



International Conference 9-10 September 2019

Which EU Industrial Policy in the Multipolar Economy of the 21st Century?
The European Union's technological and environmental dilemmas in the light of the experiences of the US, China, Japan and the emerging economies

Venue: Economic and Social Committee and Saint Louis University, Brussels

Registration at: <https://www.eventbrite.com/e/which-eu-industrial-policy-in-the-multipolar-economy-of-the-21st-century-tickets-64226109021>

Since the 2010s, the concept of industrial policy “ceased to be taboo” and came back at the forefront of the European policy debate (Monti, 2010). In his 2017 State of the Union address, President Juncker advocated a “*new Industrial Policy Strategy for the UE that will allow our industries to stay or become the world leader in innovation, digitisation and decarbonisation*” (Juncker, 2017). The terminology used on that occasion contrasts with that of the previous two decades.

After the Airbus and Ariane successes of the 1970s and 1980s, the failure of the flagship technological projects of the 1990s such as the EU High-Definition TV standard, combined with the completion of the Single Market, led the EU to abandon for a time the idea of promoting a common vertical industrial policy (Cohen, 2000; Gillingham, 2003; Warzoulet, 2017). Over that period, the powerful EU competition policy also limited state intervention in support of specific industries or enterprises. Within EU institutions, influential commissioners such as Leon Brittan, reflecting their national business constituencies, acted in favour of a minimalist economic role for the state.

At the turn of the millennium, the EU faced, on the one hand, a rising technological gap with the US that turned into a knowledge intensive economy with a wave of innovations in ICT, nanotechnologies, biotechnologies, nurtured by state intervention in the defence industries and their dual technologies; and, on the other hand, the rise of emerging economies, notably in East Asia, in mature and even advanced industries. These developments threatened the EU position in the international division of labour and in the global value chain, as clearly identified in various studies such as the “Agenda for a Growing Europe” (Sapir et al, 2003).

The EU institutions’ response was to adopt the Lisbon Strategy in order to transform the EU into a “knowledge-based society” and into “the most competitive economy of the world by 2010” (European Council, 2000). This ten-year’s wide-scope strategy consisted in a horizontal industrial policy that aimed at boosting the level of competitiveness of the EU economy by increasing R&D spending and reforming the labour market to increase flexibility and the level of qualification for EU workers. With too many objectives, no clear binding targets and a loose monitoring mechanism (the Open Method of Coordination), the Lisbon Strategy has been widely considered by various experts and stakeholders as a failure (Arday, 2011; Sapir, 2007). Still, at the end of the 2000s, the EU adopted a similar strategy for the next decade, the “Europe 2020” strategy, with mixed results since the EU has experienced only a modest rise of R&D spending and is increasingly dependent on the US ICT GAFAs. The crises of 2008 and 2010 equally revealed a rising

technological divide between the most technologically advanced EU member states from the Northwest of the EU and the Mediterranean and Eastern Member States that now lag behind the advanced Asian emerging economies.

In the 2000s, it also became increasingly clear that the EU was the only large economy where competition policy prevailed over industrial policy. During the G.W. Bush administration, the US adopted a more lenient Schumpeterian approach toward monopoly in high tech industries, notably in the ICT sectors (Defraigne, 2017). Emerging economies like China, Russia or South Korea were pursuing vertical industrial policies to promote their national champions and develop their own technological standards in order to reduce their dependency on Western technology (Chaponnière, 2014; Defraigne, 2016; Kroeber, 2016). The crisis of 2008 with the slowdown of trade and the rise in protectionism accelerated this trend. With the adoption of a neo-mercantilist trade policy to contain China's commercial and technological rise, the Trump administration is using military expenditures, tax breaks and subsidies to foster high tech manufacturing and services on the US territory. The confrontation of the US and China strategic trade and industrial policies reveals the absence of a coherent response from the EU at the supranational level. Juncker's Investment Plan for Europe and Emmanuel Macron's recent proposals cannot hide the fact that Germany and the most technologically advanced Member States do not consider an EU-level industrial policy as desirable or as a priority compared to their national economic development plans.

In this new international context in which the EU is facing mounting challenges, rebuilding a EU industrial policy emerges as a key condition to shape the future role of the EU in the international division of labour of the digitalized global economy, for the global environmental sustainability and for the stability of the world trading system. Otherwise, the EU could be in a position where it would become a standard taker rather than a standard maker in key new technologies, as well as in the fight against climate change. It might also mean that the Member States of the EU economic periphery from the South and the East could find themselves in an increasingly difficult position vis-à-vis upgrading emerging economies. The rising technological divide between the centre and the periphery of the EU could also become a source of social and political instability capable of weakening its economic integration and even of jeopardizing the entire European integration project. At the same time, the adoption of strategic trade and industrial policies by the EU and other major economies is likely to weaken multilateralism and increase protectionism. This could strengthen the perception of trade relations as a zero-sum game among the governments of competing global powers with the same disastrous consequences that the world experienced before the two world conflicts of the twentieth century.

The European Union thus faces the following dilemma: is it possible to develop a European industrial policy capable of preserving the European position in the global division of labour while reducing its technological divide and pursuing its environmental objectives but without strengthening the mounting protectionism that has characterized the world economy over the recent years?

Against this background, the purpose of the conference is to address the following research questions:

- Looking back at the historical roots and structural long-term causes, how can one explain the absence of a strong industrial policy and EU level? What are the tensions between the Member States and the EU institutions regarding industrial and competition policies? What are the conditions for a EU industrial policy to emerge?
- Can the EU keep its position in the international division of labour and in the global value chain while other major partners are pursuing strategic trade and industrial policies to maintain their dominant position (the US) or to move up the value chain (China and some other emerging economies)? Would sketching a EU industrial policy agenda along those same lines be desirable or dangerous?
- What lessons can be learned from the experience of other large economies in terms of vertical and horizontal industrial policy (US, Japan, BRICS), and can they be of relevance to the EU?



Provisional Programme

Day 1. Monday, 9 September 2019

Venue : EESC, Rue Van Maerlant 2, Brussels

8.30-9.00 *Registration and Welcome Coffee*

9.00-9.15 *Opening remarks* Prof. Edoardo Traversa (UCLouvain)

9.15-10.30 *Panel 1: The evolution of EU industrial policy instruments in history*

Chair: Prof. Edoardo Traversa (UCLouvain)

Prof. Eric Bussière (European University Institute, Sorbonne University)

Prof. Franco Mosconi (University of Parma)

10.30-11.00 *Coffee Break*

11.00-12.30 *Panel 2: National industrial strategies and EU industrial policy*

Chair: Prof. Eric Bussière (European University Institute, Sorbonne University)

Dr. Vera Scepanovic (University of Leiden)

Dr. Christakis Georgiou (University of Geneva)

12.30-14.00 *Lunch*

14.00-15.45 *Panel 3: EU Industrial policies in perspective: A comparative analysis with Japan, China, South Korea and the USA*

Chair: Dr. Sigfrido Ramírez Pérez (MPIeR)

Prof. Sébastien Jean (CEPII Director)

Prof. Sébastien Lechevalier (EHESS)

Prof. Jean-Christophe Defraigne (UCLouvain Saint Louis)

Prof. Jee-Hoon Ki (EHESS)

15.45-16.00 *Coffee Break*

16.00-17.30 *Panel 4: Sectoral EU industrial policies: Basic industries, defence and automotive industries*

Chair: Prof. Jean-Christophe Defraigne (UCLouvain Saint Louis)

Dr. Samuel Klebaner (University of Bordeaux) and Dr. Sigfrido Ramírez Pérez (MPIeR)

Enrico Gibellieri (CCMI-EESC) and Dimitri Zurstrassen (UCLouvain)

Alain De Neve (Royal Higher Institute for Defence)



Day 2. Tuesday, 10 September 2019

Venue : UCLouvain Saint-Louis Bruxelles, 43 Bd du Jardin Botanique, 1000 Brussels

8.45-9.00 Registration and Welcome Coffee

9.00-9.15 Keynote speech: Innovation and industrial policy Dr. Fredrik Erixon (Director ECIPE)

9.15-10.30 Panel 5. EU Competition and Industrial Policy: Framing the interplay

Chair: Dr. Damien Gerard (UCLouvain and College of Europe)

Prof. Angela Wigger (Radboud University)

Prof. Alexandre de Streel (University of Namur)

10.30-10.50 Coffee Break

10.50-12.30 Panel 5 (con't). EU Competition and Industrial Policy: Tensions and convergences

Carles Esteva-Mosso (European Commission, DG COMP)

Prof. Leigh Hancher (Tilburg University and European University Institute)

Prof. Achim Wambach (President, ZEW – Leibniz Centre for European Economic Research and chairman of the German Monopolies Commission)

Prof. David Spector (Paris School of Economics)

12.30-14.00 Lunch

14.00- 15.30 Future challenges of EU industrial policy: innovation, digitalization & sustainability

Chair : Dimitri Zurstrassen (UCLouvain)

Patricia Nouveau (EPHEC, UCLouvain)

Pedro Ortún Silván (Former Director, European Commission)

Prof. Sandrine Labory (University of Ferrara)

15.30-15.50 Coffee Break

15.50-17.00 Roundtable: Which instruments for which EU industrial policy?

Chair: Prof. Jan Wouters (CGGS KU Leuven)

Luis Colunga (Deputy General Secretary, IndustriAll Europe)

Riccardo Perissich (former Director General, European Commission)

Alexandre Affre (Director, BusinessEurope)