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Policy responses to energy crises in Italy and the Netherlands

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Extended Abstract

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Abstract Summary

This paper analyses how governments responded to recent energy crises, focusing on Italy and the Netherlands—two EU countries highly dependent on natural gas but with notably different policy approaches. The study is motivated by the sharp increase in energy prices following supply shocks in global energy markets, which raised concerns about affordability, inflation, and industrial competitiveness, prompting widespread government intervention.

The paper first examines the evolution of energy prices, particularly gas and electricity, and their transmission to households and firms. It then investigates how differences in economic structure—such as the share of energy-intensive industries and the sectoral use of natural gas across buildings, power generation, and industry—shape the impact of energy price shocks.

A central contribution of the paper is the comparative analysis of policy responses. While both countries experienced similar shocks, their policy choices diverged. The Netherlands primarily adopted measures such as energy price caps and tax reductions, while maintaining strong support for EU-level climate policies, including the EU ETS. Italy, by contrast, implemented a broader set of measures aimed at shielding both households and firms, including tax credits for energy-intensive industries and reductions in energy bills, alongside efforts to diversify gas supply. At the same time, Italy has taken a more critical stance towards the EU ETS, highlighting concerns about energy costs and industrial competitiveness.

Methodologically, the paper combines quantitative analysis of energy market developments with qualitative analysis of policy documents and stakeholder positions. By comparing government decisions with the preferences of industry, consumers, and experts, the paper aims to explain cross-country differences in policy responses.

The findings contribute to the broader debate on the design of energy crisis policies and the trade-offs between affordability, market functioning, and climate objectives.

Presenting Author Biography

Machiel Mulder is Professor of Energy Economics at the University of Groningen. His research focuses on the functioning and regulation of energy markets, as well as energy and climate policy. He has extensive experience in both academia and policy, having previously served as Head of the Energy Department at the Netherlands Bureau for Economic Policy Analysis (CPB), Deputy Chief Economist at the Netherlands Competition Authority, and specialist in regulatory economics at the Authority for Consumers and Markets. He is also Director of the Centre for Energy Economics Research and has published widely on energy markets, regulation, and the energy transition.