Regulatory means for interventionist ends: GBER and the transformation of the EU state aid regime

Bulfone, Fabio; Di Carlo, Donato; Seidl, Timo

Governance

WILEY

Governance

SPECIAL ISSUE ARTICLE OPEN ACCESS

Regulatory Means for Interventionist Ends: GBER and the Transformation of the EU State Aid Regime

Fabio Bulfone[1] | Donato Di Carlo[2] | Timo Seidl[3]

[1]Leiden University, Leiden, the Netherlands | [2]European Institute, London School of Economics, London, UK | [3]Technical University of Munich, Munich, Germany

Correspondence: Donato Di Carlo (d.di-carlo@lse.ac.uk)

Received: 18 December 2024 | **Revised:** 28 July 2025 | **Accepted:** 3 November 2025

ABSTRACT

Despite its new-found penchant for market interventionism, the European Union (EU) is often portrayed as lacking the fiscal and administrative capacity to conduct industrial policy. The EU can regulate markets, the conventional wisdom goes, but not steer them in specific directions. In this article, we challenge the notion that regulation and industrial policy are inherently antithetical, arguing instead that the Commission uses its regulatory authority over state aid to indirectly steer member states' industrial policies. We theorize and empirically investigate this *rules-as-tools* approach to industrial policy through an in-depth, multi-method case study on the transformation of the EU's state aid regime, with a focus on the General Block Exemption Regulation (GBER). Combining original interviews, topic modeling, document analysis, and descriptive statistics, we demonstrate that the Commission has long used state aid regulation not only to restrict but also redirect state aid. Increasingly, it employs these rules to encourage selective interventions in the economy—particularly those supporting the twin transitions of digitalization and decarbonization.

1 | Introduction

Since the 1980s, states have increasingly limited their market interventions to greasing the wheels of competition, rather than steering markets into publicly defined directions. The dawning of a "new age of market interventionism", documented in this special issue, has changed that. Faced with multiple interconnected challenges—from decarbonizing and digitalizing their economies to maintaining economic competitiveness, social legitimacy, and national security—governments have (re-) discovered their penchant for market-steering industrial policy. This has also been true in the European Union (EU), which has not only embraced the language of technological sovereignty and strategic autonomy, but developed an increasingly ambitious industrial strategy aimed at steering markets into strategically important sectors or technologies (Di Carlo and Schmitz 2023; Guarascio et al. 2025; Herranz-Surrallés et al. 2024; Manzella and Panucci 2025; McNamara 2024; Seidl and Schmitz 2024).

As many have noted, however, the EU operates under considerable constraints that could stop its industrial policy ambitions in their tracks. On the one hand, the EU itself has relatively limited fiscal resources, and member states have thus far been unwilling to significantly change that. As a result, many of the EU's market-steering initiatives have relied, with varying degrees of success, on leveraging private finance (Gabor 2023; Mertens and Thiemann 2019; Prontera and Quitzow 2022). On the other hand, as a "regulatory state" (Majone 1994) with a decades-long infatuation with market efficiency, the EU may lack crucial experience with and administrative capacity for market-steering industrial policy (see Seidl and Wuttke 2025).

Yet, as we argue in this article, the EU's "highly imbalanced" (Kelemen and McNamara 2022, 964) character as a regulatory heavyweight, administrative lightweight, and fiscal featherweight does not mean the EU lacks the tools for doing industrial policy. In fact, relying on what it does best, the EU has used regulation as a tool of industrial policy. Specifically, the

Commission has used its legal and political authority over state aid—EU jargon for member states' subsidies—to *indirectly* steer markets by steering member states' targeted spending in line with evolving EU priorities. Crucially, the authority to regulate state aid, enshrined in the Treaties and gradually institutionalized over time, allows the Commission to "not only restrict, but also redirect state interventions" (Nyberg 2017, 25). Specifically, the Commission can define and delimit how exceptions to the general prohibition on state aid are interpreted and which aid is permissible under which conditions—and which is not (Blauberger 2009; Cini 2001; Davies 2013).

In this article, we theorize and empirically investigate this *rules-as-tools* approach to industrial policy through an in-depth case study on the transformation of the EU's state aid regime. In doing so, we problematize the common view that regulation and intervention are antithetical (see also, Levi-Faur 2013; Thatcher 2014b). We argue—and empirically demonstrate—that the dominant goals, actors and instruments of European state aid have significantly changed over time. In an initial phase of *regulatory forbearance*, the European Commission permitted member states to intervene in markets in pursuit of their own national industrial policy strategies. Since the 1980s, with the rise of the *regulatory state* paradigm, the Commission increasingly restricted such selective interventions, favoring *horizontal* state aid instead (Blauberger 2009). Beginning in the mid-2000s, the Commission gradually expanded the scope for selective intervention again. However, it retained considerable control over the goals of such selective interventions, restricting them to aid addressing the twin transitions of climate change and digitalization in particular. We refer to this as *regulatory interventionism*, as it entails the use of regulation to steer selective intervention in the economy.

We document the rise of regulatory interventionism through an in-depth, multi-method case study on the introduction and evolution of the General Block Exemption Regulation (GBER). GBER is a central regulatory instrument in the EU state aid regime which allows the Commission to exempt certain categories of state aid—deemed compatible with the internal market—from the prior notification requirement laid down in Article 108(3) TFEU. Introduced in 2008, revised and expanded in 2014, GBER became essential to the Commission's process of state aid modernization and has arguably turned into the most important instrument of the EU's state aid regime—at least outside of temporary crisis frameworks such as those adopted during COVID-19 and after Russia's invasion of Ukraine. In 2023, together with the much smaller block exemptions for agriculture (ABER) and fisheries (FIBER), GBER accounted for 93% of total new non-crisis reported expenditures and nearly half of total non-crisis spending (European Commission 2025, 79).

Combining qualitative and quantitative evidence on discursive changes and six interviews with senior officials in the Commission's Directorate-General for Competition (DG COMP) with an overview of changes in regulatory frameworks and actual spending patterns, we show how the EU state aid regime—and GBER in particular—have evolved over time, and how the Commission is increasingly using regulatory means to encourage selective interventions for green and digital ends. Our inquiry's goal is descriptive, not explanatory. Rather than explaining the evolution of the state aid regime, we leverage rich empirical evidence to describe how the discourse, policy, and spending patterns related to state aid evolved in line with the Commission's evolving economic agenda.

The rest of the paper is organized as follows. We begin by briefly reviewing the literature on EU industrial policy, before developing our argument on regulation as a tool of industrial policy in more detail. We then elaborate on our empirical approach and present our findings. We conclude by spelling out our contributions to various literatures, and our findings' broader implications for the EU state aid regime and EU economic governance.

2 | State Aid and Industrial Policy in the European Single Market

Given that the EU lacks significant fiscal resources or political authority of its own, its embrace of "market activism" (McNamara 2024, 2372) has mostly found expression in *indirect* capacitating and catalytic roles. On the one hand, the Commission increasingly performs functions akin to developmental network states (Bruszt and Langbein 2025; Di Carlo and Schmitz 2023, 2069), from brokering industrial alliances (Bosticco and Herranz-Surrallés 2024) to facilitating industrial cooperation in strategic sectors (Gräf 2024; Schmitz et al. 2025). On the other hand, the "European investor state" (Lepont and Thiemann 2024) increasingly emulates and enlists private financial investors, using various instruments to "leverag[e] the resources of non-state actors in pursuit of its policy goals" (Prontera and Quitzow 2022, 518). These include relying on private financial firms to finance public infrastructure through off-balance sheet public-private partnerships (Endrejat 2024), creating a network of development banks that, with the support of the European Investment Bank, engages in targeted spending to achieve EU-wide goals (Mertens and Thiemann 2019), and "escorting" private financial capital into green and digital sectors by taking on investment risks while allowing private actors to reap the benefits (Gabor 2023).

What has received surprisingly little attention, however, is one of the most consequential ways in which the Commission has historically influenced the industrial policy strategies of the member states: its relative autonomy in governing the EU's state aid *regulatory* regime. The Treaty of Rome contains a general prohibition on state aid but also provides various provisions on what "shall" and on what "may" constitute an exemption (Davies 2013). This gives the Commission, and in particular DG COMP, considerable leeway in defining—through soft law and hard law—what is good and therefore permissible aid, and what is bad and therefore illegal aid (Blauberger 2009; Cini 2001; Doleys 2013). However, the Commission does not act in a political vacuum. State aid regulation is a sensitive endeavor, as it concerns not merely the behavior of private actors but that of sovereign governments (Doleys 2013; Landesmann and Stöllinger 2020, 622–23). In navigating this "dilemma of discretion"

(Doleys 2013), the Commission thus has to strike a balance between the "prevailing mood" among member states, especially Germany and France (Bora and Schramm 2024), and its own prerogatives as guardian of the EU state aid regime (Smith 2005).

Despite its merits, the literature on EU industrial policy has been largely silent on the topic of state aid, leaving two crucial issues unexplored. First, it has not sufficiently analyzed the role of the EU state aid regime as a tool of industrial policy, either by downplaying its relevance or by not extending earlier analysis to cover recent developments (for an exception and a legal analysis of this phenomenon, see Jansen 2016). Second, and partly as a result, the literature has not adequately conceptualized how regulation can be used as a tool of industrial policy. Taking for granted the widely held view that industrial policy and regulation are fundamentally antithetical (Majone 1994, 1996), regulation is often seen as a tool to ensure a level playing field in the internal market and thus to enhance competition, while industrial policy is associated with market-distorting interventions such as "picking winners". However, as we detail in the next section, (state aid) regulation and industrial policy need not be mutually exclusive.

3 | Regulatory Steering and the Three Eras of the EU State Aid Regime

According to Giandomenico Majone, the *spiritus rector* of the literature on the EU as a regulatory state, regulation should aim to correct "various types of 'market failure': monopoly power, negative externalities, incomplete information, insufficient provision of public goods" (Majone 1997, 141). In this perspective, regulation is intrinsically linked to the pursuit of the *neoliberal* economic agenda of the 1980/90s. The focus was on "privatization, liberalization, welfare reform" (Majone 1997, 143), with a "single normative justification: improving the efficiency of the economy" (Majone 1994, 79). Since the publication of Majone's influential work, the use of regulatory instruments has become inextricably linked to these neoliberal objectives and is therefore seen as antithetical to industrial policy (Thatcher 2014b, 8).

However, as David Levi-Faur has noted, Majone's account stems from an overly narrow view of regulation, one that conflates the *content* of rules with the *use* of rules as a tool of governance (Levi-Faur 2013, 39). As a result, regulatory *means* are viewed as inextricably linked to neoliberal *ends.* But regulation can also be used to achieve ends other than enhancing economic efficiency and competition (Thatcher 2014b, 14). Regulation and its selective non-enforcement—that is regulatory forbearance (Dewey and Di Carlo 2022)—can also be used as a tool for wealth redistribution, sectoral development, neo-mercantilism, technological sovereignty, or supply chain resilience (Bulfone et al. 2025; Gräf 2024; Farrand and Carrapico 2022; Levi-Faur 2013, 41–43; Thatcher 2014b, 27).

Mark Thatcher has already problematized Majone's perspective in relation to another pillar of the EU competition regime, the EU Merger Regulation Framework. According to Thatcher (2014a), the Commission's decision to approve most cross-border merger projects between large EU service companies is part of an "integrationist" industrial policy strategy to promote the emergence of European champions (see also Billows et al. 2021). In a similar fashion, the literature on economic patriotism has problematized equating the goal of "protecting homeland interests" with protectionist or anti-liberal policies (Clift and Woll 2012, 312). A "liberal economic nationalism" is no contradiction in terms if a national (or supranational) entity views liberal economic policies as the best way to achieve goals such as the economic competitiveness of domestic companies (Helleiner 2005, 223; Clift and Woll 2012, 313). It is in this sense, for example, the single market itself was "conceived as a means to enhance the external competitiveness of firms from Europe" (Bürbaumer 2020, 2).

This article extends these arguments to the EU state aid regime and shows how the Commission has used state aid regulation to pursue different objectives simultaneously, ranging from the (neoliberal) restriction of vertical state aid, to a more *selective indirect* steering of public spending by Member States for interventionist purposes. Based on the literature and our own empirical reconstruction, we build on and extend the work of Kassim and Lyons (2013) to distinguish between three distinct eras of the EU's state aid regime: Regulatory Forbearance, Regulatory State, and Regulatory Interventionism. Each of these eras is characterized by changes in the *dominant* goals, actors, and instruments. However, these changes often happen incrementally, for example, when new goals are slowly layered on top of existing ones before replacing them or when new actors gradually establish their authority. Different eras thus co-exist for some time, before one fully replaces the other. Table 1 provides a stylized overview of the main features of these eras.

During the first decades of European integration, sometimes called the "dark ages" (Kassim and Lyons 2013) of state aid regulation, the Commission refrained from risking its fledgling political authority by interfering too much with member states' industrial policies, which were based on targeted subsidies aimed at promoting national champions. We thus call this the era of state aid forbearance. In the second era, from the 1980s onward, the Commission seized the momentum of the Single Market program to limit vertical industrial policies by enforcing state aid regulations with increasing rigor, and by redirecting aid toward horizontal objectives deemed less distortive of market competition. In this phase, the market-enhancing objectives pursued by the Commission were in line with Majone's regulatory state framework (Di Gregorio and Gherardini 2025; Alayrac and Thyrard 2024). Since the mid-2000s, we have witnessed a gradual relaxation of the hard horizontalism of the state aid regime (see also, Landesmann and Stöllinger 2020). Increasingly, the Commission has embraced more explicitly selective policies to steer, harness and *stimulate* specific sectors and technologies connected to the twin transitions. We label this third phase *regulatory interventionism*[1] as the Commission is using state aid regulation to encourage selective interventions by member states (Di Gregorio and Gherardini 2025, 15–16).

TABLE 1 | The three eras of EU state aid and their main characteristics.

State aid era	Period	Actors	Goals	Commission's regulatory instruments
Regulatory forbearance	1950s–1980s	*Commission*: Monitors but lacks legal and political authority to restrict member states *Member States:* Grant aid based on national priorities	*Commission*: Establishes a community perspective and practice on EU state aid *Member States:* Pursue domestic industrial policy agenda	*Regulatory Forbearance:* Lax and selective enforcement of state aid regulation; flexible, individualized, and ad hoc enforcement of state aid prohibitions *Soft Law:* Letters to member states, sectoral guidelines, ad hoc communications to provide interpretative guidance in the absence of codified rules
Regulatory state	1980s–2000s	*Commission*: Increasingly restricts state aid and steers member states toward horizontal objectives *Member States*: Reduce and reorient state aid toward the Commission's view of "good aid"	*Commission*: Consolidates its central role in state aid regulation; curtails state aid and steers member states away from distortive/sectoral ("bad") aid to enhance competition and preserve the single market's level playing field *Member States*: Deploy state aid to promote horizontal objectives	*Regulation for Neoliberal Ends* *Soft Law:* State aid frameworks, guidelines, notices, and communications to redefine "good" aid as horizontal aid and promote it in conjunction with the single market program *Hard Law:* Council regulations (e.g., Council regulation No 994/98) enable the commission to act via hard law instruments; Commission regulations to regulate the state aid regime (e. g., Commission regulation No 659/1999)
Regulatory interventionism	Since mid-2000s	*Commission*: Eases state aid prohibitions and relaxes hard horizontalism in favor of selective interventions for EU priorities (twin transitions) *Member States:* Exploit growing leeway allowed by the commission to adopt more interventionist state aid policies	*Commission*: Modernizes the EU state aid regime by refocusing DG COMP's limited capacity on larger/more distortive cases; steers national state aid toward the EU's evolving strategic priorities (e.g., decarbonization, digitalization, strategic autonomy, territorial cohesion) *Member states*: Deploy state aid to achieve goals related to the twin transitions	*Regulation for Interventionist Ends* *Soft Law:* State aid communications, guidelines, frameworks, notices to redefine priorities and expand the scope of 'good" aid *Hard Law:* Council regulations (e.g., Council regulation No 2015/1588) enable Che commission to act via hard law instruments; Commission regulations to re-regulate the state aid regime toward interventionist ends (e.g., GBER and later amendments)

Source: Own elaboration. Information on the Regulatory Forbearance and Regulatory State eras is based on Kassim and Lyons (2013); information on the Regulatory Interventionism era is drawn from primary sources and secondary literature collected for the case study. Information on soft law instruments in the regulation of state aid is from Ştefan (2024).

4 | Empirical Approach

We substantiate our argument on the rise of regulatory interventionism within the evolving EU state aid regime by examining the introduction and progressive expansion of the GBER. By exempting specified categories of aid from prior notification, GBER serves a dual function in the Commission's steering of member state industrial policies: it facilitates the provision of aid by removing notification hurdles; and it steers national policies toward Commission-sanctioned "good aid" categories. As we demonstrate, an increasing share of state aid is channeled through the GBER framework (Figure 2) and GBER has become the key instrument of EU (non-crisis) state aid policy (European Commission 2025, 79–85).

For the case study, we leverage a mixed-methods approach. First, we qualitatively reconstruct the evolution of the EU state aid regime by analyzing descriptive statistics on aid spending from the Commission's *State Aid Scoreboard* (2000–2023), alongside primary and secondary sources—including legal acts (see online Appendix C), policy documents, and the academic literature. This documentary analysis is complemented by six original elite interviews with senior officials in the top echelons of DG COMP, which shed light on the internal logics shaping the regime's transformation. The detailed list of interviewees is available in the online Appendix B, Table 2.

Second, we further corroborate our arguments through computational text analysis. Specifically, we use BERTopic (Grootendorst 2022) to document the evolution of central themes in DG COMP's state aid scoreboard reports (from 2000 onwards) and the state-aid related parts of its competition reports (from 1990 onwards). This complements our qualitative reconstruction by allowing us to systematically track how substantively meaningful topics evolve and change in prominence over time. BERTopic identifies such topics by clustering sentences based on their semantic similarity, then characterizing each cluster through distinctive keywords. These keywords are determined by class-based term frequency-inverse document frequency scores (c-TF-IDF), meaning they are words frequently found within a particular topic but relatively rare elsewhere. We discuss this approach in more detail in online appendix A. We also provide full replication materials for both the topic modeling and the descriptive statistics, which can be consulted for further details including parameter settings and data cleaning.

5 | Regulatory Interventionism and the Evolution of the EU's State Aid Regime

Before diving deeper into the GBER instrument, and in order to appreciate its significance, we discuss the broader contours of the EU state regime, tracing its historical evolution from the regulatory forbearance era to today's regulatory interventionism.

5.1 | From Regulatory Forbearance to Regulatory Interventionism Via the Regulatory State

For the first decades of European integration, the Commission only tentatively, cautiously, and pragmatically probed the ambiguous and politically contested limits of the Treaty of Rome's state aid provisions (Doleys 2013, 27–29). While Europe experienced its first "technology-gap fever" already in the 1960s when its elites realized how woefully "inadequate and threatened by foreign competitors" Europe's own technological capabilities were (Sandholtz 1992, 70), Europe's answer was a series of national industrial policies with which the Commission refrained from interfering. During this era of regulatory forbearance, state aid rules were thus "only laxly enforced" (Landesmann and Stöllinger 2020, 627). While the Commission attempted to establish a collective or "Community perspective" on state aid (Lavdas and Mendrinou 1999, 28), it was aware of the limits of its power and thus "rarely challenged sectoral, regional, and other forms of state aid that member states considered an integral part of their industrial policies" (Büthe 2007, 190).

Yet, member states' national champion strategies (Sandholtz 1992, 92–99) failed to help European firms to keep pace with their American and Japanese competitors (Warlouzet 2017, ch. 6). This pushed the Commission to take a "more systematic" (Kassim and Lyons 2013, 9) and "restrictive approach to aid" (Majone 1996, 255). Europe once again found itself in a technology-gap fever but this time the "generalized sense of crisis" led European elites to question their earlier "unilateral, national strategies" (Sandholtz 1992, 113, 143). While Europe launched a number of moderately successful collaborative R&D programs at the time (Sandholtz 1992), "a majority of businesses, member states, and European institutions came to adopt the view that the best way to catch up with the US and Japan was to foster competition on the European scale by completing the single market and exposing Europe to global competition" (Seidl and Schmitz 2024, 2157; Landesmann and Stöllinger 2020, 627–30; Zurstrassen 2025). As Commissioner Bangemann memorably put it, creating and enforcing the single market itself became "industrial policy par excellence" (Bangemann 1992, 36).

Over the course of the next two decades, the single market program transformed state aid regulation from a largely "dormant" (Aydin 2014, 149) policy area to a "central issue" (Kassim and Lyons 2013, 2) in the regulation of the single market. And DG COMP itself turned "from an uninspiring and fringe directorate into one of the most prominent and important" (McGowan and Wilks 1995, 151). This transformation of state aid policy resulted from the combination of the Commission's supranational entrepreneurship (Blauberger 2011, 31) and the "new and highly favorable neo-liberal economic and political climate" (McGowan and Wilks 1995, 151) of the 1980s and 1990s (Lavdas and Mendrinou 1999, 33–36).

On the one hand, state aid to "national champion companies" was increasingly viewed as a key obstacle to the completion of the single market, as famously stated in the Cecchini report (Cecchini 1988, 55). On the other hand, riding the wave of this market-liberal sentiment, the Commission cleverly framed state aid control as integral to the completion of the single market and as a solution to member states budgetary problems (Aydin 2014, 148). Together with a "greater self-assuredness both to define and to apply competition rules", not least as a result of the "leadership" of Competition Commissioners Sutherland and Brittan (McGowan and Wilks 1995, 151), this allowed the Commission to successfully "overcome Member State resistance and to turn potential powers granted by the Treaty into actual powers" (Blauberger 2011, 31).

Crucially, this not only meant that the Commission could *restrict* state aid, although the overall level of aid dropped from around 2% of GDP in the late 1980s to 0.5% of GDP in 2007 (Doleys 2013, 35). It also meant that the Commission could more successfully *"redirect"* (Nyberg 2017, 25) aid in ways that reflected (its) broader political priorities. In the 1990s, first through "soft law" such as state aid frameworks and guidelines (Cini 2001) and later through hard law, the Commission began to "progressively steer government aid away from highly distorting *sector*-based schemes and toward *horizontal* objectives" (Doleys 2013, 33–34) aligned with "a more or less explicit model of what it considers to be 'good' state aid policy with regard to the 'common interest' at the European level" (Blauberger 2009, 720).

As can be seen from Figure 1, the notion of horizontal aid was highly influential in the 1990s. Horizontal becomes something like an umbrella term for non-sectoral aid, that is, aid clearly "aimed at solving problems that may arise in any industry and country".[2] That aid should be limited to such horizontal categories is already emphasized in the 1990 communication *Industrial policy in an open and competitive environment*. The communication argued that Industrial policy should be about "permanent adaptation to industrial change in an open and competitive market" and "industrial problems at a regional or sectoral level should increasingly be resolved by horizontal measures" (European Commission 1990, 21). The Commission's view here was backed by a strong political mandate from the European Council. Having abandoned their "obstructive approach" (Kassim and Lyons 2013, 7), member states now concurred that overall aid levels 'must be reduced" but also steered toward 'horizontal objectives of common interest" (European Council 2001).

In DG COMP's own view, horizontal aid is less distortive and more in line with the economics-based notion that state aid should address clearly defined "market failures" in ways that can be shown to be necessary, appropriate, and proportional, and balancing positive and negative effects (Piechucka et al. 2023). As can be seen from Figure 1, this market-failure-based understanding of industrial policy becomes increasingly central to DG COMP's state aid policy, and—albeit in an evolving way—remains so until today. In 2002, the Commission explicitly depicted the "EU's current industrial policy" as building on the "broad principles" of the 1990 communication, namely an "approach aimed at creating framework conditions for enterprise to improve its competitiveness and [compensating] where necessary for market failure" (European Commission 2002).

The notion of market failure became central to the Commission's 2005 State Aid Action Plan (SAAP). A major overhaul of European state aid rules aimed at achieving "less and better targeted state aid" (Interview 3), the SAAP acknowledged that "state aid measures can sometimes be effective tools for achieving objectives of common interest [if they] correct market failures, thereby improving the functioning of markets and enhancing European competitiveness" (European Commission 2005b, 4). Yet, state aid should remain a "second best option" and only be used when "other less distortive measures" fail to "remedy the market failure" and aid is unlikely to "distort competition to an extent contrary to the common interest" (European Commission 2005b, 7; European Commission 2005a, 3). As then-Competition Commissioner Kroes put it, Europe should "look first to the markets to deliver, and only where there are clear gaps does state aid play a role [in the form of] properly targeted state aid (...) tackling genuine market failures" (Kroes 2006).

At first, this meant little more than "the screening of horizontal policies in terms of their concrete implications for specific industrial sectors" (European Commission 2005a, 8) and new sector-specific soft law such as platforms, panels, studies, or discussions (European Commission 2005a, Annex II). However,

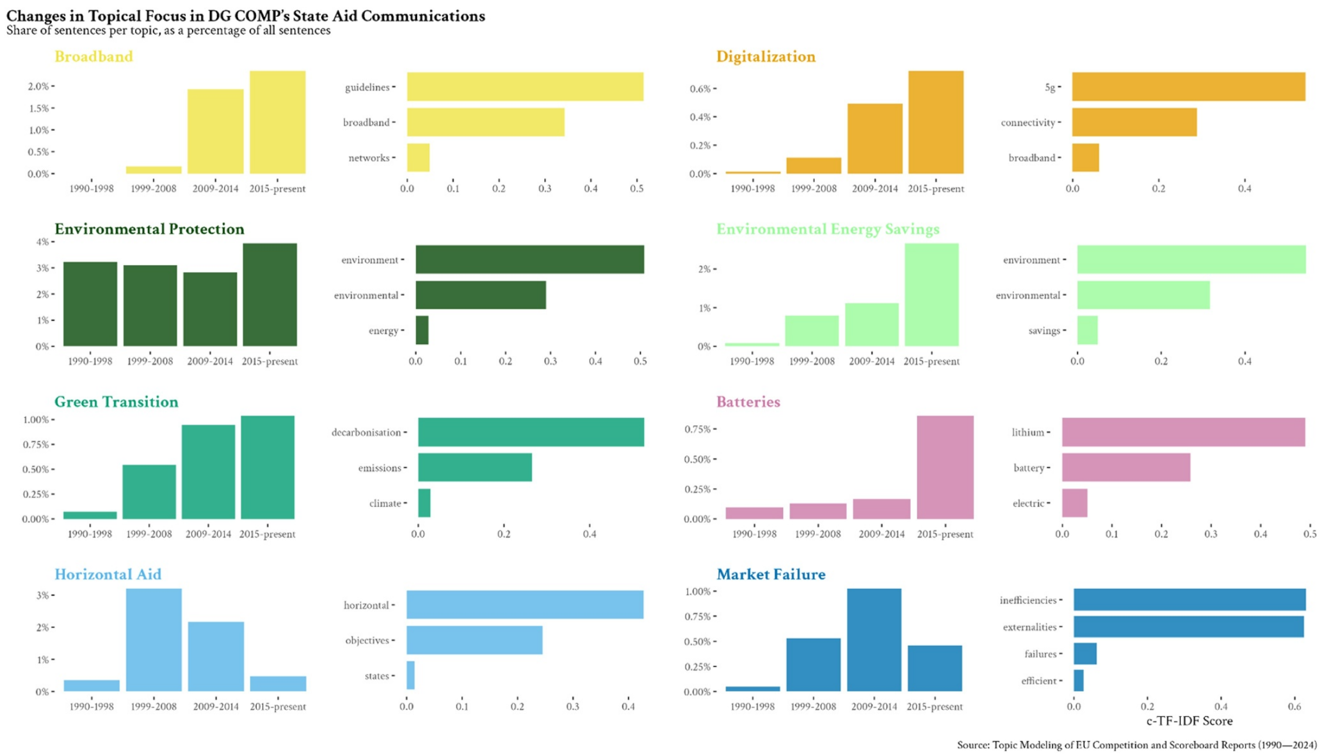

FIGURE 1 | Topic share and representations of different topics linked to industrial policy. Left panels show the share of sentences belonging to a certain topic, as a share of all sentences, over time. Right panels show the respective topic representations through the terms with the highest class-based term frequency-inverse document frequency for a certain topic.

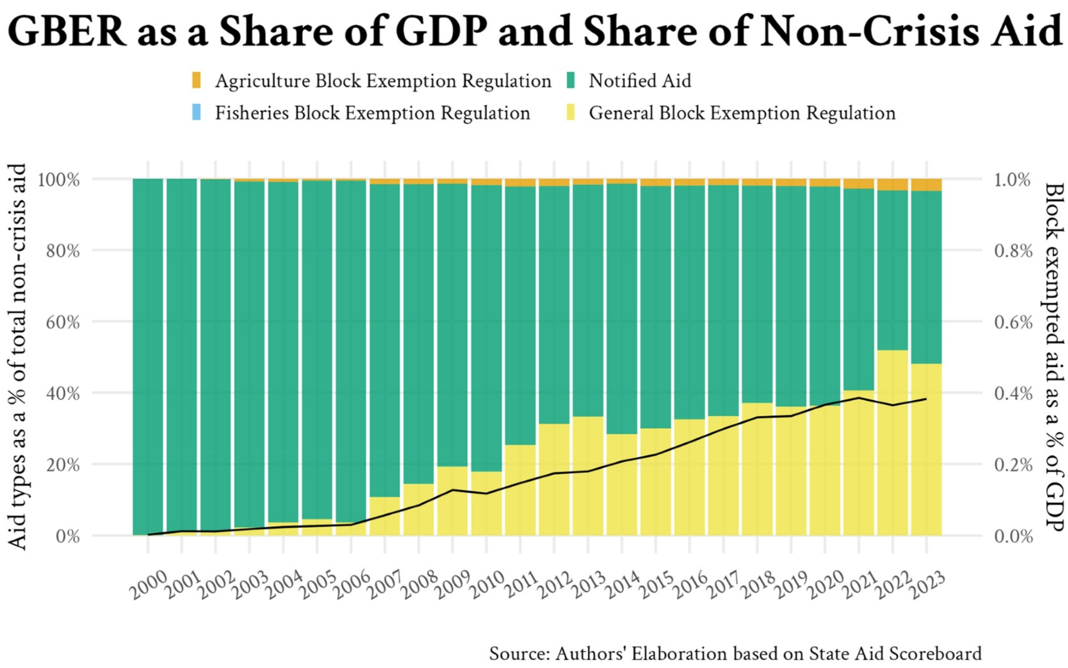

FIGURE 2 | Share of various state aid by case types as percentage of total non-crisis state aid.

the Commission slowly adopted the view that while all sectors and technologies were equal, some were more equal than others, thereby advocating a more *interventionist and targeted* approach to state aid. This move away from the regulatory state paradigm found its most significant expression in the discourse on key enabling technologies (KET)—technologies. According to the Commission's 2009 KET strategy, these technologies "enable process, goods and service innovation throughout the economy" and are therefore "of systemic relevance". KETs, the Commission argued, "will be at the forefront of managing the shift to a low carbon, knowledge-based economy" and are therefore "not only of strategic importance but (…) indispensable" (European Commission 2009; see also, Di Gregorio and Gherardini 2025).

The KETs discourse paved the way for a "more strategic approach to research, innovation and capitalisation" (European Commission 2009). In the wake of the 2008 financial crisis, the Commission also began to signal a greater willingness to use state aid policy as an interventionist tool to foster Europe's competitiveness. "State aid policy can", it was argued, "actively and positively contribute to the Europe 2020 objectives by prompting and supporting initiatives for more innovative, efficient and greener technologies" (European Commission 2010, 21). Accordingly, State Aid Modernization (SAM) was designed to bring state aid more in line with the Europe 2020 Strategy's goals of a smart, sustainable, and inclusive economy, in particular by prioritizing "good aid" that is "well-designed, targeted at identified market failures and objectives of common interest, and least distortive" (European Commission 2012, 4; Pesaresi and Peduzzi 2018). In short, by the end of the 2000s, the Commission had replaced its earlier hard horizontalism with a more *targeted, interventionist* approach, particularly with regard to what would later be known as "the twin transitions." We now turn to documenting this process through an in-depth case study on the origins and evolution of the GBER framework.

5.2 | The Commission's Regulatory Interventionism Through GBER

Apart from the categories explicitly exempted, state aid is generally prohibited under Article 107(1) (TFEU) to preserve the level playing field in the internal market. Pursuant to Article 108(3) TFEU, all planned state aid must be notified to the European Commission and may not be implemented before approval. However, Article 109 empowers the Council to determine, via enabling regulations, additional categories of aid that may be exempted from the notification requirement. In turn, Article 108(4) authorizes the Commission to adopt implementing regulations laying down the detailed rules and conditions under which such exempted aid can be granted, based on what the Council has, pursuant to Article 109, determined may be exempted.

In the late 1990s, the Commission began urging the Council to exercise its authority under Article 109 to empower the Commission to enact aid exemptions and reduce its mounting workload. This initiative was driven by concerns related to the Commission's administrative capacity, as "the large number of notifications from national authorities was undermining its ability to focus on those aid programs that were likely to have the greatest effect on competition" (Doleys 2013, 34). In response to the 1997 Commission proposal for a Council regulation on the exemption of certain categories of horizontal aid, in 1998 the Council adopted a regulation granting the Commission authority to issue specific block exemptions. Over the following years, five Block Exemption Regulations were enacted, covering SMEs, research and innovation, regional development, training, employment, and risk capital (Kassim and Lyons 2013, 11).

The 2004 Eastern enlargement exerted additional pressure on DG COMP's administrative capacity, prompting an increased urge to simplify the state aid regime. As one official recalls, DG COMP *"feared that the number of cases after enlargement in 2004 would go up dramatically and that [they] wouldn't have enough staff"* (Interview 4). More specifically, *"the system of* ex ante *controls of state aid ha[d] become more difficult to manage in practice because of limited resources in the Commission"* (Interview 2). In response, *"one of the core objectives of the state aid modernization was precisely to empower the member states more directly through the so-called General Block Exemption Regulation"* (Interview 2).

Introduced in 2008 via Commission Regulation No 800/2008, the GBER—SAAP's flagship initiative—set out to unify and consolidate the patchwork of existing sectoral block exemptions, which exempted from the notification requirement the following aid categories: regional aid, SME investment, female entrepreneurship, environmental protection, consultancy services, risk capital, research and development (R&D), training, and assistance for disadvantaged and disabled workers. This was widely regarded *"as a way to simplify the system without abandoning the main responsibility of state aid control, which is to preserve the proper functioning of the single market"* (Interview 5).

However, what began as an exercise in modernization and simplification, largely aligned with the logic of the regulatory state era, soon evolved into a key instrument of supranational regulatory interventionism. Indeed, as a former Competition Commissioner recalls, while the GBER was intended *"to concentrate the efforts of DG COMP's limited resources on the big cases that could create serious distortions,"* it also aimed *"to decentralize responsibilities to the member states which, even if they are not in charge of state aid control, still need to act as partners with the Commission in ensuring the good use of public support"* (Interview 5). The Commission's strategic use of regulation to ensure directionality and selectivity in *"the good use of public support"* by national governments is explained by a former Director-General of DG COMP:

> I would call (this)—at least in the most innocent or least intrusive form—the encouragement of the least distorting aid, right? So, by making it easier for Member States to grant aid in certain sectors, you're effectively saying: 'OK, from a state aid or distortion perspective, these are less problematic types of aid compared to others. For example... In the regional aid guidelines over time, you'll see that in the beginning, much more aid was allowed for support to big enterprises. And that has been tightened—has become more and more restrictive... That was typically considered a 'bad' type of aid... whereas [aid] addressing regional disparities or social objectives—-that's generally considered less distortive.
>
> (Interview 4)

Indeed, amidst broader efforts by the Commission to steer national subsidies toward "good" or "modern" state aid (Blauberger 2009, 727–28), DG COMP's strategy underpinning state aid modernization—of which the GBER was the crown jewel—was to *"mak(e) a clearer distinction between bad and good aid"* whereby *"(g)ood state aid, for instance, could be used to finance renewables in the energy sector, to support research and development, or to provide room for maneuver to those pursuing innovative projects—especially in areas where clear market failures existed due to a lack of private investment"* (Interview 5).

While rhetorically the Commission continued to affirm its commitment to the horizontal nature of industrial policy and to avoiding a return to selective interventionism, by the mid-2000s it had begun to acknowledge more openly that "some policies have greater importance for some sectors than others" (European Commission 2005a, 3–4). By the time the GBER entered into force in 2008, EU state aid policy had been explicitly linked to the revised Lisbon Strategy, which aimed to promote sustainable economic development, competitiveness, and job creation (Deiberova and Nyssens 2009, 27). As one official put it, this link was both *"(r)hetorical and strategic. The Lisbon Strategy aimed to make the EU the most competitive knowledge-based economy. The state aid reforms were framed as aligning state aid with competitiveness and growth—so that ineffective or distortive aid was seen as incompatible with Lisbon's objectives"* (Interview 3).

Since the initial phase of the GBER (2008–2014), the Commission increasingly interpreted "good" state aid policy as one that would steer support toward the twin goals of digitalization and decarbonization. Our topic modeling analysis of the Commission's state aid communications (Figure 1) reveals a marked decline in references to horizontal aid over the 2000s, accompanied by a growing prominence of themes linked to digital priorities—such as connectivity, 5G, and broadband infrastructure—and green objectives, including energy efficiency, decarbonization, and emissions reduction, which are increasingly layered on top of older concerns around environmental protection. Over time, through successive amendments to the 2008 GBER (see Table 2 for an overview), the Commission progressively institutionalized more flexible conditions and introduced new aid categories, thereby expanding the scope for national governments to deploy state aid in support of decarbonization and digitalization goals.

The reforms of the GBER framework reflect DG COMP's dynamic approach to regulatory governance. This "evolutionary" approach means that DG COMP will take an active or reactive role as needed to adapt its regulatory tools to changing policy priorities across the EU. As explained by a former Director-General of DG COMP: this is *"a kind of two-step approach. And so what you see is that when there are certain policy objectives, then with some delay there will be state aid guidelines that will be either set up or adapted to go hand in hand with those policy objectives, and then as a second derivative they may appear in the GBER. So I see it as a kind of evolution in that sense."*

In fact, in 2013 a new Council regulation expanded the Commission's authority to align state aid to the EU's evolving priorities under Europe 2020 Strategy's goals of a "smart, sustainable, and inclusive economy" (Pesaresi and Peduzzi 2018). Accordingly, in 2014 the Commission repealed and replaced the 2008 GBER, broadening the range of aid categories exempted from notification and increasing authorized

TABLE 2 | Commission's amendments to the 2008 GBER.

	2014	2017	2020	2021	2023
Context	State Aid Modernization to align state aid regime to *Europe 2020* goals for sustainable and inclusive growth	Ongoing State Aid Modernization efforts to further simplify state aid, focusing on key infrastructures	COVID-19 pandemic; expiring GBER provisions	New Multiannual Financial Framework and twin transition priorities	EU's green deal and industrial strategy
Objective	Simplify state aid, focus on high-impact cases, support environmental, energy, and digital priorities	Facilitate public investments in ports, airports, and culture while maintaining competition	Ease aid provision to undertaking in difficulty; extend GBER provisions	Streamline and strengthen state aid for EU-funded and green/digital projects	Speed up support for climate-neutrality and digital transformation
Block-exempted aid categories	Regional aid; aid to SMEs; aid for SME financing; aid for R&D and innovation; training aid; aid for disadvantaged and disabled workers; environmental aid; aid for natural disaster recovery; social aid for remote region transport; broadband aid; aid for culture and heritage; aid for sports and recreational facilities; aid for local infrastructure	Aid for regional airports; aid for maritime ports	Temporary aid for pandemic-affected undertakings	Aid for energy efficiency projects in buildings; aid for charging infrastructure for zero- and low-emission vehicles; aid for broadband and connectivity; aid for consumer vouchers for digital services	Aid for renewable energy; aid for decarbonization projects; aid for green mobility; aid for renewable hydrogen; aid for energy efficiency; aid for training/reskilling; aid for energy price regulation
Main provisions	Broadened aid scope; simplified procedures; enhanced transparency; greater focus on less-distortive aid	Exempted regional airports (up to 3M passengers) from approval; allowed public investment in ports (€150M sea, €50M inland) without review; simplified cultural and sports project aid; eased aid for outermost regions	Extension of expiring GBER provisions (31 December, 2023); allowed aid for pandemic-related financial difficulty	Exemptions for InvestEU & horizon 2020 + horizon europe projects; simplified aid for energy-efficient buildings and EV infrastructure; expanded support for broadband and digital projects	Expanded support for renewable energy deployment, decarbonization projects, green mobility, and biodiversity initiatives; increased aid intensities and notification thresholds for multi-country projects, such as IPCEIs; increased notification threshold for training aid (€3mn); increased notification thresholds for R&D&I projects; extension of GBER's validity (31 December, 2026); harmonized GBER provisions with the latest regional aid guidelines, climate, energy and environmental state aid guidelines, risk finance guidelines, research, development and innovation framework, and broadband guidelines

Source: Authors' elaboration based on the analysis of the Commission's regulations, press releases, explanatory notes and FAQs (see online Appendix C).

aid thresholds, particularly—but not exclusively—for environment-related and digital aid, echoing the Europe 2020 objectives.

Two further minor GBER amendments continued to reflect the Commission's increasingly interventionist logic. In 2017 GBER was amended to include new sectors, such as ports and airports and additional simplifications to expedite aid approvals, in 2020 it was amended to align the framework with the provisions of the InvestEU program and the Recovery and Resilience Facility.

The other major GBER amendment enacted in 2021 consolidated the Commission's strategic shift toward interventionist goals. The Commission explicitly linked the strategic reregulation of the GBER instrument to the twin transition terminology. In the words of Executive vice-president Margrethe Vestager, this amendment introduces "*more possibilities for Member States to provide State aid to support the twin transition to a green and digital economy without the need of a prior notification procedure, while at the same time not causing undue distortions of competition in the Single Market.*"[3]

Most recently, the 2023 amendment significantly expanded exemptions and raised aid thresholds to better align state aid with updated EU guidelines on climate action and regional development, and to promote key sectors like renewable energy, decarbonization technologies, sustainable mobility, biodiversity. The amendment also facilitated the implementation of multi-country projects such as the Important Projects of Common European Interest (IPCEI) (Di Carlo et al. 2024, 19). Notably, since the 2014 GBER revision, references to market failure and horizontal aid in the Commission state aid communications have steadily declined in number, while topics linked to environmental protection, energy efficiency, and the green transition have gained salience (Figure 1).

The Commission's efforts to steer national state aid policies in line with evolving EU priorities are reflected in the distribution and patterns of GBER-based aid across the EU. Indeed, the Commission notes, "member states are increasingly using the GBER" (Di Carlo et al. 2024; European Commission 2025, 9). Since the early 2000s—and especially following the introduction of the GBER in 2008—block-exempted aid has expanded markedly, rising from less than 0.1% of EU GDP in 2008 to 0.4% by 2023. By that year, GBER aid accounted for around half of the total sums of non-crisis state aid disbursed across the EU (Figure 2).

Moreover, in 2023, 88% of all new state aid measures implemented across the EU were granted under GBER or the two additional, and minor, sector-specific block exemptions covering agriculture (ABER) and fishery (FIBER). When excluding crisis-related aid, this share rises to 93% (European Commission 2025, 9). These striking figures highlight the gradual yet transformative evolution of the EU state aid regime toward a model of greater *coordinated decentralization*, in which member states exercise increased autonomy in implementing aid measures within the regulatory boundaries set by DG COMP. This shift has accelerated notably since the 2014 GBER amendment, which marked a turning point in the governance of state aid. As aptly described by Pesaresi and Peduzzi (2018, 19), the reform brought about a "Copernican revolution" in EU state aid policy, fundamentally inverting its logic, as "block-exempted aid has now become the norm and notification the exception" (Pesaresi and Peduzzi 2018, 19).

Consistent with the Commission's evolving priorities, the growing use of the GBER has been particularly pronounced in the domains of environmental protection and R&D&I. This trend accelerated following the 2014 GBER amendment, which reinforced the Commission's emphasis on supporting the twin transition (Figure 3, right panel). Notably, smaller and more peripheral member states have made the most extensive use of the GBER. Among them, Northern European countries—the Nordics and the Baltics—stand out for their substantial allocation of environmental aid. In contrast, Eastern and, to a lesser

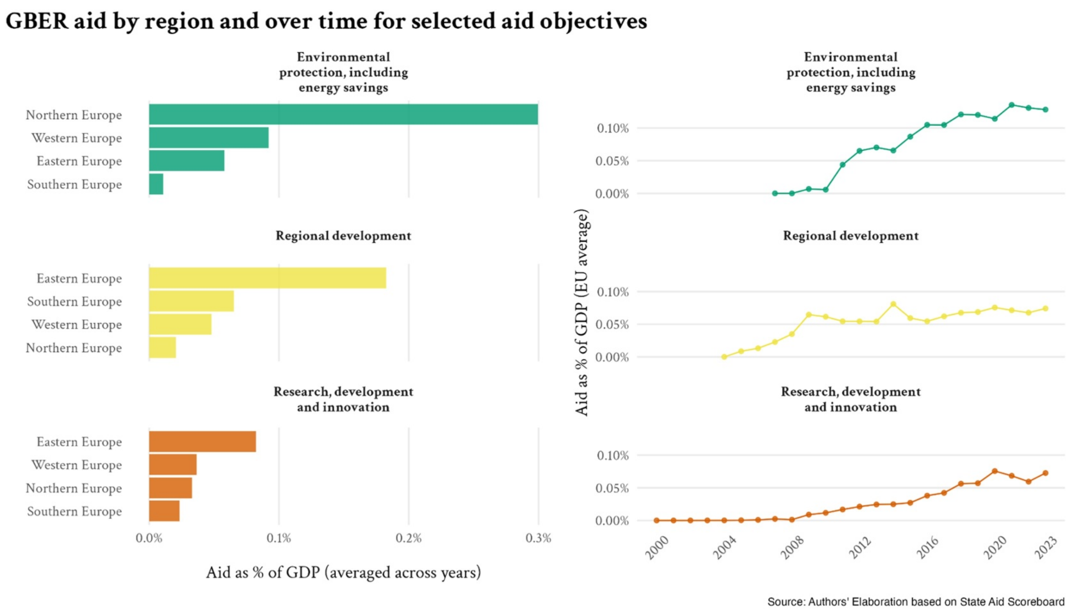

FIGURE 3 | GBER aid by regions and over time for selected GBER objectives.

extent, Southern European countries have primarily used GBER aid to support regional development goals. Eastern European member states, in particular, have also emerged as major users of R&D&I aid, outspending their regional peers in this domain (Figure 3, left panel).

Overall, the Commission's success in steering—and increasingly mobilizing—state aid toward objectives such as environmental protection and R&D&I extends beyond GBER-based aid to encompass the overall composition of state aid across the EU. In particular, the growing institutional emphasis on environmental objectives, coupled with the greater flexibility granted to member states in this domain, is reflected in the rising amounts and shares of aid allocated to environmental protection (Figure 4).

6 | Conclusions

In this paper, we have traced the transformation of the EU state aid regime through an in-depth, multimethod case study on the rhetorical, policy, and spending aspects of the regulation at the very heart of this regime: GBER. We have argued and empirically demonstrated how the Commission has used its regulatory powers to *indirectly steer* Member States' public spending toward the common European goals, thus using state aid rules as tools of industrial policy. In doing so, we have contributed to the literature in three main ways.

First, we contribute to the broader literature on the return of industrial policy (Breznitz and Gingrich 2025; Bulfone 2022; Di Carlo and Schmitz 2023; Herranz-Surrallés et al. 2024; McNamara 2024; Seidl and Schmitz 2024) by highlighting the underappreciated use of selective regulation as an instrument of industrial policy (Levi-Faur 2013; Thatcher 2014b). Our analysis shows that to better appreciate the scope and reach of EU industrial policy, one needs to shift the focus from the Commission's often discussed limited capacity for targeted spending to its often underestimated regulatory capacity for steering member states' industrial policies. Second, we build on and expand the literature on the EU's state aid regime (Blauberger 2009, 2011; Doleys 2013; Kassim and Lyons 2013) by shedding empirical light on its recent transformation and introducing a new periodization that distinguishes three eras of state aid regulatory governance. Finally, by highlighting the different and evolving ends to which regulatory means can be put, we contribute to broader debates on the regulatory state (Majone 1994, 1996; Levi-Faur 2013) and the nature of the EU polity (Kelemen and McNamara 2022; McNamara 2024), including discussions on the European catalytic (Prontera and Quitzow 2022) and investor state (Lepont and Thiemann 2024).

The EU state aid regime is in a constant state of flux. Due to the EU's lack of supranational fiscal capacity and the political difficulty of overcoming vetoes in the Council to create joint fiscal capacity for EU industrial policy (see e.g., Di Carlo et al. 2025), the Commission's regulatory interventionism through state aid appears poised to become a central aspect of the evolving EU economic governance regime. Whether the Commission can successfully navigate the balance between giving member states enough leeway to respond to technological, climate, and geopolitical changes and preventing the fragmentation and distortions of the single market remains to be seen. The crucial question is whether regulatory interventionism will open a Pandora's box that ultimately threatens the single market or if the Commission can continue to successfully manage the "dilemma of discretion" (Doleys 2013), while keeping a lid on distortive state aid.

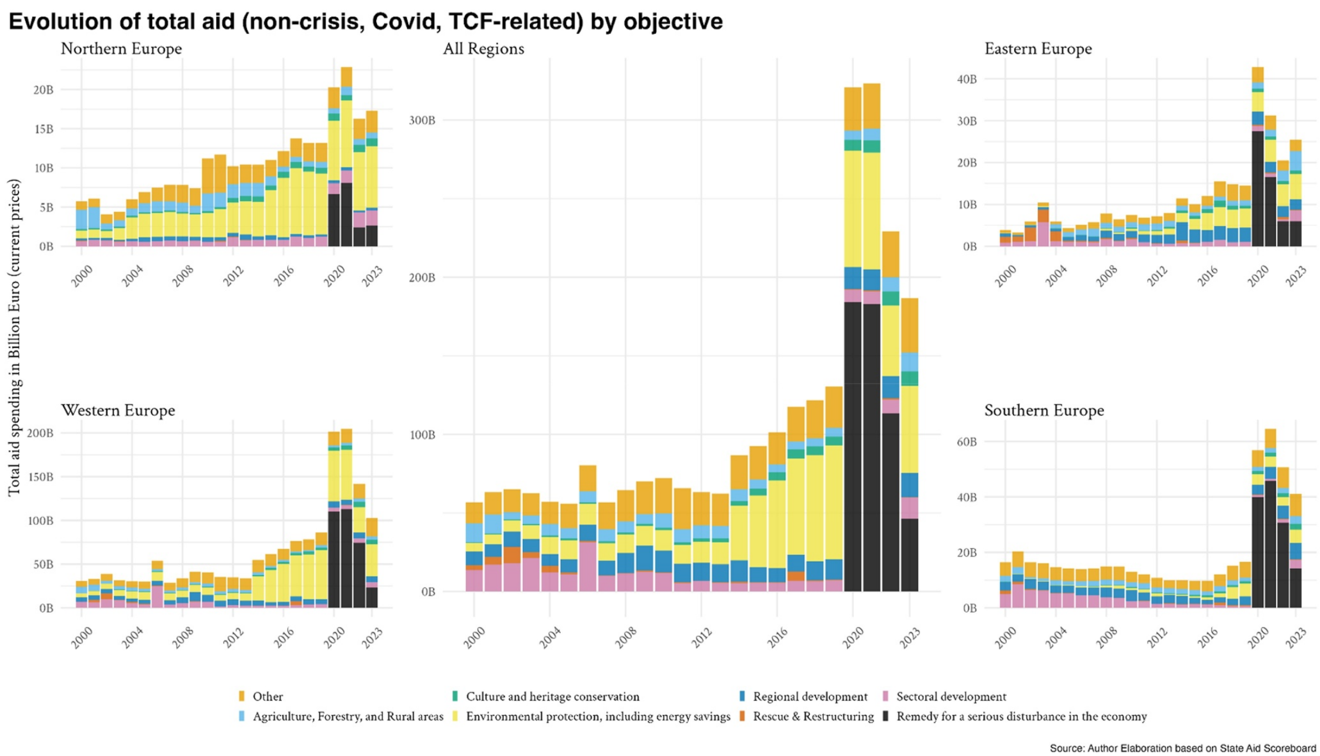

FIGURE 4 | Evolution of total state aid in the EU (2000–2023).

Future research should therefore monitor its ongoing transformations, particularly with regard to state aid's increasing politicization and the potential emergence of a new era of regulatory statecraft, in which state aid is steered toward geostrategically important goals. Similarly, future research should investigate how well our argument applies to other areas of state aid regulation, such as the R&D&I framework, IPCEIs, and those supporting semiconductors (Chips Act) and the Clean Industrial Deal (CISAF). Research could examine if and how the GBER is integrated with other parts of state aid regulation, particularly IPCEIs (for a recent historical account of the IPCEIs provision, see Seidl and Lopes-Valença 2025). Lastly and crucially, future research should go beyond our descriptive focus to more explicitly investigate the drivers and often contentious politics of state aid regulation. This includes the relative importance of clashes between member states and the business community, as well as the dynamics, tensions, and compromises internal to the Commission (Alayrac and Thyrard 2024) and its different DGs. We hope this paper sparks renewed debate on this crucial yet often neglected area of EU integration.

Acknowledgements

Previous versions of this manuscript were presented at the 2024 SASE conference in Limerick and the 2024 Council for European Studies conference in Lyon. We are deeply grateful to the participants in both panels for their thoughtful feedback and suggestions. We also thank the three anonymous reviewers, whose comments have helped us to sharpen our argument and improve the paper. Finally, we are indebted to Kathleen McNamara and Manuela Moschella, who, in their role as editors of this special issue, have been exceptionally generous with their time and guidance. Their careful reading and constructive feedback on earlier drafts greatly contributed to refining the manuscript.

Funding

The authors have nothing to report.

Conflicts of Interest

The authors declare no conflicts of interest.

Data Availability Statement

The data and analysis code underlying the findings of this study are described and provided in the online appendix and the replication material folder, both of which are available in the Supporting Information associated with this article.

Endnotes

[1] We use the term regulatory interventionism instead of the more theoretically charged "regulatory developmentalism" (cf. Gräf 2024). Although the Commission's policies include developmentalist elements through their selective support of the green and digital transitions, they lack a fully formed developmentalist mindset or a willingness to discipline for developmentalist purposes, as was characteristic of East Asian developmentalist states. Therefore, we believe that Brussels' à la carte developmentalism is better characterized by a more neutral term, such as regulatory interventionism.

[2] policy.ec.europa.eu/state-aid/legislation/horizontal-rules_en.

[3] Press release Jul 23, 202. Brussels. https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3804.

References

Alayrac, P., and A. Thyrard. 2024. "The Three Ages of the European Policy for Productive Investments." *Competition & Change* 28, no. 3–4: 397–414. https://doi.org/10.1177/10245294241232163.

Aydin, U. 2014. "Issue Framing in the European Commission: State Aid Policy and the Single Market." *Comparative European Politics* 12, no. 2: 141–159. https://doi.org/10.1057/cep.2012.36.

Bangemann, M. 1992. *Mut Zum Dialog: Wege Zu Einer Europäischen Industriepolitik*. Bonn Aktuell.

Billows, S., S. Kohl, and F. Tarissan. 2021. "Bureaucrats or Ideologues? EU Merger Control as Market-Centred Integration." *JCMS: Journal of Common Market Studies* 59, no. 4: 762–781. https://doi.org/10.1111/jcms.13130.

Blauberger, M. 2009. "Of 'Good' and 'Bad' Subsidies: European State Aid Control Through Soft and Hard Law." *West European Politics* 32, no. 4: 719–737. https://doi.org/10.1080/01402380902945300.

Blauberger, M. 2011. "State Aid Control From a Political Science Perspective." In *Research Handbook on European State Aid Law*, edited by E. M. Szyszczak, 28–43. Edward Elgar: Research Handbooks in European Law.

Bora, S. I., and L. Schramm. 2024. "Intergovernmentalism in a Supranational Field: France, Germany, and EU Competition Policy Reform." *West European Politics* 48, no. 6: 1–29. https://doi.org/10.1080/01402382.2024.2355812.

Bosticco, R., and A. Herranz-Surrallés. 2024. "Industrial Alliances for the Energy Transition: Harnessing Business Power in the Era of Geoeconomics." *Politics and Governance* 12, (August): 8221. https://doi.org/10.17645/pag.8221.

Breznitz, D., and J. Gingrich. 2025. "Industrial Policy Revisited." *Annual Review of Political Science* 28, no. 1: 329–350. https://doi.org/10.1146/annurev-polisci-033123-020253.

Bruszt, L., and J. Langbein. 2025. "Building a Transnational Developmental State in Europe: Lessons From the Big Bang Enlargement for the Next Integration Round." *Journal of European Public Policy*, 1–26. https://doi.org/10.1080/13501763.2025.2551769.

Bulfone, F. 2022. "Industrial Policy and Comparative Political Economy: A Literature Review and Research Agenda." *Competition & Change* 27, no. 1 (March): 10245294221076225. https://doi.org/10.1177/10245294221076225.

Bulfone, F., T. Ergen, and E. Maggor. 2025. "Regulating via Conditionality: The Instruments of the New Industrial Policy." *Regulation & Governance*. Online first: https://onlinelibrary.wiley.com/doi/full/10.1111/rego.70050.

Bürbaumer, B. 2020. "TNC Competitiveness in the Formation of the Single Market: The Role of European Business Revisited." *New Political Economy*, (January): 1–15. https://doi.org/10.1080/13563467.2020.1806222.

Büthe, T. 2007. "The Politics of Competition and Institutional Change in European Union: The First Fifty Years." The State of the European Union In *Making History: European Integration and Institutional Change at Fifty*, edited by M. Sophie and K. R. McNamara. 8, 175–209. Oxford University Press.

Cecchini, P. 1988. "The European Challenge. 1992: The Benefits of a Single Market." http://aei.pitt.edu/99590/.

Cini, M. 2001. "The Soft Law Approach: Commission Rule-Making in the Eu's State Aid Regime." *Journal of European Public Policy* 8, no. 2: 192–207. https://doi.org/10.1080/13501760110041541.

Clift, B., and C. Woll. 2012. "Economic Patriotism: Reinventing Control Over Open Markets." *Journal of European Public Policy* 19, no. 3: 307–323. https://doi.org/10.1080/13501763.2011.638117.

Davies, W. 2013. "When is a Market Not a Market?: 'Exemption', 'Externality' and 'Exception' in the Case of European State Aid Rules." *Theory, Culture & Society* 30, no. 2: 32–59. https://doi.org/10.1177/0263276412456567.

Deiberova, K., and H. Nyssens. 2009. "The New General Block Exemption Regulation (GBER): What Changed?" *European State Aid Law Quarterly* 8, no. 1: 27–38. https://doi.org/10.21552/estal/2009/1/135.

Dewey, M., and D. Di Carlo. 2022. "Governing Through Non-Enforcement: Regulatory Forbearance as Industrial Policy in Advanced Economies." *Regulation & Governance* 16, no. 3: 930–950. https://doi.org/10.1111/rego.12382.

Di Carlo, D., A. Eisl, and D. Zurstrassen. 2024. "Together We Trade, Divided We Aid: Mapping the Flexibilization of the EU State Aid Regime Across GBER, IPCEIs and Temporary Frameworks." In N. 307. *Policy Paper*. Jacques Delors Institute. https://institutdelors.eu/wp-content/uploads/2024/11/PP307_Aides_Etat_UE_Eisl_EN_4.pdf.

Di Carlo, D., L. Moretti, and M. Moschella. 2025. "What's in a Polity? Political Institutions and Varieties of Economic Interventionism in the United States and the European Union." *Governance*: e70066. https://doi.org/10.1111/gove.70066.

Di Carlo, D., and L. Schmitz. 2023. "Europe First? The Rise of EU Industrial Policy Promoting and Protecting the Single Market." *Journal of European Public Policy* 30, no. 10: 2063–2096. https://doi.org/10.1080/13501763.2023.2202684.

Di Gregorio, M., and A. Gherardini. 2025. "From Market Failures to Systemic Failures: The Evolving Rationale for European Industrial Policy." *Journal of European Integration*: 1–22. https://doi.org/10.1080/07036337.2025.2469300.

Doleys, T. J. 2013. "Managing the Dilemma of Discretion: The European Commission and the Development of EU State Aid Policy." *Journal of Industry, Competition and Trade* 13, no. 1: 23–38. https://doi.org/10.1007/s10842-012-0140-y.

Endrejat, V. 2024. "Off-Balance-Sheet Policies to the Rescue: The Role of Statistical Expertise for European Public–Private Partnerships." *Competition & Change* 28, no. 3–4: 515–535. https://doi.org/10.1177/10245294241245512.

European Commission. 1990. "Industrial Policy in an Open and Competitive Environment." *Guidelines for a Community Approach*, (November). http://aei.pitt.edu/5690/1/5690.pdf.

European Commission. 2002. "Industrial Policy in an Enlarged Europe." https://ec.europa.eu/invest-in-research/pdf/download_en/industrial_policy_enlarged_europe.pdf.

European Commission. 2005a. "Implementing the Community Lisbon Programme: A Policy Framework to Strengthen EU Manufacturing - Towards a More Integrated Approach for Industrial Policy." (May). https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2005:0474:FIN:en:PDF.

European Commission. 2005b. "State Aid Action Plan: Less and Better Targeted State Aid: A Roadmap for State Aid Reform 2005–2009." (July). https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005DC0107.

European Commission. 2009. "Preparing for Our Future: Developing a Common Strategy for Key Enabling Technologies in the EU." https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0512:FIN:EN:PDF.

European Commission. 2010. "EUROPE 2020. A Strategy for Smart, Sustainable and Inclusive Growth." https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52010DC2020.

European Commission. 2012. "EU State Aid Modernisation (SAM)." (August). https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52012DC0209.

European Commission. 2025. "State Aid Scoreboard 2024." https://competition-policy.ec.europa.eu/document/download/68225c70-5570-4e10-b983-53efde939d7f_en?filename=state_aid_scoreboard_note_2024.pdf.

European Council. 2001. *Presidency Conclusions*. Stockholm European Council. https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/00100-r1.%20ann-r1.en1.html.

Farrand, B., and H. Carrapico. 2022. "Digital Sovereignty and Taking Back Control: From Regulatory Capitalism to Regulatory Mercantilism in EU Cybersecurity." *European Security* 31, no. 3: 435–453. https://doi.org/10.1080/09662839.2022.2102896.

Gabor, D. 2023. "The (European) Derisking State." *Stato e Mercato*, no. 1: 53–84. https://doi.org/10.1425/107674.

Gräf, H. 2024. "A Regulatory-Developmental Turn Within EU Industrial Policy? The Case of the Battery Ipceis." *Politics and Governance* 12, (September): 8188. https://doi.org/10.17645/pag.8188.

Grootendorst, M. 2022. "BERTopic: Neural Topic Modeling With a Class-Based TF-IDF Procedure." Preprint, arXiv. http://arxiv.org/abs/2203.05794.

Guarascio, D., M. Holzner, D. Iacobucci, et al. 2025. "European Competitiveness in the New Global Context: Structural Constraints, Strategic Dependencies and the Role of the New Industrial Policy." *Journal of Industrial and Business Economics* 52: 525–533. https://doi.org/10.1007/s40812-025-00368-x.

Helleiner, E. 2005. "Conclusion: The Meaning and Contemporary Significance of Economic Nationalism." In *Economic Nationalism in a Globalizing World*, edited by E. Helleiner and A. Pickel, 220–234. Cornell University Press.

Herranz-Surrallés, A., C. Damro, and S. Eckert. 2024. "The Geoeconomic Turn of the Single European Market? Conceptual Challenges and Empirical Trends." *JCMS: Journal of Common Market Studies*, (April). https://doi.org/10.1111/jcms.13591.

Jansen, P. 2016. "The Interplay Between Industrial Policy and State Aid: Natural Combination or Strange Bedfellows?" *European State Aid Law Quarterly* 15, no. 4: 575–602. https://doi.org/10.21552/estal/2016/4/8.

Kassim, H., and B. Lyons. 2013. "The New Political Economy of EU State Aid Policy." *Journal of Industry, Competition and Trade* 13, no. 1: 1–21. https://doi.org/10.1007/s10842-012-0142-9.

Kelemen, R. D., and K. R. McNamara. 2022. "State-Building and the European Union: Markets, War, and Europe's Uneven Political Development." *Comparative Political Studies* 55, no. 6: 963–991. https://doi.org/10.1177/00104140211047393.

Kroes, N. 2006. "Industrial Policy and Competition Law & Policy." https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_06_499.

Landesmann, M. A., and R. Stöllinger. 2020. "The European Union's Industrial Policy." In *The Oxford Handbook of Industrial Policy*, edited by M. A. Landesmann, R. Stöllinger, A. Oqubay, C. Cramer, Ha-J. Chang, and R. Kozul-Wright, 620–660. Oxford University Press. https://doi.org/10.1093/oxfordhb/9780198862420.013.23.

Lavdas, K. A., and M. M. Mendrinou. 1999. *Politics, Subsidies, and Competition: The New Politics of State Intervention in the European Union*. Elgar.

Lepont, U., and M. Thiemann. 2024. "The European Investor State: Its Characteristics, Genesis, and Effects." *Competition & Change*, (January) 28, no. 3–4: 10245294231215481. https://doi.org/10.1177/10245294231215481.

Levi-Faur, D. 2013. "The Odyssey of the Regulatory State: From a 'Thin' Monomorphic Concept to a 'Thick' and Polymorphic Concept." *Law & Policy* 35, no. 1–2: 29–50. https://doi.org/10.1111/lapo.12000.

Majone, G. 1994. "The Rise of the Regulatory State in Europe." *West European Politics* 17, no. 3: 77–101. https://doi.org/10.1080/01402389408425031.

Majone, G. 1996. *Regulating Europe*. Routledge.

Majone, G. 1997. "From the Positive to the Regulatory State: Causes and Consequences of Changes in the Mode of Governance." *Journal of Public Policy* 17, no. 2: 139–167. https://doi.org/10.1017/s0143814x00003524.

Manzella, G., and M. Panucci. 2025. "Tra Competitivita' e Coesione. Vicende della Politica Industriale UE (1958-2025)." In *Quaderni Svimez, no. 73*. SVIMEZ, Associazione per lo Sviluppo dell'Industria nel Mezzogiorno. https://www.svimez.it/wp-content/uploads/2025/07/quaderno_svimez_73_quater.pdf.

McGowan, L., and S. Wilks. 1995. "The First Supranational Policy in the European Union: Competition Policy." *European Journal of Political Research* 28, no. 2: 141–169. https://doi.org/10.1111/j.1475-6765.1995.tb00808.x.

McNamara, K. R. 2024. "Transforming Europe? The Eu's Industrial Policy and Geopolitical Turn." *Journal of European Public Policy* 31, no. 9: 2371–2396. https://doi.org/10.1080/13501763.2023.2230247.

Mertens, D., and M. Thiemann. 2019. "Building a Hidden Investment State? The European Investment Bank, National Development Banks and European Economic Governance." *Journal of European Public Policy* 26, no. 1: 23–43. https://doi.org/10.1080/13501763.2017.1382556.

Nyberg, L. 2017. "Market Bureaucracy: Neoliberalism, Competition, and EU State Aid Policy." In *Doctoral Thesis, Department of Political Science, Lund University*. https://portal.research.lu.se/en/publications/market-bureaucracy-neoliberalism-competition-and-eu-state-aid-pol.

Pesaresi, N., and R. Peduzzi. 2018. "State Aid Modernization." In *The Modernisation of State Aid for Economic and Social Development*, edited by B. Nascimbene and A. Di Pascale, 14, 17–42. Springer International Publishing. https://doi.org/10.1007/978-3-319-99226-6_2.

Piechucka, J., L. Saurí-Romero, and B. Smulders. 2023. "Industrial Policies, Competition, and Efficiency: The Need for State Aid Control." *Journal of Competition Law and Economics* 19, no. 4: 503–526. https://doi.org/10.1093/joclec/nhad014.

Prontera, A., and R. Quitzow. 2022. "The EU as Catalytic State? Rethinking European Climate and Energy Governance." *New Political Economy* 27, no. 3: 517–531. https://doi.org/10.1080/13563467.2021.1994539.

Sandholtz, W. 1992. *High-Tech Europe: The Politics of International Cooperation*. University of California Press.

Schmitz, L., T. Seidl, and T. Wuttke. 2025. "The Costs of Conditionality. IPCEIs and the Constrained Politics of EU Industrial Policy." *Competition & Change*: 1–25. https://doi.org/10.1177/10245294251320675.

Seidl, T. and H. Lopes-Valença. 2025. "Waking a Dormant Legal Resource: Institutional Activation and the Origins of Important Projects of Common European Interest." *JCMS: Journal of Common Market Studies*. https://doi.org/10.1111/jcms.70025.

Seidl, T., and L. Schmitz. 2024. "Moving on to Not Fall Behind? Technological Sovereignty and the 'Geo-Dirigiste' Turn in EU Industrial Policy." *Journal of European Public Policy* 31, no. 8: 2147–2174. https://doi.org/10.1080/13501763.2023.2248204.

Seidl, T., and T. Wuttke. 2025. *Picking Sectors: IPCEIs and Europe's Emerging State Capacity for Strategic Identification*. Politics and Governance. https://doi.org/10.17645/pag.11153.

Smith, M. P. 2005. "Germany's Quest for a New EU Industrial Policy: Why it is Failing." *German Politics* 14, no. 3: 315–331. https://doi.org/10.1080/09644000500268779.

Ştefan, O. 2024. "Soft Law in EU Competition and State Aid: An Imperfect Solution to Grand Regulatory Challenges." In *The Evolving Governance of EU Competition Law in a Time of Disruptions: A Constitutional Perspective*, edited by C. Maria Colombo, K. Wright, and M. Eliantonio. 1st ed., 213–231. Hart Publishing. https://doi.org/10.5040/9781509951826.

Thatcher, M. 2014a. "European Commission Merger Control: Combining Competition and the Creation of Larger European Firms: European Commission Merger Control." *European Journal of Political Research* 53, no. 3: 443–464. https://doi.org/10.1111/1475-6765.12040.

Thatcher, M. 2014b. "From Old to New Industrial Policy Via Economic Regulation." *Rivista Della Regolazione Dei Mercati* 2: 6–22. https://www.rivistadellaregolazionedeimercati.it/Article/Archive/index_html?ida=18&idn=2&idi=-1&idu=-1.

Warlouzet, L. 2017. In *Governing Europe in a Globalizing World: Neoliberalism and Its Alternatives Following the 1973 Oil Crisis*, edited by L. Warlouzet. 1st ed. Routledge, 2018.| Series: Routledge studies on government and the European Union ; 8: Routledge. https://doi.org/10.4324/9781315189871.

Zurstrassen, D. 2025. "Learning From the Past? EU Industrial Policy Challenges." *Governance*: e70068. https://doi.org/10.1111/gove.70068.

Supporting Information

Additional supporting information can be found online in the Supporting Information section.
Supporting Information S1: gove70084-sup-0001-suppl-data.pdf.
Supporting Information S2: gove70084-sup-0002-suppl-data.zip.