



## **Varieties of Jurisdictions: The Neofunctional Logic of EU External Competition Policy Engagement**

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### Abstract

This study examines the conditions under which the European Union (EU) engages externally in competition policy and tests the appropriateness of applying a neofunctionalist approach for specifying the conditions under which the EU engages externally in this policy area. The EU's external engagement, both horizontally through bilateral agreements and policy diffusion, and vertically through international organisations and transnational governance structures, is tested with a mixed methods approach. To test whether the theory correctly specifies the conditions under which the EU engages externally in competition policy, the study formulates explicit hypotheses linking the independent variables to the four modes of external engagement. The study combines evaluation of primary and secondary sources with a computer-assisted analysis of references to the EU in documents produced by the Organisation for Economic Cooperation and Development (OECD) and the International Competition Network (ICN). Accordingly, by disaggregating the dependent variable of EU external engagement into four modes of engagement – policy export, policy promotion, policy protection and policy import – this study finds that neo-functionalism correctly specifies the conditions under which the EU engages externally in competition policy. This conclusion is reached by analysing the EU's vertical engagement in the World Trade Organisation (WTO), the OECD, the United Nations Conference on Trade and Development (UNCTAD) and in the ICN. The conclusion is also supported by an examination of the EU's horizontal engagement through bilateral enforcement cooperation agreements, competition provisions in free trade agreements (FTA) and by serving as a legislative model for unilateral adoption by third countries and regional blocs. The study finds that the EU is more likely to engage vertically in policy promotion in a nominally apolitical institutional setting facilitating persuasion, socialisation, and learning effects. The study finds preliminary evidence that the EU increased its engagement in policy promotion at the OECD over time. However, the study also finds tentative evidence of upgrading of common interests in the case of the EU's engagement at the ICN. The study further finds that where direct policy export through bilateral agreements is unfeasible, the EU is nevertheless likely to engage horizontally through bilateral cooperation enforcement agreements and competition policy provisions in FTAs with major trade partners. Additionally, the study finds that the neofunctionalist approach also explains the documented incremental, unilateral adoption of EU competition policies and laws by third countries.