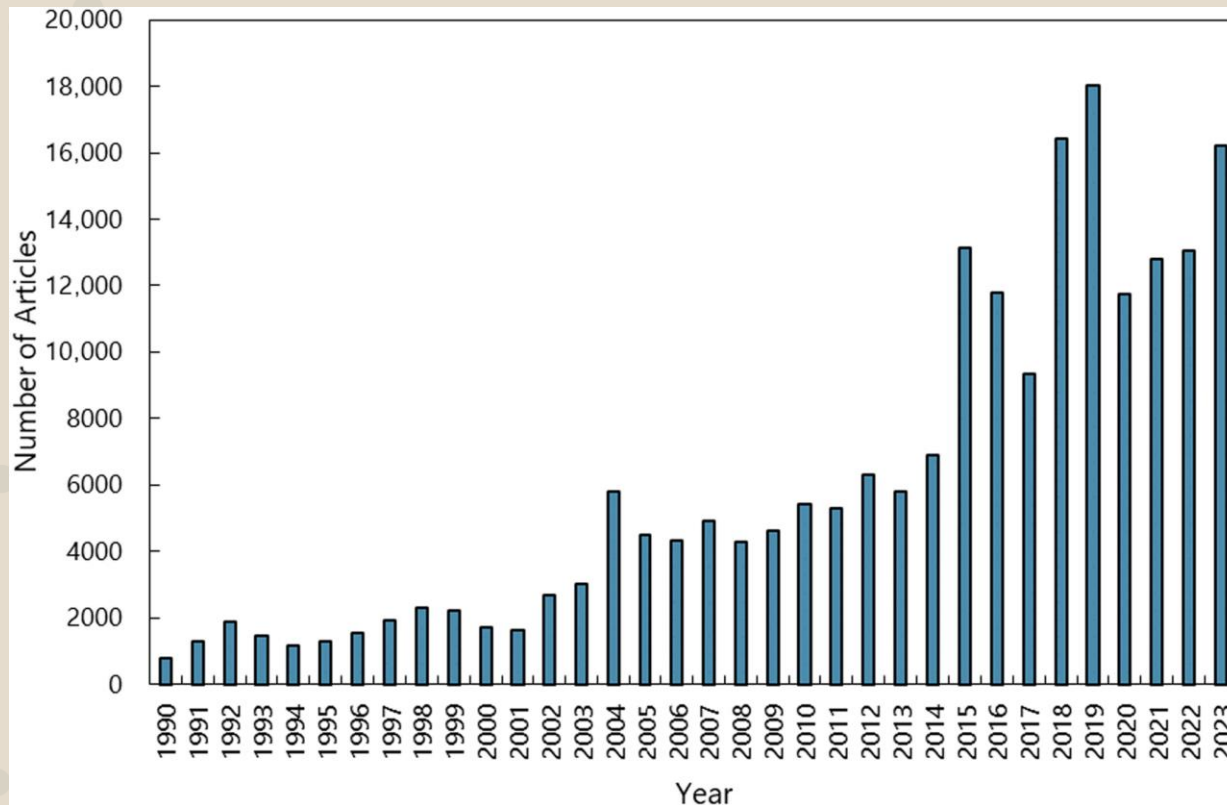


# **Industrial Policy in a New Global Order**

Presentation based on Discussion Note  
by Jonas Nahm

# Industrial Policy is back ...

... and here to stay



Mentions of Industrial policy in the major business press. Source: Evenett, Jakubik, Martín, Ruta (2024) based on Factiva.



Green Transition



Technological sovereignty

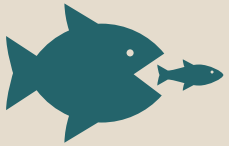


Supply chain resilience



Geopolitical tension

# The Need for Global Co-ordination



How to avoid economic nationalism and 'beggar-thy-neighbor' policies ...



... but establish a global framework for industrial policy that ensures coordination while allowing for national strategic objectives.

# Challenges for Contemporary Industrial Policies

- Overlap of economic and security considerations
- Advanced economies: legitimacy problems due to transformation from prior free-market advocacy
- Developing economies: barriers to using Western industrial strategies (e.g. EU successful WTO challenge to Indonesia's nickel export ban)



**Questions:** What industrial policies are acceptable? How can developing economies integrate into global supply chains while retaining policy space?

# Building Blocks for Effective Economic Governance



Focus on positive-sum outcomes (positive spillovers)



Transparency: clear objectives, non-discrimination



Time-limited, performance-linked support



Forward looking and pro-competitive industrial policies with clear exit strategy: Support for innovation and productivity, not protectionism for declining industries



Inclusion of Global South in high-value segments: allow for economic upgrading strategies



Investment in state capacity to prevent misallocation of resources and policy capture



# Creating the Architecture for Global Coordination

- Find the right forum for international coordination
- Balance between domestic economic goals and international cooperation and address trade-offs between of development and climate objectives
- Go beyond narrow focus on China's industrial practices

