

ABBIAMO DETTO POLITICA INDUSTRIALE?

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A “new” industrial policy

European countries are talking again about “industrial policy”. What is new is that the conversation doesn’t only concern the predictably Colbertist France, but also people with seemingly impeccable liberal credentials like the Germans, the Dutch and the Swedes. Has Colbert won the argument? Not really. The point is that the world has changed. Europe discovers with horror that it has been left behind in the digital revolution. Deployment of the 5G networks is a good example. Less than 20 years ago Europe, who had invented the GSM, was the biggest and most dynamic market for mobile telephony; both handsets and network technologies were dominated by European firms. Today the biggest market is China, handsets are American, Chinese or Korean and the biggest producer of network technology is Chinese. Europe is also placing itself as the world leader of the response to climate change. It is an extremely ambitious objective that will require profound changes in the pattern of energy production as well as in some major industries such as steel and automotive. On top of that, the world has become more nationalist and protectionist, including in our most important partner and ally the US. China, a country that doesn’t follow free market rules, is emerging as a major economic superpower, including in advanced technologies, and is also becoming a geopolitical rival.

Despite some French rhetoric, this does not mean that we are prepared to go back to the type of state intervention that was fashionable in some countries in the ‘70s. What is emerging is rather a call for collective action in some well defined fields. First, the need to complete the single market, particularly in services. This also implies using the regulatory power of the EU to promote the competitiveness of European industry. A big push to promote research in some crucial areas where we have been left behind, such as electric batteries for cars, will also be necessary. Europe will continue to defend a multilateral trading system, but more attention will be paid to the defense from unfair foreign competition and predatory acquisitions particularly by Chinese companies. Inevitably, a revision of competition policy is also taking place. While there is agreement that to complete the internal market is a priority, a consensus is also emerging that it is not enough to be a good consumer of digital technology if you have lost the capacity to produce them in a competitive way. The Commission, who has exclusive powers in this field, will rightly resist attempts to politicize decisions, but more attention will be paid to the necessity to create a climate favorable to the development of large European companies capable of competing with American and Chinese giants.

If the objectives are clear, implementation will not be easy. Unity of the member countries is far from guaranteed. Some countries have a bigger industrial tradition than others. For some in the east and south, the appetite for foreign investment is strong enough not to look too much at the nationality of the investor. Finally, even those who are supposed to back the strategy show some reluctance to match words with money when it comes to financing the common budget. The discussion about a new

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industrial policy has just started. It may well become the most important topic for the von der Leyen Commission.
