

**Abstract to be submitted to the ERSA2025 Special Session**

***S57. Cohesion Policy and Industrial Policy: competition or complementarity?***

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**Title:** Strategic autonomy not for me: the misalignment of regional development and economic sovereignty objectives in the EU

**Abstract:**

For decades prior to the Global Financial Crisis, the EU had a clear ‘division of labour’ between its regional and (rudimentary) industrial policy. Regional development and convergence (territorial cohesion) was pursued through its Cohesion Policy, which had a largely redistributive and developmental character, using mainly grants-based transfers to support infrastructure development in lagging-behind regions; while industrial policy was largely ‘horizontal’, limited to specific interventions on R&D and innovation (mainly through the Horizon programmes) and relying on market liberalisation and deregulation as a means for strengthening economic activity and competition via the Single Market.

The ‘Lisbonisation’ of Cohesion Policy saw it incorporating modern epistemic ideas (about ‘entrepreneurial discovery’, ‘related diversification’ and ‘place-based policy’) and new financial instruments, representing a shift of objectives from the pursuit of convergence to that of technological upgrading and global competitiveness. At the same time, the EU experienced a shift in its approach to industrial policy, becoming increasingly more activist, deploying strategic planning (Lisbon, Europe2020) and targeting investment, reindustrialisation, and innovation-driven economic restructuring aiming at ‘directing’ growth and addressing ‘system failures’ beyond the traditional attention to ‘market correction’.

For a period, the two policies seemed to converge both in character and in the ideas underpinning them. Soon, however, and increasingly after the COVID pandemic and the ‘polycrises’ that have followed, EU’s industrial policy ambitions catapulted. The launch in 2019 of the European Green Deal saw the introduction of mission-like ambitions for decarbonisation, energy independence and digital leadership (under the so-called twin transition). Subsequent geopolitical developments led to the re-elaboration of such ambitions, introducing mission-like pursuits for ‘economic sovereignty’, ‘open strategic autonomy’, the ‘resilience of the Single Market’ and the defence of Europe’s ‘values and social market traditions’. This involved a series of legislative (EU Chips Act, Critical Raw Material Act, Net-Zero Industry Act; Digital Markets Act) and other initiatives (REPowerEU, IPCEIs, Temporary State aid Crisis and Transition Framework, Global Gateways), which have obtained a dynamic of their own, going over and beyond the initial objectives of stimulating innovation, growth, development and convergence.

In this paper we examine how these evolutions have affected the ability of Cohesion Policy to deliver on its goals of territorial cohesion and balanced growth and, in that, to address issues of regional development and inequality. We start with an analytical discussion, reviewing the evolution of the two policy areas (cohesion/regional and industrial/innovation) and identifying the main concepts and theoretical ideas that underpin them. We argue that despite the ‘entrepreneurial shift’ of Cohesion Policy and the ‘interventionist shift’ of industrial policy, the recent orientation of the latter towards macroscopic, mission-like, objectives has created a ‘misalignment’ between the two policy areas *and their objectives* (development, whether national or subnational), potentially undermining processes of regional development and convergence supported by Cohesion Policy. We then turn to a ‘forensic’ empirical investigation, examining the spatial footprint of a number of policy initiatives (Industrial Alliances, Sensitive Ecosystems, CRM Board, IPCEIs) and funding schemes (Horizon, RRF, European Innovation Council grants). We show that, by and large, the new industrial policy initiatives of the EU are at odds with the priorities and sectoral-geographical targeting of Cohesion Policy. Funding instruments (especially for research and innovation) and state-aid targeting (IPCEIs) appear to be inversely redistributive, potentially amplifying territorial inequalities; while mission-like initiatives (decarbonisation, resource autonomy, industrial ecosystems) seem to concentrate disadvantages to those regions more likely to be targeted by Cohesion Policy (‘convergence’ regions). We conclude with a number of reflections and policy recommendations aiming at ‘bridging’ the gap between the two policy areas (and corresponding strategic objectives), arguing that this will serve well both the EU’s ‘treaty obligation’ of pursuing territorial cohesion and its wider geopolitical ambition of ensuring economic autonomy and global competitiveness.