful shift away from petroleum based economies to anticipate how a new energy order will alter global politics in fundamental ways. For this reason we also need to understand how "energy" is formulated in economics and law, as well as the conceptualization of diverse types of energy (for instance, 'clean energy'). While we will focus on Eurasia, we will also consider other regions.

We will watch relevant documentaries and try to invite some guest speakers (TBA)

The following concepts and definitions will be addressed in more detail:

- Energy (different forms; what is 'energy'?)
- Transnational law and regulation
- Climate Change
- Global Emissions
- 1tCO2e
- International Law and Trade
- International Environmental Law
- Mega-regionals and Bilateral Trade and Investment Treaties

Beyond the WTO, the past two decades have seen both radical restructuring and liberalisation of energy markets and an outburst and development of multilateral, regional and bilateral agreements either entirely (Energy Charter Treaty) or partially (United Nations Convention on Climate Change, North American Free Trade Agreement, Southern Common Market, Association of Southeast Asian Nations Free Trade Area, etc.) concerning energy matters. In this respect, one of the main objectives of the Energy Charter Treaty (ECT) for example is to provide energy provisions, and promoting transparency and efficiency in the operation of energy markets, but leaving it up to governments to define the structure of their national energy sector. On the other hand, regarding energy transit for instance, the most well-known regional trade agreement (RTA) - the Treaty of Rome – is currently making up the European Union (EU) common position on this particular issue through a number of directives, regulations and other instruments. Detailed directives, which are in force within the EU, aim at respecting energy transit obligations among member states Finally, bilateral investment treaties

(BITs) set out standards of treatment for foreign direct investment (FDI), including energy-related investment, and like the Association of Southeast Asian Nations Free Trade Area (ASEAN FTA) and the ECT, establish frameworks for settling disputes where the host state fails to fulfil those obligations. Therefore, related developments in international investment arbitration awards under the ECT and some RTAs, FTAs, and BITs are of crucial relevance for both development of international energy law and possible solutions of the problem of regulation between energy producers and energy consumers.

Class Evaluation:

20 % of your grade will be based on **general class participation**. The class participation grade involves several components:
• Being part of the general class conversation; the course schedule indicates specific questions that will be addressed in class; students should be prepared to discuss them and to be cold-called.
• Participation in group exercises and simulations.

30 % of your grade will be allocated for a **Group Project and Presentation**.
Each student will work with a small team (ideally 5 members) to construct an "interactive learning tool" of its choosing. The purpose of this exercise is to work with others to create a fun, innovative and creative means of exploring a topic at the intersection of energy and international politics and security. While the course will cover a wide range of topics, it cannot cover every topic, and this assignment will give teams ownership over what they learn and the opportunity to share their findings with classmates in a format that they think would help them best grasp the chosen topic. Some of the teaching tools used throughout the semester will help teams envision what their group project might be; they might consider writing a case study, creating a simulation or negotiation, or devising a game on or off line. Teams are really only limited by their imagination as to what they might do and creativity is encouraged! Teams will be given a list of possible topics to explore that have not been examined in depth in class. Group projects will be graded on the quality of research and the quality of the final product as a learning tool. Those whose projects are selected for use at the end of the semester will receive extra credit.

50% Final Paper.

Students will write a 4000 word research paper on the topic of their own choosing. We will allocated Week 3 to the discussion of topic selection, research methods, and processes.

Recommended Sources:

- Andreas Goldthau (ed). 2013. The Handbook of Global Energy Policy. John Wiley & Sons.
- David L. Goldwyn and Jan H. Kalicki. 2013. Energy and Security: Strategies for a World in Transition. Johns Hopkins University Press.

All readings will be distributed in PDF format. If a particular reading becomes unavailable, the course instructor reserves a right to make any necessary changes to the syllabus.

Course Outline:

Week 1 Course Introduction: Energy and Eurasia

This class will introduce the course, its administrative requirements and the broader methodologies employed in both study and evaluation of our course themes. We will also organize the class presentation groups. We will also look over the regions to be covered in the class, depending on the individual research interests of students.

Recommended readings:

Turkey Country Analysis Brief.Energy Information Administration , April 17, 2014
http://www.eia.gov/beta/international/analysis_includes/countries_long/Turkey/turkey.pdf

Russia Country Analysis Brief. Energy Information Administration . November 26, 2013
http://www.eia.gov/beta/international/analysis_includes/countries_long/Russia/russia.pdf

Azerbaijan Country Analysis Brief. Energy Information Administration. August 1, 2014
http://www.eia.gov/beta/international/analysis_includes/countries_long/Azerbaijan/azerbaijan.pdf

Kazakhstan Country Analysis Brief. Energy Information Administration . January 14, 2015
http://www.eia.gov/beta/international/analysis_includes/countries_long/Kazakhstan/kazakhstan.pdf

Caspian Sea Region. Energy Information Administration. August 26, 2013
http://www.eia.gov/beta/international/analysis_includes/regions_of_interest/Caspian_Sea/caspian_sea.pdf

Global and Russian Energy Outlook Up To 2040. The Energy Research Institute of the Russian Academy of Sciences and Analytical Center for the Government of the Russian Federation. Moscow April 21, 2014, http://www.eriras.ru/files/2014/forecast_2040_en.pdf

Okumus, Oglu. Turkey's Standing in Gas Pipeline Games. Geopolitical Trends Center (GPoT) GPoT PB no.31, March 2012 http://www.gpotcenter.org/dosyalar/PB31_2012_Gas_Okumus.pdf

Week 2 Energy and Climate Change : the 1tCO2e

This class will introduce course content and some preliminaries on the issues of energy and climate change. We will focus on how the international legal system objectifies and quantifies 'emissions' through the creation of the one tonne carbon dioxide equivalent (1tCO2e).

Required reading:

J. Dehm, "One Tonne of Carbon Dioxide Equivalent ($1tCO_{2e}$)" Forthcoming in Jessie Hohmann and Daniel Joyce (ed), International Law's Objects (Oxford University Press), 2018

Class discussion questions:

What are emissions? How do we understand CO2 in relation to energy? How does law create its objects? Can be objectify carbon emissions? What is the economic and political reason for such 'objectification'?

Week 3 Energy and Geopolitics

We will discuss examples of both historical and contemporary examples where energy has had an impact on foreign policy or national security – or vice versa. Finally we will consider the energy outlook for the next five years.

Readings:

Kalicki, Jan H. and David L. Goldwyn. Energy & Security: Strategies for a World in Transition, Woodrow Wilson Press, Washington, DC, 2013.
Chapter 1

Recommended Readings:

- World Energy Outlook in 2014. Executive Summary International Energy Agency. Paris France http://www.iea.org/textbase/npsum/weo2014sum.pdf
- BP Statistical Review of World Energy June 2015 http://www.bp.com/content/dam/bp/pdf/Energyeconomics/statistical-review-2015/bp-statistical-review-of-world-energy-2015-full-report.pdf
- BP Energy Outlook 2035. http://www.bp.com/content/dam/bp/pdf/Energy-economics/energy-outlook2015/Energy_Outlook_2035_booklet.pdf
- OPEC World Oil Outlook 2014 http://www.opec.org/opec_web/static_files_project/media/downloads/publications/WOO_2014.pdf
- ExxonMobil 2014 The Outlook for Global Energy to 2040 http://cdn.exxonmobil.com/~/media/Reports/Outlook%20For%20Energy/2014/2014-Outlook-forEnergy.pdf
- EIA Annual Energy Outlook 2015 http://www.eia.gov/forecasts/aeo/pdf/0383(2015).pdf

Discussion Questions:

What is the "geopolitics of energy"? How has the idea of energy security evolved?
How have energy transitions transpired in the past? What is a strategic commodity? How has energy, as a strategic commodity shaped the international system in the past? To what extent has energy determined alliances, the outcomes of wars, the pace of development, and the rise and fall of empires?

What are the factors influencing global energy markets and the major trends on today's energy landscape? What factors are driving the fundamentals (demand, supply, and price)? What are the projections for demand and supply – what challenges do they portend? To what extent does supply and demand depend on geopolitical factors?

Week 4 Essay Discussion
This class will focus on research methodology and different essay writing formats. Students will be able to discuss individually their topic suggestions.

Week 5 EU and Eurasian Energy Regulation 1

This class looks at the determinants of European energy security and geopolitics. We will look at some historical trends in European gas supply and their consequences on the current energy policy.

Readings:

Belyi, Andrei V. and Sophie Nappert, (2009). ―A New Energy Charter: Myth or Reality?‖, Oil, Gas, Energy Law Intelligence, (Vol.2.1, April 2009). URL: http://cceis.ru/data/image/art2.pdf

Recommended readings:

- European Council (23 and 24 October 2014) Conclusions on 2030 Climate and Energy Policy Framework. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/145356.pdf
- Energy 2020 A strategy for competitive, sustainable and secure energy. COM(2010) 639 final.
- European Commission High Representative of the European Union for Foreign Affairs and Security. Brussels: European Commission, November 10, 2012.
- http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0639:FIN:EN:PDF
- Ratner, Michael Et. Al. Europe's Energy Security: Options and Challenges to Natural Gas Supply Diversification. Washington, DC. Congressional Research Service, March 13, 2013 http://www.fas.org/sgp/crs/row/R42405.pdf

Discussion questions: What is the relationship between European security strategies and its energy policy? What is the European Climate and Energy Policy Framework? In the context of presumably shifting geopolitical concerns, as well as climate change, what might be its forseable future?

Week 6 EU and Eurasian Energy Regulation 2

We continue from the previous class to look at transnational EU-Eurasia geography of energy regulation.

Readings:

Linn, Jenney China's Energy Security Dilemma. Project 2049 Institute
http://project2049.net/documents/china_energy_dilemma_lin.pdf

Recommended Readings:

- Kalicki and Goldwyn Chapter 13 China, India and Asian Energy 283-302
- China Country Analysis Brief. Energy Information Administration. May 14, 2015 http://www.eia.gov/beta/international/analysis_includes/countries_long/China/china.pdf
- India Country Analysis Brief. Energy Information Administration. June 26, 2014 http://www.eia.gov/beta/international/analysis_includes/countries_long/India/india.pdf
- Jian, Zhang. China's Energy Security: Prospects, Challenges and Opportunities. Washington DC: Brookings Institution. July 2011

http://www.brookings.edu/~/media/research/files/papers/2011/7/china%20energy%20zhang/07_china_energy_zhang_paper.pdf

- Sun-Joo Ahn and Dagmar Graczyk Understanding Energy Challenges in India IEA, 2012 http://www.idsa.in/nationalstrategy/eventDec10/WP_DevikaSharma.pdf

- South China Sea. Energy information Administration. February 7, 2013 http://www.eia.gov/countries/analysisbriefs/South_China_Sea/south_china_sea.pdf Kalicki and Goldwyn Chapter 7 European Gas Supply: Unfinished Business 169-186
- Rosner, Kevin .Closing the Gap Between Energy & National Security Policy. Journal of Energy Security May 2010 issue http://www.ensec.org/index.php?option=com_content&view=article&id=245:closing-the-gap-betweenenergy-aamp-national-security policy&catid=106:energysecuritycontent0510&Itemid=361

Week 7 International Environmental Law and Energy

Middle East is the crucible of world energy supply and, more recently, a center of growing demand. This seminar looks at the role of the Middle East in world energy markets and in political relations. We examine the long history of close ties with the US and the shift occurring due to growing US production that is enhancing Mideast-China ties. We discuss geopolitics around Iran's reintegration into energy markets.

Readings:

Rachel Bronson "Understanding U.S. Saudi Relations." In Aarts and Nonneman, Saudi Arabia in the Balance, pp. 372-398.

Recommended Readings:

- Bremmer and Hersh, "When America Stops Importing Energy," New York Times (2013).

- Jon B. Alterman, "China's Balancing Act in the Gulf," CSIS Gulf Analysis Paper (Aug. 2013).

- Jim Krane, "Stability versus Sustainability Energy Policy in the Gulf Monarchies." The Energy Journal.

Discussion questions: What is the regional importance in understanding global energy trends? Is it merely regional or also transnational? What does it tell us about "regionalism" in politics, economics, and regulation?

Week 8 Transnational Law and Energy

Asia is the new energy demand powerhouse. We examine the economic rise of China and India and the role of coal in driving that growth – and the price paid in terms of local pollution and changes in the global climate. We also look at the ways Asian demand has affected global energy trade and pricing, and particularly the natural gas demand shock that followed the Fukushima disaster in Japan.

Readings:

Daniel Yergin, Chapter 9 "China's Rise" and Chapter 10 "China in the Fast Lane," from The Quest (2011), pp. 190-226. (this reading might be replaced)

Recommended Readings:

- Charles C. Mann. "Renewables Aren't Enough. Clean Coal Is the Future," Wired magazine. March 25, 2014. http://www.wired.com/2014/03/clean-coal/

- Peter Galuszka, "With China and India Ravenous for Energy, Coal's Future Seems Assured," New York Times (Nov. 12, 2012) ! The Economist, "Power Struggle: Electricity in Japan," (Sept. 2013)

- Hiroko Tabuchi, "Reversing Course, Japan Makes Push to Restart Dormant Nuclear Plants," New York Times (Feb. 25, 2014)

- Nicola Twilley, "What Do Chinese Dumplings Have to Do With Global Warming?" New York Times Magazine (July 25, 2014)

Discussion questions: What is the importance in looking at the new geopolitical trends? Is there something "new" in the turn towards Asia? Does the Chinese One Belt One Road project replicate other similar proposals?

Week 9 Mega regionals and Energy

Consider this quote from our reading: **"**Public disputes about the proper relationship between international trade and/or investment law and democratic rule have grown exponentially contributing to a considerable delay in the conclusion of such agreements. Add to this: the centrality of the North American Free Trade Agreement (NAFTA) for the last US presidential election; the active challenge by states both in the Global North and in the Global South to investor-state-dispute settlement (ISDS) provisions; and more broadly to investment treaties that are considered too favourable toward investors, and it becomes clear that international trade and/or investment law are under significant public pressure. Though it might be an exaggeration that '2016 is the year that the political consensus in favour of liberalised international trade collapsed', it is nonetheless the case that core elements of legalised economic governance, such as ISDS, have faced a considerable backlash, sometimes in the most unexpected places" (Tzouvala, 2018). In this class we will address how the established system of "megaregionals" overlaps with global energy needs, and climate change concerns.

Required reading:

Tzouvala, Ntina , The academic debate about mega-regionals and international lawyers: on the merits and limits of certain public interventions (forthcoming, London Review of Internatioanl Law, 2018) paper on file

Discussion questions : What are megaregionals ? What is the role of trade and investment in our understanding of global energy patterns ? How does it affect environmental governance ?

Week 10 The Far North? Energy and the Arctic

We will discuss the Arctic as "The Last Frontier" of Energy. With the increasing hopes from both state and non state actors for economic gain from the Arctic we need to evaluate its possibilities, including the potential for gains and losses. The latter need to also be analyzed in the context of climate change and technology and innovation.

Required Readings:
Kalicki and Goldwyn Chapter 9 The Arctic: Promise or Peril? Pp. 205-220

Recommended Readings

- Trenin, Dmitri and Pavel Baev. The Arctic: A View from Moscow. Carnegie Endowment for International Peace, 2010. http://carnegieendowment.org/files/arctic_cooperation.pdf

- Conley, Heather; Jamie Kraut; Terry Toland. A New Security Architecture for the Arctic. Center for Strategic and international Studies, January 2012.
- http://csis.org/files/publication/120117_Conley_ArcticSecurity_Web.pdf

- Collins, James; Michael Sfraga; Ross Virginia, Kenneth Yalowitz. A Euro-Atlantic Action Plan for Cooperation and Enhanced Arctic Security. The Carnegie Russia and Eurasia Program. May 14, 2013.
- http://carnegieendowment.org/files/UArctic_report_full.pdf

Discussion Questions

What is the historic importance of the Arctic? What are the multinational interests in the Arctic? How does exploration of the Arctic promise to provide gains for national economies? Will this depend on technology and development? What are the uncertainties surrounding the trajectory of this revolution – environmental, geological, political? Through what mechanisms will this unconventional revolution affect geopolitics?

Week 11 Final Class

Review