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Waking a Dormant Legal Resource: Institutional Activation and the Origins of Important Projects of Common European Interest

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ABSTRACT

Important Projects of Common European Interest (IPCEIs) have become a central tool of the European Union's (EU) new industrial policy. IPCEIs derive their peculiar name from an exemption to the general prohibition on state aid that has existed since the Treaty of Rome but has only led to the creation of a stand-alone policy instrument in 2014. In this paper, we introduce the concept of institutional activation to shed light on both the origins and evolution of this Treaty article. We reconstruct how the article reflected a compromise between different coalitions during the Treaty negotiations; how it remained largely dormant in the absence of a sustained coalitional push to activate it; and how it was finally activated by a coalition of institutional entrepreneurs' intent on using the article's untapped potential for new forms of industrial policy.

Keywords: competition policy; historical institutionalism; industrial policy; institutional change; single market

Introduction

Important Projects of Common European Interest (IPCEIs) have become a central tool of the European Union's (EU) new industrial policy (Bora and Schramm 2024; Di Carlo and Schmitz 2023; Lavery 2024; McNamara 2024; Seidl and Schmitz 2024). IPCEIs derive their peculiar name from a clause that goes back to the Treaty of Rome. This clause – which is today 107(3)(b) TFEU and used to be 87(3)(b) TEC and before that 92(3)(b) EEC – provides a possible exemption to the general prohibition on state aid for projects that 'promote the execution of an important project of common European interest'.

As a stand-alone policy instrument, IPCEIs were created by the Commission's 2014 IPCEI communication (European Commission, 2014b). IPCEIs expand member states' leeway for industrial policy in two main ways: they allow aid for close-to-the-market activities up to and including 'first industrial deployment', and they increase the potential aid intensity with aid being allowed to cover up to 100% of eligible costs, depending on the size of the 'funding gap' (for details, see Lopes-Valença, 2024; Schmitz et al., 2025). IPCEIs have been approved in sectors ranging from microelectronics to batteries and from hydrogen to health. They have received the endorsement of both the Letta and Draghi reports, which view them as a potential 'blueprint' (Letta, 2024, p. 40) that 'should be expanded to all forms of innovation that could effectively push Europe to the frontier in strategically important sectors' (European Commission, 2024, p. 13).

However, while IPCEIs themselves are a recent phenomenon, the IPCEI article itself had existed since the beginning of European integration, remaining a 'latent' (Bora and

Schramm, 2024, p. 13) or '"sleeping" legal resource' (Di Carlo and Schmitz, 2023, p. 2081) waiting to be 'excavated' (McNamara, 2024, p. 2380) as the EU (re)discovered its penchant for industrial policy. However, existing studies provide only partial and incomplete reconstructions of the history of the IPCEI article (see also Di Carlo et al., 2025). In this paper, we offer a more complete history, not just of the activation of this long 'dormant' (Interview 5) article but also of its origins and subsequent evolution.

Using a variety of sources, including archival documents, autobiographies, internal memos and original interviews, we tell the story of the IPCEI article from the Treaty of Rome to the publication of the IPCEI communication. In doing so, we introduce the concept of institutional *activation* as a new and distinct mode of institutional change. Activation occurs when institutional entrepreneurs use dormant – i.e., rarely or never used – elements of existing institutions as resources in the coalitional work of challenging (or defending) an institutional settlement. The creation of the IPCEI communication is a typical case of institutional activation and illustrates its analytical potential and distinctive nature.

Drawing on the institutionalist literature, we first introduce and theorize the notion of institutional activation. After outlining our empirical approach, we present our findings in three subsections: on the origins of the clause during the Treaty negotiations between 1955 and 1957; on its limited use over the ensuing decades including an episode in the 1980s when activation was considered but not pursued; and, lastly, on its activation in the context of the EU's state aid reforms after the financial crisis. The conclusion summarizes our findings, showcases our contributions to the literature and discusses avenues for future research.

I. Theorizing Institutional Activation

While the 'idea of persistence of some kind is virtually built into the very definition of an institution' (Mahoney and Thelen 2010, p. 4), much of the recent institutionalist literature has focused on the endogenous drivers and dynamics of institutional change. Instead of 'big changes in response to big shocks' (Streeck and Thelen, 2005, p. 9), this literature has focused on subtle and incremental changes in how institutions operate, which can nonetheless be transformative. The potential for such changes arises from inevitable gaps between rules and their interpretation and enforcement (Mahoney and Thelen, 2010, p. 14). Actors continuously engage in 'interpretative struggle[s]' over the meaning, application and enforcement of rules (Streeck and Thelen, 2005, p. 15), probing the boundaries of what is legal and experimenting with more – or less – expansive interpretations of rules.

Such interpretative struggles point to the 'coalitional underpinnings of institutions' (Hall, 2016, p. 42). Actors continuously engage in 'coalitional work' related to the 'creation and maintenance of coalitions supporting or challenging institutions' (Emmenegger, 2021, p. 608). While institutions can 'help consolidate the very coalitions that keep them in place' (Hall, 2016, p. 42), 'institutional entrepreneurs' also 'purposefully leverage resources' to challenge existing institutions (Emmenegger, 2021, p. 610) – and with them their 'power-distributional implications' (Mahoney and Thelen, 2010, p. 14). In the case of the EU, such institutional entrepreneurs or 'change agents' can be national governments, supranational actors such as (parts of) the Commission or subnational

or transnational private actors such as companies or non-governmental organizations (NGOs) (Büthe, 2016a, p. 46; Büthe, 2016b, pp. 490–492). In the EU as elsewhere, institutional entrepreneurs exercise 'embedded agency': they want to challenge and change the very institutions that constrain (and enable) them (Garud et al., 2007, p. 961).

On the one hand, institutions often tilt the playing field in favour of incumbents, which explains their relative stickiness. For one, defenders of the status quo can use their 'institutional power' to 'steer or stymie transformative change', for example, by using their formal control over reform processes (Capoccia, 2016, p. 1116). Moreover, the 'institutionalization of cultural categories' (Capoccia, 2016, p. 1104) makes it more difficult for challengers to bring actors to reinterpret existing rules or their own interests. Institutional entrepreneurs are at a disadvantage if they attempt to go against the grain of entrenched judicial or bureaucratic interpretations and practices (Capoccia, 2016, pp. 1103–1107). Such 'interpretative feedback effects' can render institutions more cognitively plausible and normatively acceptable over time, making it harder to convince others of the desirability or appropriateness of change (Capoccia, 2016, p. 1103; Garud et al., 2007, p. 961).

On the other hand, institutions remain 'contested settlements based on specific coalitional dynamics' (Mahoney and Thelen, 2010, p. 8). Over time, coalitions that gave rise to institutions erode (Büthe, 2016b, p. 487), be it because of a 'reshuffling' of elites (e.g., through elections), broader 'realignments' based on the power-distributional implications of an institution or a 'reassessment' of an institution's cognitive and normative plausibility (Weishaupt, 2011, pp. 49–54). Such realignments or reassessments can often be triggered by changes in the external environment, which provide political entrepreneurs with windows of opportunity to effectuate change (Lavery, 2024; Di Carlo et al., 2025; Sandholtz and Zysman, 1989). As institutional entrepreneurs engage in the coalitional work of challenging an existing institutional settlement (Emmenegger, 2021), institutions become 'objects of strategic action themselves' (Hall, 2010, p. 204) and can even 'serve as the fabric to be used for the unfolding of entrepreneurial activities' (Garud et al., 2007, p. 962). While institutions create a 'gap between social change and institutional change' (Capoccia, 2016, p. 1115) by frustrating, delaying or channelling coalitional challenges, this gap can be bridged by institutional entrepreneurs – often in ways that circumvent institutions' defence mechanisms.

The literature on gradual-yet-transformative change provides an inventory of such modes of institutional change, highlighting four in particular: displacement refers to the removal of existing rules and the introduction of new ones; layering occurs when new rules are introduced on top of or alongside existing ones; drift occurs when the rules remain the same but their impact changes due to shifts in the environment; and conversion refers to the changed enactment of existing rules due to their strategic redeployment (Mahoney and Thelen, 2010, pp. 15–16). This literature also theorizes the contextual and institutional sources of different modes of change (Mahoney and Thelen, 2010, pp. 18–22): if defenders of the status quo have strong veto possibilities, outright displacement or conversion are less likely than drift or layering; if the level of discretion in the interpretation or enforcement of rules is low, layering or displacement are more likely than conversion or drift.

These four do not exhaust the 'wide but not infinite variety of modes of institutional change that can meaningfully be distinguished' (Streeck and Thelen, 2005, p. 1). In this paper, we propose a new mode of institutional change: institutional *activation*. Like similar

conceptual innovations (Dewey and Di Carlo, 2022, p. 935; Pan, 2020, p. 12), activation is related to the other modes but also differs from them in important ways. It is similar to conversion in that it involves the reinterpretation of rules that already exist, often in ways that were not originally intended (Hacker et al., 2015, p. 180). Like conversion, activation is triggered by 'actor discontinuity, as actors not involved in (in some cases not even around for) those rules' creation seek to redirect them toward new ends' (Hacker et al., 2015, p. 184). However, activation is not about changing existing practices of rule interpretation but about starting to use a rule that – while codified *somewhere* – has not been used before or only very sparingly. In other words, activation is not about repurposing active rules but about activating or 'waking' dormant ones.

With displacement, activation shares the idea that all societies are 'in some ways hybrids' (Streeck and Thelen, 2005, p. 21) that contain multiple logics (Crouch and Keune, 2005). Change therefore is often aided or enabled by the 'rediscovery or activation of previously suppressed or suspended possibilities' (Streeck and Thelen, 2005, p. 21). Like displacement, activation taps into the 'empirical diversity of the institutional legacies' (Crouch and Keune, 2005, p. 85). But activation is not about displacing 'dominant institutions' with 'subordinate' ones (Streeck and Thelen, 2005, p. 31) but about strategically using the 'untapped potential' (Pierson, 1996, p. 150) of existing institutions to defend *or* challenge an institutional settlement. In other words, activation is about the use of underutilized elements of institutions as resources in the coalitional politics of institutional change itself.

Like layering, activation involves the 'active sponsorship of amendments, additions, or revisions to an existing set of institutions' (Streeck and Thelen, 2005, p. 24). However, the latter is not just about the introduction of any new rules but about activating dormant ones. Moreover, unlike layering, activation does not involve a process of 'differential growth' whereby 'new institutions gradually siphon off the support for the old institutions' (Weishaupt, 2011, p. 42). Rather, insofar as it involves 'amendments, additions, or revisions', these new, additional 'layers' propel change precisely by activating previously inactive institutions – not by crowding out previously active ones. In other words, activation is about breathing life into old but dormant institutions, not burying old institutions under new institutional layers.

For institutional entrepreneurs, the advantage of activation is that it partly undermines one of the mechanisms through which institutions can acquire stability, namely, the advantages that the *institutionalization of cultural categories* creates for the defenders of the institutional status quo (Capoccia, 2016). By drawing on parts of the institutional framework itself, institutional entrepreneurs need not do as much 'definitional work' to make their proposal resonate with and be acceptable to both policymakers and the public or the courts and bureaucracies (Capoccia, 2016, p. 1106). After all, they can draw on the legitimacy of the existing institutional framework itself to strategically frame and articulate their projects of institutional change (Garud et al. 2007).

Institutional incumbents may still use their *institutional power* to influence how exactly an activated rule is interpreted and formalized. Moreover, even rarely used legal provisions are usually embedded in a broader institutional context (e.g., case law), and reform processes underlie certain procedural rules (e.g., periodic consultation and review processes). This is why we expect activation to occur in contexts where numerous veto players and veto points make outright displacement or conversion difficult (Mahoney

and Thelen, 2010, p. 19). However, unlike layering, which does not require much discretion with regard to the interpretation of rules, and drift, which requires discretion with regard to the enforcement of rules (Mahoney and Thelen, 2010, pp. 21–22), we expect activation to occur when discretion with regard to the interpretation of rules is relatively high but outright conversion is too costly or risky given the existence of veto possibilities and the institutionalization of cultural categories.

Activation often occurs when formal institutions represent hard-fought compromises between competing but non-hegemonic coalitions, since forging such compromises often involves coalescing around polysemic ideas or formulations (Béland and Cox, 2016) or accepting elements that 'do not "fit"', 'contradict the overall system logic' or 'are simply different' (Crouch and Keune, 2005, p. 84). Such ambiguous and/or deviant elements can later provide institutional entrepreneurs with particularly useful 'institutional raw material' (Crouch and Keune, 2005, p. 84) for activation.

A good example is Article 119 of the Treaty of Rome, which stipulates that member states 'shall ensure and maintain the application of the principle that men and women should receive equal pay for equal work'. It 'grew out of a lengthy fight between Germany and France over the more general harmonization of social policy. The Germans, who rejected calls for harmonization, eventually won. Article 119 was considered "merely hortatory"—a face-saving concession to France rather than a basis for policy' (Pierson, 1996, p. 150). And yet, while being an 'unintended by-product of the Community's original design' and laying 'dormant for almost 2 decades', this article played an immensely important role as the legal basis for its ambitious gender equality legislation and jurisdiction in the 1970s (Pierson, 1996, p. 150).[1]

In short, activation occurs when institutional entrepreneurs use dormant – i.e., rarely or never used – elements of existing institutions as resources in the coalitional work of challenging (or defending) an institutional settlement. Often, these dormant elements will be ambiguous and/or deviant legal clauses that reflect the compromise that gave rise to an institution in the first place. 'Dusting off' never-utilized clauses or 'excavating' long-forgotten rules buried deep in old law provides a powerful tool for achieving institutional change. It bypasses the stickiness that the institutionalization of cultural categories affords institutions by making change appear less radical or unusual (Capoccia, 2016). Like the other modes of institutional change, activation can help us understand how social change (e.g., changing coalitional dynamics) translates into and is formed and channelled by institutional change, which is neither 'very minor and more or less continuous [nor] very major but then abrupt and discontinuous' (Streeck and Thelen 2005, p. 6).

II. Empirical Approach

To reconstruct the origins and evolution of the IPCEI article and to test our theoretical argument about institutional activation, we follow methodological suggestions by the process-tracing literature, in particular Schimmelfennig's (2015) 'efficient process tracing' and Hall's (2006) 'systematic process analysis'. Both were developed for – and by

[1]Similarly, Schmidt (1998, pp. 66–67) observes that European competition law only 'gradually revealed its significance', often by way of the Commission using the 'leeway' provided by the European Court of Justice's (ECJ) 'generous' interpretations of existing articles. For example, its unrealized yet potentially far-reaching implications were the reason why Article 106 TFEU was referred to as a 'sleeping beauty' by Ulrich Ehricke (quoted in Schmidt, 1998, p. 67).

scholars working in – the fields of European integration and institutionalist analysis, respectively. Both emphasize the importance of starting with theory-derived expectations about the causal mechanisms that tell us 'what to look for in a causal process rather than inducing us to make up a "just so" story of our own' and paying particular attention to processes where one's theoretical approach provides expectations not shared by other approaches (Schimmelfennig, 2015, pp. 105–106; Hall, 2006, p. 27). In our case, we derive such ex ante expectations from the institutionalist literature, which highlights the coalitional underpinnings of institutions (Mahoney and Thelen, 2010), the coalitional work of actors in challenging or defending institutions (Emmenegger, 2021) and institutional self-defence mechanism (Capoccia, 2016). Furthermore, the concept of activation expects ambiguous rules to originate from compromises between competing coalitions and that successful activation occurs if there are significant coalitional challenges – often triggered by changes in the external environment – to the status quo, and the challenger coalition finds ways around the institutions' defence mechanisms.

Following this approach, we empirically trace the history of the IPCEI article in three steps. First, we provide a detailed historical reconstruction of how the article made its way into the Treaty of Rome. Doing so requires not just tracing the origins of the article but understanding the broader historical context in which it emerged. Second, we provide an overview of the article's (limited) use between the signing of the Treaty and the creation of a stand-alone policy instrument based on it, highlighting an episode in the 1980s in which activation was contemplated but rejected. Finally, we provide an in-depth reconstruction of how the 2014 IPCEI communication came about, showing how it was used as a legal resource by a coalition seeking to challenge the restrictive status quo of the EU's state aid regime. We do so by drawing on a variety of sources, ranging from archival documents to oral history interviews and autobiographies by direct participants, from internal Commission documents to Court rulings and from published reports and decisions to nine original interviews with European officials (see the Supporting Information).

III. Origins and History of the IPCEI Article

The legal basis of the European state aid regime dates back to and has remained virtually unchanged since the Treaty of Rome, which established the European Economic Community. Its state aid Articles 92–94 famously declare any aid granted by a member state which 'distorts or threatens to distort competition' to 'be incompatible with the internal market' while also providing various exceptions, including, in Article 92(3)(b) for the 'aid to promote the execution of an important project of common European interest'. In this section, we first reconstruct the historical origins of Article 92(3)(b), then provide a brief overview of its later (non-)use and finally reconstruct its activation in the form of the 2014 IPCEI communication.

Origins (1955–1957)

When the Treaty of Rome was signed on 25 March 1957, it struck many negotiators as a 'small miracle' (von der Groeben, 1998, p. 169) or a 'near miracle' (Marjolin, 1989, p. 277). Not even 3 years earlier, plans for a European Defence Community and with it a European Political Community failed to reach a majority in the French National

Assembly, creating a sense of dismay among the proponents of European integration (Marjolin, 1989, p. 276). To understand why the Treaty, including its state aid rules, was nonetheless signed requires us to understand how (geo)political dynamics and the diplomatic skills and *chutzpa* of a number of individuals enabled a compromise among diverging interests between as well as within countries (Brunn, 2020; Dinan, 2014; Küsters, 1982; Loth, 1996; Parsons, 2014).

After the failures of 1954, the first step in the *relance européenne* was the 'double pitch' (Leucht, 2023, p. 18) of the Benelux Memorandum on 18 May 1955. The memorandum shifted the discussion from political to economic integration, combining existing proposals for a nuclear energy community, most prominently advocated by Monnet, with the Beyen Plan's proposal to create a common market based on a customs union. Not only did it become the centre of discussion when the ECSC ministers met in Messina in early June 1955, it also forced Germany to resolve its 'serious' internal disagreements, most importantly between proponents of European economic integration and proponents of broader trade liberalization. The inner-German compromise that was hashed out in Eicherscheid on 22 May 1955 largely reflected the views of the proponents of European economic integration around Hans von der Groeben, who would later become the first competition commissioner, with important implications for the subsequent German negotiating position and the design of the Treaty's competition rules (Küsters, 1982, pp. 112–18).

Based on opinions of the German Scientific Advisory Board from May and October 1953, von der Groeben's group had synthesized some of the more robust institutional features of the ECSC with the idea of an institutionally safeguarded *general common market* (von der Groeben, 2002, p. 10). While broader questions about the design of institutions were left unanswered, Germany committed itself to the creation of a general common market based on the four freedoms *avant la lettre*, including robust 'rules for undistorted competition' (German Government, 1955; see Dubois, 2024, p. 50). When the ministers agreed in Messina that further steps towards integration were 'indispensable if Europe's position in the world is to be maintained, her influence restored, and the standard of living of her population progressively raised', the section on the common market strongly relied on formulations from the German memorandum (Brunn, 2020, p. 106; Dubois, 2024, p. 52; Küsters, 1982, p. 122).

Even though Messina acquired a 'retrospective gloss' as the 'Second Coming' of European integration after the Schuman Declaration (Dinan 2014, p. 72), its main outcome was much more modest: with some difficulty, it was agreed to continue negotiating by establishing an intergovernmental committee to be headed by Paul-Henri Spaak. It is in this committee that the rough contours of the Treaty's state aid rules were sketched for the first time, although still without the IPCEI exception. During the committee's work, the idea of a common market crystalized as a 'central concept and organizing principle'.[2] But safeguarding such a common market, it was agreed, would make it 'necessary to include in the Treaty provisions aiming at the elimination and prohibition, in the common market, of measures or various interventions, subsidies, aids, tax burdens

[2]PA-AA, B 20-210 50, Bericht der Deutschen Delegation bei der Brüsseler Konferenz zur Erweiterung der Europäischen Integration (Ophüls) – 21 October 1955, p. 7.

(…). But it will also be necessary to specify which of the prescribed interventions and measures can be exempted from the prohibition mentioned'.[3]

Based on – often contentious and somewhat brittle – compromises reached in the intergovernmental committee, Spaak tasked Pierre Uri and von der Groeben to write a draft report in March 1956 (Küsters, 1982, p. 236). The actual writing was mostly done by Uri, whom von der Groeben (1989) attests to have an 'exceptional command of the written word' (p. 14). Because of this and because Uri broadly shared Groeben's conception of a general common market (von der Groeben 2002, p. 13), the work proceeded efficiently, and their draft was not changed much in 'either in general content or style' (Spaak, 1971, p. 239). The report's state aid provisions built on the work of the intergovernmental committee but added a supranational component by entrusting the Commission –a name that Uri and Groeben came up with during a brainstorming session (von der Groeben, 1987, pp. 9–10) – with assessing the compatibility of aid (Intergovernmental Committee of the Messina Conference, 1956, pp. 46–48).

The report, which came to be known as the Spaak Report – though Spaak (1971) admits he is 'not the author' (p. 239) – was, albeit with some political handwringing and the political *chutzpa* of pro-European French officials, accepted at the Venice Conference on 29/30 May 1956 (Lynch, 1997, pp. 155–156; Parsons, 2014, pp. 127–129). With its 'non-binding bindingness' (Küsters, 1982, p. 268), it served as an ideal basis for further negotiations during the intergovernmental conference at Val Duchesse – and with its coherent, integrated structure, even as something of a 'treaty blueprint' (Marjolin, 1989, p. 283). Negotiations, however, came off to a slow start (Brunn, 2020, pp. 109–110). Even though the Spaak report represented a 'compromise' (Deniau, 1960, p. 56) between different economic ideas and even though Uri was a master at devising compromise formulations (Loth, 1996, p. 121), the report tilted towards German conceptions of economic order.

Thus, while Germany welcomed it as the 'Magna Charta of a competition-based economic order (*Wettbewerbswirtschaft*) (Dubois, 2024, p. 54), French officials openly 'expressed their fears, their hostility towards the common market project' (Marjolin, 1989, p. 284). Even under the new and more pro-European government of Guy Mollet, which came into power in early 1956, France harboured both political concerns about supranationality and economic concerns about liberalization. While not universally shared, there was a 'popular view' in France 'that much of French industry would not survive in the competitive climate of the Common Market' (Lynch, 1997, p. 150), with large parts of the French elites being 'essentially protectionist' (Marjolin, 1989, p. 281). While intra-German disagreements were often suppressed by Adenauer's 'overriding commitment to partnership with France' (Dinan, 2014, p. 76), France repeatedly brought the negotiations to a halt by demanding measures to cushion the impacts of liberalization which were unacceptable to the more liberal countries (Küsters, 1982, pp. 294–305; Loth, 1996, pp. 123). France thus became the negotiation's 'key battleground' (Parsons, 2014, p. 117): with her agreement, 'anything could be done'; without it, 'all roads were barred' (Marjolin, 1989, p. 281).

Negotiations picked up pace only after the summer, when France returned to the negotiating table on the tailwinds of the parliamentary approval of Euratom, with new

[3]HAEU, CM3/NEGO-38, Document de travail du secrétariat concernant la réglementation de la concurrence dans le marché commun, MAE404f/55.

personnel and a new-found willingness to compromise (von der Groeben, 1987, p. 11; Lynch, 1997, 155–156; Küsters, 1982, p. 197). Still, considerable political and economic obstacles remained, from France's demands for social harmonization to the inclusion of the overseas territories. These could be cleared only in the wake of geopolitical events, which sharply underlined the Spaak report's warning that Europe – squeezed between the United States and the Soviet Union – will increasingly find 'its external position weakening, its influence declining and its capacity for progress diminished by internal divisions' (Intergovernmental Committee of the Messina Conference, 1956, p. 5). The Suez Crisis in particular, which began with the nationalization of the Suez Canal in July 1956 and ended with the international humiliation of France and Great Britain in early November, underscored the 'costs of non-acceptance' (Lynch, 1997, p. 156) of European integration (Loth, 1996, p. 128).

Together with the crushed Hungarian uprising and the amicable solution to the Saar question, the Suez debacle provided the political lubricant that greased the wheels of the negotiations such that agreement on most issues could be reached by 9 March 1957, when the intergovernmental conference officially dissolved (Küsters, 1982, p. 414). Negotiations 'repeatedly came close to failure' (Spaak, 1971, p. 238), and it was only because of skilfully crafted compromises that they never failed for good. Uri in particular often 'used his imagination to great effect (…), on many occasions proposing solutions that enabled the difficulty of the moment to be overcome' (Marjolin, 1989, p. 300). Compromise formulations were thus ready when their time came. When someone told him, 'You're dreaming, France will never accept it', Uri recalls responding that 'it would be a shame if public opinion was ripe and the project wasn't ready'. And indeed, 'public opinion was ready because of Suez and Budapest' (Uri, 1989, p. 99). Thus, since many 'sacred cows', as Müller-Armack (1971, pp. 107–108) put it, roamed the rooms of Val Duchesse, the success of the common market hinged on whether negotiators could find compromises, which had to be ready when changes in the external context opened windows of opportunity.

This is also true for the state aid rules whose design – a general prohibition paired with exceptions – reflects the influence of both market and non-market objectives (Davies, 2013). While they certainly have a strong ordoliberal imprint, they also contain more dirigiste ideas of market intervention and planning (Küsters, 1998a, p. 129; Seidel, 2009, pp. 130–131; Warlouzet, 2019). This reflects the work of the common market group in which they were negotiated (Küsters, 1998a, p. 129). Von der Groeben, who chaired this group, viewed strict competition rules that limit market distortions by both public and private actors as the 'core of the Treaty' (von der Groeben, 2002, p. 17), and important French negotiators were fairly sympathetic towards such rules, which made negotiations easier than originally anticipated (Müller-Armack, 1971, p. 114; Küsters, 1982, p. 366). Yet von der Groeben (1989, p. 13) also recognized the importance of the state's involvement in the economy, not just to ensure 'the functioning of markets but also to ensure that markets take into account ecological, social, and regional goals'. While Germany and the Benelux countries defended the Commission's relatively strong competences in regulating state aid against French objections (Küsters, 1982, p. 368), non-market exceptions were carved out. Ludwig Erhard even felt that 'too many concessions had been made to France' and that the 'anti-competitive provisions of the treaties' pushed Europe 'in the direction of dirigisme' (Küsters, 1998b, p. 74).

One of the exceptions that epitomize the Treaty's compromise or 'syncretic' (Warlouzet, 2023b, p. 38) character is the IPCEI article. By 17 July 1956, the conference's secretariat had transposed the Spaak report's suggestions into articles that formed the basis of subsequent negotiations in the common market group (von der Groeben, 2002, p. 18).[4] When it reconvened after the summer, the article's overall architecture was discussed, with members agreeing that both a general prohibition and exceptions are necessary. No disagreement was recorded when a Belgian delegate highlighted the 'danger that a certain freedom of member states' implies for the common market. At the same time, the group members agreed to draw up lists with exceptions.[5] An internal document from 26 September provided an overview of such lists and noted, in a footnote, that the French delegation asks the group to consider exceptions for 'aids for national defense' and 'aids of European interest, for example, those aimed at favoring emerging industries or ensuring the importation of certain products'; it also suggests that 'in the case of aids of European interest (…) the Council should make a decision only on the proposal of the Commission'.[6]

On 2 November, the German economic ministry sent a draft for the state aid articles to the conference's secretariat 'at the request of' and likely written by von der Groeben. It is here that the precise wording of 'promoting important projects of common European interest' first appears in the record.[7] It is possible – given von der Groeben's close involvement in its drafting – that this formulation was inspired by the Spaak report's proposal for an investment fund to finance, among other things, 'tasks of European interest and importance' (*les travaux de caractère et d'intérêt européens*).[8] In any case, the formulation was not contested again, although the French delegation unsuccessfully attempted to insert an explicit paragraph that would, 'within the limits of the common interest', allow for support to 'emerging industries' and 'the importation of certain products'.[9]

In short, the IPCEI article emerged as part of an (uneven) compromise between competing interests and conceptions of the economy, skilfully forged against the background of a changing (geo)political environment. As Jean-François Deniau recalled, the common market was born out of a recognition that Europe's 'compartmentalization (…) was a source of enfeeblement and decline' but that the expansion of markets was also not 'sufficient to dispel all fears or to offset all the possible adverse effects' (Deniau, 1960, pp. 1, 58). This required a compromise between the 'protagonists of *laissez-faire* and planning' (Deniau, 1960, p. 3). The IPCEI article is emblematic of such a compromise; it is formulated with enough 'room for interpretation [that] each negotiation team [could] sell [it] as a success of their respective government (Seidel, 2009, p. 131). But its rhetorical origins also speak to the non-realization of a more dirigiste Europe. As former French Prime Minister Pierre Mendès-France (1957) lamented in a speech before parliament on 7 July 1957, Spaak's vision of a 'significant and well-endowed investment fund', which

[4]HAEU, CM3/NEGO-100, Projet établi le 17 juillet 1956, MAE 175f/56 mar. com. 17.
[5]HAEU, CM3/NEGO-238, Mémento interne de secrétariat concernant la première lecture de l'article, MAE/sec 34/56.
[6]HAEU, CM3/NEGO-238, Tableau synoptique des projets d'articles, MAE/sec. 51.
[7]HAEU, CM3/NEGO-238, Document 670, 2 November 1956. The French translation appeared as MAE 498f/56vr, mar. com. 98.
[8]This fund later became the European Investment Bank, as Germany could get behind and even supported a bank-like entity but not a fund based on pooled fiscal resources (von der Groeben, 1987, p. 9). Ironically, on 3 October, a subgroup of the common market group decided to 'abandon the notion of "European interest", which is considered too vague and geographically imprecise'; see HAEU, BEI-1235, MAE 621 f/56.
[9]HAEU, CM3/NEGO-238, MAE/sec. 70.

could have been the 'basis for coordinated European investments according to plans of common interest, avoiding (…) unnecessary investments [or] ruinous competition', had 'practically disappeared'. This, however, was not quite true, as the idea of coordinated investment projects 'of common European interest' did find its way into the Treaty. There, it remained dormant until it was activated more than half a century later.

Evolution (1958–2008)

As has become clear after the Treaty was signed, its competition rules were not just a compromise but a 'formulaic compromise (*Formelkompromiss*)' (Küsters, 1982, p. 367) as some delegates seemed to have considered them as mere 'declarations of intent' (von der Groeben, 2002, p. 17). In fact, it was 'contested' for a while whether the competition rules were 'directly applicable community law or merely principles for future legislation' (von der Groeben, 1989, p. 3). Even as the Commission began to assert its authority regarding the prohibition of cartels and the abuse of dominant market positions in the early 1960s, the state aid rules themselves were only sparingly enforced until the 1980s (Buch-Hansen and Wigger, 2011, p. 69). As for Article 92(3)(b), both the Commission's decisional practice and the Court's case law – few and far between as they were – gradually established a rather narrow interpretation of what counts as an important project of common European interest (Elg, 2024). In the first three decades of the Treaty's existence, the Commission approved aid under 92(3)(b) in three areas: large technology projects in aeronautics and space (European Commission, 1973, p. 92; 1983, pp. 35–36), aid for environmental protection (European Commission, 1975, pp. 102–104) and aid relating to the rational use of energy, energy saving and alternative sources of energy (European Commission, 1978, pp. 175–76).

However, these decisions did not flow from a coherent articulation of the meaning of 92(3)(b) but were made in a relatively ad hoc manner. For example, in its first guidelines on state aid in environmental matters, the Commission allowed member states to disburse aid under 92(3)(b) for a 'transitional period' if that aid was 'designed to assist existing firms in adapting to laws or regulations imposing major new burdens relating to environmental protection' (European Commission, 1975, pp. 102–310). This was not based on a coherent doctrine of what constitutes an important project of common European interest, and the Commission soon had second thoughts about the appropriateness of 92(3)(b) for such aid, paired with a more general concern that a diluted understanding of this article could undermine its then-fledgling efforts to more assertively rein in state aid. It is in this context that, in November 1986, an internal process was launched to provide 'guidelines within the Commission for the interpretation of Article 92(3)(b)'.[10]

During this process, which resulted from 'a need felt by the Commission itself, since application of the derogation has not in the past always been consistent'[11] and which lasted until October 1988, two key decisions were made. First, it was decided *not* to 'establish general criteria applicable in all circumstances, particularly those concerning the methods of granting aid and their intensity'.[12] This stands in marked contrast to 2014, when such 'criteria' were formulated (see the title of European Commission, 2014b).

[10]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, pp. 130–131, 147.
[11]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, p. 52.
[12]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, p. 100.

An internal memo questioned 'whether it is really in the Commission's interest to pursue its aim of providing itself with detailed guidelines or criteria'. Not only is it 'very difficult to establish (…) criteria that will be valid in every situation', the Commission also 'enjoys wide discretionary powers (…) to grant exemption in specific cases'.[13] Instead of tying its own hands, the Commission thus decided to merely 'identify and isolate a common denominator among all types of aid that may benefit from the exemption' and continue to decide 'in accordance with political guidelines established by itself or the Council'.[14]

Second, it was decided to apply 92(3)(b) restrictively, based on a narrow and 'cumulative' interpretation of the elements of the Treaty formulation. In other words, 92(3)(b) was to be used only for projects where it is shown that it is 'necessary' to *promote* them as they would 'not be realized' in the absence of state aid; for *projects* that are 'specific, concrete and identifiable', not 'general aid schemes'; projects that are *important* 'quantitatively and qualitatively'; that is, they should be 'large-scale and involve significant financial commitments' while also 'bringing a substantial benefit to the Community as a whole'; and projects that are *of common European interest* by benefiting the entire community in 'concrete, exemplary, and identifiable ways', not just by 'vaguely' contributing to general concepts such as 'research and development' or 'environmental protection'.[15] Article 92(3)(b) should thus 'remain restricted to a negligible number of cases'.[16]

There are two main reasons Article 92(3)(b) was not activated. For one, by the second half of the 1980s, the neoliberal faction had emerged victorious from inner-European struggles to find an answer to the challenges of globalization: creating the single market – not steering it in publicly defined directions – was seen as the best industrial policy in a globalized world (Warlouzet, 2017; Sandholtz and Zysman ,1989; Seidl and Schmitz, 2024). More dirigiste actors which could have pushed for activation were thus on the backfoot. In addition, the 'institutionalization of cultural categories' through decisional practice and case law and the 'institutional power' of the Directorate-General (DG) for Competition (DG COMP) over the reform process also militated against institutional change through activation (Capoccia, 2016). First, the Commission's decisional practice – limited as it was – had advanced a restrictive interpretation, going back to the first decision involving Article 92(3)(b), 64/651/EEC from October 1964, in which it decided that the 'manufacture of high-powered tractors' does not constitute an important project of common European interest. The Court itself also favoured a more restrictive interpretation of 92(3)(b). In a case heard during the Commission's internal review of 92(3)(b), it sided with the Commission, with the Attorney General arguing 'that the attempt to achieve self-sufficiency and to conquer world markets cannot be treated as an important project of common European interest.[17]

Second, DG COMP also had a lot of control over the Commission's review process. They were the first to express concerns about the growing use of 92(3)(b) for environmental aid and argued for using a different legal basis such as 92(3)(c).[18] Articles

[13]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, pp. 70–71.
[14]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, pp. 100, 75–76.
[15]HAEU, PSP-245, State Aids Article 92.3(b) State Aids for R&D, pp. 24–26.
[16]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, p. 54.
[17]Opinion of Mr. Advocate General Lenz delivered on 19 January 1988, *Exécutif régional wallon and SA Glaverbel v Commission*.
[18]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, pp. 115–124.

92(3)(b) and 92(3)(c) were thought to relate to each other like 'a special law is connected with a general law', with the former allowing for more generous aid but also requiring a more demanding and selective review.[19] It was thus DG COMP's goal to not let 92(3)(b) become a residual exemption, 'a convenient way to allow everything that is not allowed under other headings', but rather a '*marque d'excellence*'. In this, they had the backing of Competition Commissioner Sutherland, who was also 'in favour of a restricted application'.[20] Sutherland's (2011) goal at the time was to put his 'finger on the nerve of national sovereignty' and assert the Commission's power to limit state aid, which he saw as something that 'could be used to subvert the functioning of the internal market [and] greatly damage the whole idea'.

DG COMP's restrictive approach to 92(3)(b) essentially remained in place until 2014 and was reflected in the Commission's and the Court's state aid decisions in the 1990s and 2000s (Di Carlo et al., 2025; Elg, 2024), although aid under 92(3)(b) was sometimes granted for R&D&I projects in particular (e.g., European Commission 1992, 132). In line with the Commission's willingness to 'lay down more detailed criteria' for 'certain specific areas', 92(3)(b) was also incorporated as a 'special law' – in the above-mentioned sense – in the guidelines for environmental and R&D&I aid (e.g., European Commission, 1994, p. 8).[21] There it remained for more than two decades until a new group of institutional entrepreneurs rediscovered the potential of 92(3)(b) and sought to elevate it to a more prominent place.

Activation (2009–2014)

In parallel with the Commission becoming more 'assertive in monitoring state aid' (Warlouzet, 2023a, p. 37) since the mid-1980s, member states' industrial policies were increasingly limited to horizontal measures, that is, 'creating framework conditions for enterprise to improve its competitiveness and (…) compensate where necessary for market failure' (European Commission, 2002, p. 7). It was only over the course of the 2000s that the 'taboo' around industrial policy slowly softened and a new 'consensus' emerged that EU industrial policy should 'have some vertical elements, helping national policies to focus on selected highly promising sectors', even if Europe should 'remain confident that its single market is its first and best industrial policy' (Monti, 2010, pp. 86–88). This found its most prominent expression in the EU's embrace of Key Enabling Technologies (KETs).

In 2009, the written conclusions of the Competitiveness Council emphasized the need for continually 'preserving and enhancing the competitiveness of European industry and improving the conditions for investment in Europe', particularly in 'high-tech industries', to avoid 'production leakage' – that is, the offshoring of industrial investments, facilities and production to non-EU regions of the world economy (Council of the European Union, 2009, pp. 4–5). The Commission thus decided to set up a High-Level Expert Group on Key Enabling Technologies (HLG-KET) tasked with developing a long-term strategy on KETs, which were considered 'not only of strategic importance but (…) indispensable' given that the 'nations and regions mastering these technologies will be at the

[19]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, pp. 69–70.
[20]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, p. 144.
[21]HAEU, PSP-245, State Aids Article 92.3 (b) State Aids for R&D, p. 54.

forefront of managing the shift to a low carbon, knowledge-based economy' (European Commission, 2009). Its report highlights the 'growing and overwhelming global competition' Europe faces in KETs and argues for 'a radical rebalancing of resources and objectives in order to retain critical capability and capacity in these domains of vital European importance' (HLG-KET, 2011, p. 6). Crossing the 'valley of death' 'between basic knowledge generation' and 'commercialization' (HLG-KET, 2011, pp. 6, 26) was identified as Europe's central problem. Addressing it would require, among other things, large-scale subsidies for investment projects after the R&D stage where Europe has been 'unable to match' the 'generous incentives' offered by 'many competitor countries' (HLG-KET, 2011, p. 20).

It is in this context that the HLG-KET (2011) suggests using 'the rules of Article 107(3)b TFEU to support large scale open-access technology development, testing and demonstration facilities, including pilot lines and demonstrators in KETs where these would make a significant contribution to strengthening EU competitiveness' (p. 38). The HLG-KET is thus the first to float the idea of using 107(3)(b) to address Europe's increasingly pressing competitiveness challenges. The Commission's 2012 KET strategy takes up this idea and signals a 'willingness to promote more risky and costly innovation projects (…) closer to the market'; yet at this point, it merely hints at the possibility of granting aid under 107(3)(b) in the 2006 R&D&I framework (European Commission, 2012).

The idea of a stand-alone IPCEI communication emerges only later, during the periodic review of the R&D&I framework in the context of the Commission's State Aid Modernization (SAM) initiative. It is the outgrowth of a contingent process during which a coalition of institutional entrepreneurs take up the HLG-KET's suggestion and successfully pressure DG COMP into creating a stand-alone communication—rather than just expanding guidance on 107(3)(b) within the existing R&D&I framework. Crucially, rather than pitching the Commission against member states or companies against the Commission, this coalition included actors from all three levels: the supranational, the national, and the subnational or transnational, underscoring that we should conceptualize institutional entrepreneurship in terms of 'complex inter-institutional interactions' – for example, coalition of parts of the Commission with some member states – rather than 'privileg[Ing] the role played by one institution or class of actor over others' (Kassim and Menon, 2003, pp. 133, 125; Büthe, 2016b).

During the 2011–2012 consultation on the periodic review of the R&D&I framework, 'a number of stakeholders (mostly from industry) pleaded for a clearer approach' on IPCEIs, some of them explicitly highlighting the HLG-KET report (European Commission, 2014a, p. 9). *Micron Semiconductors Italia*, for example, writes that KET-related projects are 'clearly in common EU interest' and that 'recommendations from the HLG KET report should be implemented'. Similarly, Alstom argued that the limited use of 107(3)(b) '*ipso facto* demonstrates the need to amend the existing rules'.[22] The Commission acknowledged that 'existing criteria [may] not ensure the necessary clarity', not least given that no aid had been notified under 107(3)(b) since the R&D&I framework's entry into force in 2006 (European Commission, 2014a, p. 24). However, the

[22]Quotes taken from consultation contributions to the 2012 revision of EU state aid rules for supporting R&D&I, which is available from the DG COMP upon request.

DG COMP's initial plan was merely to expand guidance within the existing frameworks, which already contained brief chapters on 107(3)(b) (Interview 2).

However, while DG COMP wanted to only amend the existing sectoral frameworks, institutional entrepreneurs in other DGs pushed for a more general framework dedicated to IPCEIs. There was, in the words of one official, 'quite a lot of concern from [other DGs] about (…) the KETs and whether support for them could be adequately 'captured' by existing state aid frameworks (Interview 2). These were DG for Enterprise and Industry (DG ENTR) (today the DG for Internal Market, Industry, Entrepreneurship and SMEs [DG GROW]), DG for Communications Networks, Content and Technology (DG CNECT) and DG for Research and Innovation (DG RTD). During the inter-service consultations in the second half of 2013, the three DGs vetoed DG COMP's initial proposal, which required approval from all DGs. They argued that 'changes to the rules on aid for IPCEI were crucial' and that provisions would need to be 'more operational, as well as to *explicitly include close-to-the-market activities*' (European Commission, 2014a, p. 11). It is due to their institutional entrepreneurship *within* the Commission that guidance on aid under 107(3)(b) was '"spun out" from the framework into a self-standing secondary legal act' (European Commission, 2014a, p. 32): the IPCEI communication (European Commission, 2014b). There are two reasons why the Commission, in its own words, decided against a mere 'prolongation' or 'limited revision' of existing rules, opting instead for a 'complete revision' in the form of a stand-alone communication (European Commission, 2014a, pp. 30–31, Interview 2).

First, a powerful coalition of member states, companies and supranational actors successfully prompted a 'reassessment' (Weishaupt, 2011) of whether Europe's state aid regime was sufficient to address the continent's competitiveness challenges and technological lag (Interview 9, Seidl and Schmitz, 2024). However, it would be misleading to argue that the 're-interpretation' of 107(3)(b) was a 'response to a Franco-German request' – or industry request for that matter – to which the Commission merely 'conceded' (Bora and Schramm, 2024, pp. 14, 12). One DG COMP official even describes the decision to activate 107(3)(b) in the form of a stand-alone communication as 'purely internal', made by DG COMP 'in coordination with other DGs' and not in response to an 'industry or member state push' (Interview 7).[23] This does not mean that member states and industry were unimportant; but they relied on allies within the Commission who had the ability to veto DG COMP's proposals and which were responsible for many of the 'early ideas and impetus' (Interview 8) for a stand-alone communication (see also Di Carlo and Schmitz, 2023, p. 2082).

Second, the institutional entrepreneurs could take advantage of the window of opportunity opened by the periodic review of the state aid frameworks in two ways. First, this gave them an institutionalized say in the reform process, forcing DG COMP to take their demands seriously during the inter-service consultations. Second, it allowed them to reframe their quite fundamental challenge to the EU's state aid regime as a debate about the interpretation of a long-dormant and ambiguously phrased Treaty clause. Even DG COMP had to concede that it was a 'bit strange to have this dead law' and that 'we should

[23]While France – not unlike certain industry stakeholders – asked for clarification of the criteria so as to make them 'fully operational', it also recommended 'building on the existing procedures' in the 2012 consultation; neither France nor Germany pushed for a stand-alone instrument.

fill it with a bit of life by explaining how this could be used' (Interview 7). In a later evaluation of the SAM, DG COMP also depicted the lack of the 'necessary clarity and predictability' around 107(3)(b) and the 'risk of inconsistencies' between different frameworks as key reasons for creating a stand-alone communication (European Commission, 2020, pp. 16–17).

While the reform process created a window of opportunity, we argue that activating a dormant and underspecified Treaty clause made institutional change more likely than if institutional entrepreneurs had sought to convince DG COMP to repurpose an existing state aid instrument (conversion) or create a de novo state aid exemption on top of the existing ones (layering). This was of course not the first time that the lack of legal certainty around 107(3)(b) had created unease within DG COMP – similar debates took place not just in the 1980s (see previous section) but also in the early 2000s (Interview 2). But in the late 2000s, foreshadowing and paving the way towards a broader 'realignment' (Weishaupt, 2011) of European politics against the background of techno-economic and geopolitical changes (Herranz-Surrallés et al., 2024; Lavery, 2024; McNamara, 2024; Seidl and Schmitz, 2024), there was a coalition of institutional entrepreneurs intent on using the untapped potential of 107(3)(b) for the dirigiste ends that are the reason the article found its way into the Treaty in the first place.

This coalition comprised DG ENTR, DG CNECT and DG RTD; influential member states, in particular France and to a lesser extent also Germany (Di Carlo et al., 2025); and important companies, most importantly from the semiconductor industry. Hijacking the broader reform of the EU's state aid regime, this coalition took up the idea, originally floated by the HLG-KET, of using 107(3)(b) to support close-to-the-market technological innovation (Interviews 1 and 2), pressuring DG COMP to effectively agree to 'three different questions' – which constitutes clear evidence for activation: should 107(3)(b) 'be applied more frequently, particularly for projects in sectors and domains of strategic importance'? Should the 'rules be revised in order to make them more operational'? And should 'existing assessment criteria not only be revised but also consolidated in one single document applicable across all policy objectives' (European Commission, 2014a, p. 25)?

However, this did not mean DG COMP forfeited its 'institutional power' (Capoccia, 2016, p. 1116) to decisively influence the design of the instrument it was unable to prevent. On the contrary, DG COMP remained in charge of the reform process, and the IPCEI instrument's demanding eligibility and compatibility criteria clearly have DG COMP's handwriting and echo many of the internal criteria it had formulated in the 1980s such as multi-member-state requirements or high innovativeness (Schmitz et al. 2025). For example, DG COMP defended the IPCEI's multi-member-state requirement despite France and Germany arguing against it during the consultation. For DG COMP, such a requirement 'makes all the difference in the world' as IPCEIs are about not only 'allowing' but also 'forcing [member states] to pool their resources', which is the true 'beauty' of the 'IPCEI logic' (Interview 4, but see Lopes-Valença, 2024).

This reflects DG COMP's broader goal to 'not only restrict, but also redirect state intervention' (Nyberg, 2017, p. 25) such that these interventions efficiently address market failures (Piechucka et al. 2023). This is also why it keeps close tabs on IPCEI aid (Schmitz et al., 2025). DG COMP does not deny that there is a 'sound economic argument' (Interview 6) for IPCEIs. But to it, being a 'good form of industrial policy' requires

the 'crucial work' of limiting 'unnecessary aid to projects which don't fit the requirements or disproportionate aid' (Interview 3). This is reflected in both the design and governance of IPCEIs: this is not about 'rubberstamping classical industrial policy of the 19th century' (Interview 4), not a 'blank cheque' but 'still state aid control—and still quite serious state aid control' (Interview 2). In short, not unlike the Treaty clause that gave rise to them, the IPCEI communication bears the mark of a compromise between a greater leeway for interventionist policies and the desire to limit distortions to competition in the single market (Di Carlo et al., 2025; cf. Warlouzet, 2019).

Conclusion

In this paper, we have introduced and theorized the concept of institutional activation and used it to shed light on both the origins and the evolution of the IPCEI clause. We have shown how this exemption to the prohibition on state aid originated in a compromise between different economic ideas and factions during the negotiations on the Treaty of Rome; how it remained largely dormant for over half a century in the absence of a sustained coalitional push to activate it; and how it was finally activated by a coalition of institutional entrepreneurs that used the article's untapped potential to give member states more leeway in supporting close-to-the-market activities in areas crucial for Europe's increasingly challenged global competitiveness. In doing so, we contribute to the literature in two main ways.

First, we contribute to our understanding of both the history and the return of EU industrial policy by providing the most comprehensive empirical reconstruction of a central building block of the EU's current state aid regime. Future research should build on our analysis by zeroing in on specific episodes in the evolution of IPCEIs, including in a more explicitly comparative manner (Di Carlo et al. 2025). For example, we only scratched the surface of why the clause was used but not properly activated in the 1970s (energy) or the 1990s (EUREKA) or how the instrument itself has evolved since 2014, in particular in light of the EU's increasing geopoliticization (Herranz-Surrallés et al., 2024; Lavery, 2024; Seidl and Schmitz, 2024). For example, even though the design of the instrument has not changed significantly (Interview 8), one could argue that more explicitly geopolitical motives were 'layered' on top of it. Similarly, future research could explore how IPCEIs interact with complementary (industrial) policy instruments such as European industrial alliances or GBER (Interviews 3 and 5).

Second, we contribute to our understanding of institutional change in the EU and beyond by introducing, theorizing and empirically illustrating a new mechanism of institutional change: institutional activation. Our conceptualization of activation – illustrated by our reconstruction of the IPCEI paragraph – deepens our understanding of the institutional politics of (EU) policymaking: how (the EU's) institutions constrain but also enable certain types of policies. Institutional activation thus broadens the conceptual repertoire of scholars interested in understanding institutional change in the EU, thus advancing our understanding of European integration at large (Büthe, 2016a, 2016b; Kassim and Menon, 2003). It also helps us understand how ongoing technological, economic and (geo)political transformations are institutionally channelled and how historical institutions once again become battlegrounds in coalitional struggles not unlike those in which they were originally formed.

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Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

Appendix S1. Supporting information.