The Governance of New Industrial Strategy: An Inclusive and Green Agenda for Economic Transformation

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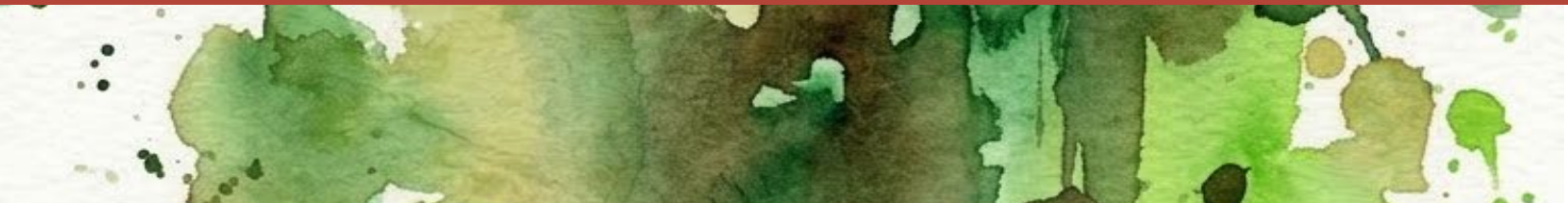

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Executive Summary

The global political economy is in a period of profound disruption. Geopolitical rivalry, climate urgency, the rise of artificial intelligence and clean energy, and recent trade disruptions, most acutely from the United States, have together produced a rapid and widespread return to deliberate industrial policy. Liberal market economies such as Canada and the United Kingdom, long resistant to explicit state-led economic strategy, are now developing industrial strategies at an unprecedented pace and scale. Yet it remains unclear whether this surge of activity constitutes a genuine shift in how states govern economic transformation, or whether it represents the recycling of older, reactive patterns of intervention dressed in new language. This question (the animating concern of this study) carries immediate practical significance: **the design and governance architecture of industrial strategies shape whether public investment catalyses structural change or merely subsidises the status quo.**

Our study set out to systematically examine how industrial strategy is being designed and governed across Canada and the United Kingdom. We have explored the state of the academic and policy literature on industrial strategy; developed an analytical framework for evaluating how industrial strategies are structured across dimensions of vision, policy instruments, governance, social justice, and place; and applied that framework comparatively across national, provincial, territorial, and devolved strategies in both countries, identifying leading practices, persistent weaknesses, and priority directions for future research in the process. Our methods include:

i) **A systematic scoping review** (69 sources: 52 peer-reviewed academic articles and 17 policy documents) on industrial policy and strategy in Canada, the UK, and Europe, using structured database searches in ProQuest and Canada Commons; and

ii) **A comparative content analysis of industrial strategy documents** (88 government strategies from 18 jurisdictions — 61 Canadian and 27 UK strategies). We assessed each strategy against 14 evaluation criteria and scored on a 1–3 scale (weak/moderate/strong), enabling both cross-country and cross-sectoral comparison.

Results from the Industrial Strategy Analysis

The UK outperforms Canada on 12 of 14 evaluation criteria, with an overall mean gap of 0.56 points (UK: 2.74 vs. Canada: 2.18). The largest UK advantages concentrate in the core mechanics of industrial policy delivery: public-private partnerships (+0.99), role of places (+0.95), explicit funding commitments (+0.88), supply-side/demand-side integration (+0.81), instruments that create or secure demand (+0.80), and state direction of investment (+0.78). Mann-Whitney U tests confirm that the differences are statistically significant, with small-to-moderate effect sizes consistent across sectors and jurisdictions. Canada's advantages are narrower and concentrated in two social justice dimensions — recognition of specific groups (+0.15) and procedural justice (+0.15) — reflecting the stronger integration of Indigenous rights frameworks and equity-oriented participation requirements in Canadian strategy documents.

At the jurisdictional level, England and Quebec lead the distribution, followed by British Columbia and the UK devolved administrations. At the bottom sit smaller Canadian provinces and territories. Two British Columbia strategies — the BC *Manufacturing Action Plan* and the BC *Maritime Industries Strategy* — rank in the top ten strategies of the entire dataset. The only strategy to achieve a maximum score across all 14 criteria is England's *Clean Energy Industries* strategy.

Sector-level analysis reveals that Canada's fossil fuel strategies produce the sharpest vision-to-instruments gap in the entire dataset: high vision scores (2.58) paired with the weakest policy instrument scores of any sector (1.30), reflecting the structural power of incumbent hydrocarbon interests. By contrast, clean energy — electricity and renewables — is the one sector where Canada matches the UK on both instruments and governance, anchored by decades of provincial experience through public utilities such as Hydro-Québec and BC Hydro.

Key Messages

- **The aspiration to new industrial strategy is broadly shared, but the governance architecture to realise it is not.** Both Canada and the UK are producing more ambitious, sectorally diverse, and thematically sophisticated strategies than the academic literature has recognised. Still, binding delivery mechanisms, demand-side tools, and named funding commitments remain systematically underdeveloped, particularly in Canada.
- **Canada's strongest industrial strategies are from Quebec and British Columbia**. Both demonstrate that operationally serious, place-based, and multi-instrument industrial strategy is achievable within a Canadian institutional context. There is an opportunity to diffuse these leading practices and develop the federal coordinating architecture that can support and amplify them.
- **Place-based thinking and strong policy instruments travel together**. Strategies that acknowledge spatial complexity (e.g., naming regions, targeting clusters, recognising territorial differentiation) are systematically more instrumentally robust. Nearly 70% of UK strategies combine high place-sensitivity with strong instruments; 41% of Canadian strategies combine low place-sensitivity with weak instruments.
- **Canada leads on recognition but lags on redistribution**. Canadian strategies score higher on social justice recognition and procedural inclusion than UK strategies. However, this advantage is not matched by distributional instruments—community benefit agreements, equity stakes, mandatory revenue sharing — that would give inclusion material substance.
- **The Canadian academic literature on industrial policy is thin**. Systematic comparative work between Canada and comparable economies is almost entirely absent, leaving policymakers without an evidence base for strategy design at precisely the moment when the quality of that design matters most. Closing this gap is both an academic priority and a practical condition for evidence-informed industrial strategy.

Introduction

The global political economy has recently become a more perilous, volatile, and disruptive place. Nations have begun to weaponize economic interdependence in a way that is more widespread and intense than in the past three decades (Bordoff & O'Sullivan, 2022). Bilateral agreements have gained ground over multilateral forums, leading to fast-moving and fragmentated trade policies (Alschner, 2025). The emergence of disruptive technologies (such as artificial intelligence and clean energy) looms to radically transform global value chains (International Energy Agency, 2021), pushing countries to fiercely compete to capture associated economic benefits and avoid falling behind (Allan et al., 2021; McNamara, 2024; Meadowcroft & Rosenbloom, 2023).

It is against this backdrop that governments are increasingly turning to industrial policy to secure their place in world politics (Allan & Nahm, 2025; Meckling, 2025). Industrial policy can be defined as "government policies that explicitly target the transformation of the structure of economic activity in pursuit of some public goal" (Juhász & Lane, 2024). There is no question that many governments have used this strategy (explicitly or implicitly) for a long time (Chang, 2011). But today's global turn to deliberate industrial policy differs from the past era in at least one key respect: it transcends ideological and geographical boundaries (Breznitz & Gingrich, 2025; Nahm, 2023). Even liberal-leaning countries that have long favored 'free-market' rhetoric, such as Canada and the United Kingdom (UK), are now explicitly embracing this kind of economic policy. Canada signaled its ambition to advance a "robust industrial policy" that drives the net-zero transition, catalyzes private investment, and creates good jobs (Department of Finance Canada, 2022). The UK is pursuing a 'modern industrial strategy' to boost investment, increase living standards, and build the industries of the future. Recent trade disruptions in the United States have, in both countries, bolstered the impetus of making industrial policy work for economic diversification and resiliency.

Despite growing interest in industrial policy to navigate turbulent times, it is increasingly recognized that new forms of governance are needed in order for it to be successful. In the past, governments have often responded to external shocks with reactive, untargeted industrial policies (Atkinson & Coleman, 1989; Haley, 2023). The trouble is that such state interventions often perpetuate existing, unjust economic structures rather than bringing about transformative changes. What makes for robust industrial policy, according to a growing body of research, is its proactive and targeted nature as well as a deep understanding of specific sectors and regions of the economy (Allan & Eaton, 2023; Breznitz et al., 2018; Clift & Woll, 2012; Mazzucato, 2024). For policymakers, this entails more than simply adding policy instruments to address new challenges. It involves institutional reforms so that industrial policy is governed in ways that fosters collaboration, learning, and flexibility (Arcand, 2025; Cullenward & Victor, 2020; Southin et al., 2025). Yet, while many studies have noted a global surge of industrial policy, how these interventions are structured and governed remains largely underexplored. It is therefore unclear whether the recent rise in state activism—notably in liberal leaning-countries such as Canada and the UK—reflects a 'new' approach to industrial policy or rather the 'old' ways of doing things. It is this issue that animates this report.

Objectives

This project, "*The Governance of New Industrial Policy: An Inclusive and Green Agenda for Economic Transformation"*, synthesises the latest academic research and policy practice, with a focus on Canada and the UK. By exploring the governance mechanisms, place-based strategies, and inclusivity measures that underpin emerging industrial policy frameworks, this initiative aims to deepen understanding of how states can design interventions that balance economic, social, and environmental imperatives. Through a systematic, evidence-based scoping review and comparative policy analysis, the project will develop a conceptual framework to bridge research and practice, providing actionable insights to inform more effective, equitable, and sustainable industrial policies that are responsive to both global shifts and the unique needs of diverse regions. This report proceeds in three parts. First, we describe our methods. Next, we share our findings across the scoping review and the comparative analysis of government industrial strategies, followed by implications and conclusions.

Methods

This study is designed as a comparative content analysis that systematically examines multiple qualitative corpora in order to generate analytics on how new industrial policy is framed and governed across contexts. Methodologically, the project integrates two complementary strands of analysis:

i. A scoping review of scholarly and policy research on industrial policy and industrial strategy in Canada, the UK, and Europe;
ii. A systematic reading of industrial strategies at multiple scales of government (federal, provincial, and territorial in Canada, and national and devolved administrations in the UK); and

Together, these strands generate a comparative, multi-source evidence base that supports the development of an analytic framework for understanding governance mechanisms, territorial and place-based approaches, and inclusivity measures in emerging industrial policy regimes. The analysis seeks to surface emergent themes, best practices, and ongoing challenges in the governance of new industrial policy, as well as to identify strengths, gaps, and future research needs. Each is described here.

Scoping Review of Academic and Policy Literature on Industrial Strategy and Policy

The study employs a thematic scoping review, targeting academic sources published within the last ten years, and policy sources published within the last five years, with a particular emphasis on findings from Canada, the UK and Europe. The search strategy included database searches in the Canadian Public Policy Collection (Canada Commons) and ProQuest, using structured title and summary fields and restricting results to English-language, peer-reviewed journal articles and policy documents within the specified time frame and to geographies of Canada, the UK, and Europe (see Appendix A.1 for search strings). All retrieved records were exported, de-duplicated, and screened (title/abstract and then full text) against predefined inclusion and exclusion criteria, with the flow of records from identification through to final inclusion documented in PRISMA 2020 flow diagrams (see Appendix A.2 and A.3).

This is a very focused scoping review that targeted literature with the terms 'industrial strategy' or 'industrial policy' in the title. As such, the search results were highly relevant to the study (most returned articles were relevant). For the academic literature review, 58 records were identified through database searches, all of which proceeded to title and abstract screening. Fifty-three articles were then assessed at the full-text stage, with 52 meeting the inclusion criteria and one excluded due to setting. For the policy-focused review, 46 records were initially identified through database Canada Commons, which focuses on Canadian policy literature. After removal of 13 duplicates, 33 records were screened at the title and abstract level, of which 25 were retrieved and assessed in full text. Seventeen policy documents ultimately met the inclusion criteria and were included in the final analysis, while 8 were excluded at the full-text stage on the basis of setting. Taken together, the two searches produced a final analytical corpus of 69 sources: 17 policy and strategy documents and 52 scholarly articles on industrial policy and industrial strategy in the relevant jurisdictions.

Canada- UK Analysis of Government Industrial Strategies

We have developed a framework for systematic data collection and comparative content analysis of strategic policy documents at both national and subnational levels, with clear criteria for extracting, coding, and comparing their content. The scope of the analysis includes all principal jurisdictions with responsibility for industrial policy strategy in Canada and the United Kingdom (UK). In Canada, this comprises the federal government and each of the ten provinces and three territories. In the UK, the analysis covers the national government and all devolved administrations – England, Scotland, Wales, and Northern Ireland. We restricted the analysis to documents explicitly targeting sectors that feature tangible production or commercialization elements. That includes manufacturing, technology and information, energy and utilities, transportation and warehousing, resource-based sectors (e.g., agriculture, mining, forestry), and innovation (e.g., research and development) (see Appendix A.4 for the definition of the NAICs classification). Strategies focused solely on services – such as banking, legal, or tourism activities not tied to value-chain development – were excluded, unless they make explicit links to industrial innovation or value addition.

Of course, industrial policies do not always target sectors that fit neatly into this categorization. For example, defense industrial policy often strongly overlaps with multiple manufacturing segments (such as aerospace and shipbuilding). In that case, we have included documents if they deliberately target sectors covered in this report and contain a strong industrial policy orientation (e.g., in the report title and the overall strategy). That said, the priority in the policy document selection was given to the sectors mentioned above. This prioritization is grounded in established industrial policy literature and ensures the analysis remains tightly focused on those sectors most critical to national and subnational industrial strategies. See Appendix A.5 for a summary of the main inclusion and exclusion criteria used during the data collection process.

Methodologically, we proceeded in three main steps. First, we identified the ministry responsible for industrial policy and searched its website for relevant policy documents. We used the following keywords to identify policy documents: "Industrial Strategy" OR "Industrial Policy" OR "Roadmap" OR "Action Plan". We scanned the documents based on their title and priority sector (when applicable) to make an initial selection. This research has been successful in several jurisdictions but less so in others (e.g., in governments with a weak tradition of developing sectoral strategies).

When this occurred, we consulted reports from the Ministry of Economy and Innovation to examine whether there was sectoral prioritization (even if this did not appear in the title). In addition, we performed keywords search on Google to identify reports that were not captured in the first step using the same keywords. This was done in an effort to be as comprehensive as possible and to collect policy documents in jurisdictions where government websites are less user-friendly. This gave us an initial list of approximately 80 reports for Canada and 40 for the UK.

The second step was to review the search results to identify those relevant to this report. Two main criteria were used for this purpose: (1) a strong focus on the identified sectors and (ii) a strong focus on economic development objectives. The documents were reviewed by assessing the introduction and conducting keywords search to determine whether they fell within the scope of the research. We prioritized sectoral industrial strategy documents but also included more generally focused ones, as long as they were strongly sector-oriented in their economic strategy (e.g., clearly prioritizing sectors and industries that fall within the scope of this report). Overall, this method a generated a total of 88 reports – 61 for Canada and 27 for the UK.

In the third step, we systemically coded the data based on seven policy dimensions identified in the literature review: level of economic prioritization, types of policy instruments deployed, references to international competitiveness, governance and monitoring arrangements, social aims, and place-based dimensions (see Appendix A.6 for references). For each dimension, we developed criteria to measure its intensity (see the analytical framework below) on a scale of 1 to 3. These criteria were developed so that they could be applied to all policy documents and jurisdictions. There then were consistently and systematically used to code the data to ensure a "structured, focused" (George & Bennett 2005) comparison between sectors, jurisdictions, and countries. A standardized data extraction sheet was created for each jurisdiction to code the policy documents.

Scoring and ranking of green industrial policy

Building on the policy evaluation literature, we have operationalized the framework presented above to systematically analyze and compare industrial policy designs across jurisdictions and sectors. We use a 3-point scale (3 = strong, 2 = moderate, 1 = weak/limited) that reflects how explicitly and concretely each dimension appears in each industrial strategy:

- A **score of 3** is given where a dimension is central, operationalized with clear objectives, instruments and sometimes metrics – for example, climate missions and targets in OECD's work on green industrial policies (OECD, 2023a, 2023b, 2024a, 2024b, 2025b, 2025c, 2025d) and mission governance, and in Altenburg & Rodrik's (2017) framing of green industrial policy as explicitly linked to decarbonization missions.
- A **score of 2** indicates that a dimension is present but partial – mentioned repeatedly, with some measures, but not systematically built into governance or instrument design, which mirrors the OECD's warning that many industrial policies mix tools without fully integrating them into a coherent strategy.
- A **score of 1** is used where treatment is generic or incidental, echoing critiques in the literature that many policies invoke concepts such as just transition or place-based approaches rhetorically but lack dedicated mechanisms, budget lines or regional structures.

We applied this 3-point scale to each policy dimension examined in this report. We used coding questions to structure the analysis and a scoring system specific to each policy dimension. Table 1 summarizes our analytical framework and how it was operationalized in the Canada and UK cases. The following briefly discusses how we conducted the analysis.

Table 1 Actionable analytical framework

Policy dimension	Sub-category	Coding question	Scoring
Vision	Economic prioritization	Are economic priorities linking the supply-side with the demand-side?	• **3 (strong):** Supply-side development is explicitly linked to identified end-users (e.g., linking hydrogen production to steel or MDHVs) • **2 (moderate):** Certain alignment between demand-side and supply-side, but demand is implicit or indirect (e.g., identifying promising export potential) • **1 (weak):** Strategy focuses on the supply-side (e.g., production capacity) or demand-side (e.g., EV deployment) but without explicitly linking the two
	Policy target	Does it include measurable economic targets with specific timelines?	• **3 (strong):** It includes specific economic targets that measure what is being produced or developed with clear timelines (e.g., producing X amount of product B by a given date) • **2 (moderate):** It includes targets but they are abstract (e.g., emissions reduction, job creation, investment levels) • **1 (weak):** It includes no explicit targets beyond generic ambition statements
	International competitiveness	Does it highlight the competitive advantage of the targeted economic opportunity?	• **3 (strong):** It explicitly frames intervention in terms of global competition, comparative advantage, or trade exposure, and is supported by benchmarking (e.g., indicators of competitiveness) or external reports (e.g., government-commissioned studies, independent expert reports) • **2 (moderate):** General references to competitiveness or leadership, but without evidence or concrete implications for policy design • **1 (weak):** There is no international or geoeconomic framing
Policy instrument	Type of policy instrument	Does it combine both carrots and sticks?	• **3 (strong):** It combines financial incentives with regulatory or mandatory instruments (e.g., standards, mandates, phase-outs) • **2 (moderate):** Incentives are combined with soft constraints (e.g., voluntary standards, guidance, conditionality) • **1 (weak):** Reliance on incentives only
	Policy steering	Does the state steer the direction of investment and industrial change?	• **3 (strong):** Explicit mechanisms through which the state steers investment toward specific value chains (e.g., local content rules/objectives, conditionalities, or public investment institutions) • **2 (moderate):** It seeks to build specific value chains but without clearly outlining the role of the state in steering the direction of investment • **1 (weak):** Policy steering is explicitly left to market forces or relied on sector-neutral policy instruments
	Demand-side market creation	Does the strategy include instruments that actively create or secure demand	• **3 (strong):** Public procurement, mandates, quotas, or standards explicitly creating markets for targeted goods (e.g., ZEV mandate, specific public procurement measures) • **2 (moderate):** Includes policy instruments that indirectly create demand for targeted goods/services (e.g., carbon pricing)

		for targeted goods or services?	• **1 (weak):** It leaves unspecified demand-side policy instruments
	Financial commitments	Does it explicitly mention how the measures are funded?	• **3 (strong):** It ties clear funding mechanisms (e.g., budget envelopes, funding sources, or multi-year allocations) to specific instruments • **2 (moderate):** It provides only limited funding information (e.g., pilot funding, envelopes without allocation, or time-limited funds) • **1 (weak):** It provides no details about how measures are to be funded
Governance	State-market institutions	Does it include dedicated public-private forums to promote collaboration in the policy process?	• **3 (strong):** It includes dedicated, permanent public-private mechanisms that facilitate collaboration in the policy process (e.g., Advisory groups, cluster organization) • **2 (moderate):** It includes coordination mechanisms but are either short-lived or primarily private or industry-led organizations (e.g., business associations) • **1 (weak):** Relies mainly on informal, ad hoc coordination mechanisms
	Accountability	• Does it explicitly mention who is accountable for the strategy?	• **3 (strong):** Explicitly states who is responsible for implementation, with clear decision-making authority • **2 (moderate):** It acknowledged accountability but without providing details about implementation • **1 (weak):** Leaves unspecified the question of accountability
	Integration with climate plans	• Does it explicitly integrate the strategy with climate actions?	• **3 (strong):** It explicitly links economic objectives with climate plans, with quantified GHG alignment • **2 (moderate):** It refers to climate documents but without clearly outlining how they are aligned/coordinated • **1 (weak):** Mostly stand-alone document with generic climate mentions
Social justice	Recognition justice	• Does it explicitly acknowledge the needs of specific groups?	• **3 (strong):** Explicit recognition of specific affected groups (e.g., fossil workers, Indigenous communities) with tailored policy responses • **2 (moderate):** Equity or fairness language is present but without being clearly embedded into policy instruments • **1 (weak):** Generic statements about fairness and social acceptability but without recognizing the needs of specific groups
	Procedural justice	• Does it include procedural justice elements?	• **3 (strong):** It includes formal mechanisms for inclusive participation (e.g., co-governance bodies, representation requirements, participatory planning processes) • **2 (moderate):** Consultations with specific groups are mentioned but without details on their involvement • **1 (weak):** Generic statements about inclusion but without details about the inclusion of specific groups
	Distributional justice	• Does it explicitly specify who stands to benefit from the policy?	• **3 (strong):** It clearly specifies who stands to benefit from the policy (e.g. SMEs, workers, regions) and how (e.g., policy targeting specific sub-groups) • **2 (moderate):** It specifies who stands to win but without details on how • **1 (weak):** It leaves unspecified the distributional effects
Geographic	Place-based dimension	• Does it explicitly acknowledge	• **3 (strong):** It explicitly mentions regions or local industrial ecosystems with tailored initiatives (e.g., hubs, corridors) integrated in policy instruments

	the role of places in the strategy?	• **2 (moderate):** Place-based sensitive language but without clearly integrating them into the policy mix • **1 (weak):** The strategy adopts mostly a spatially neutral approach, with only generic references to place-based dimensions

To assist in the analysis of numerous documents, we used Perplexity in a supervised and controlled manner. We began by creating a private space in Perplexity Pro, where we uploaded the selected policy documents. We then asked Perplexity to apply the framework presented in Table 1 to each policy document. A researcher verified each analysis by reading and evaluating the policy document. Each initial score was verified by a researcher by consulting the policy document to ensure the analysis was accurate. When the score gave by Perplexity seemed inaccurate or uncertain, explanations and excerpts were requested to verify the robustness of the initial analysis. Ultimately, the score attributed to each policy dimension was based on the researcher's judgment. A validation process was also conducted by collaborators (from Canada and UK) to strengthen the reliability of the analysis.

Findings

Literature review

This literature review, drawing on the scoping review methodology, has returned academic literature largely focussed on UK and European contexts, alongside select Canadian policy literature. It therefore has a gap—we have found that there is limited comparative literature between UK or European and Canadian contexts and the Canadian academic literature on industrial policy and industrial strategies was found to be limited in the past decade. Given the prominence of industrial strategies/policies in Canada today and the growing interest in Canada-EU trade relations and in trade diversification more generally beyond the UK market, this is an area of scholarship that demands attention. Given these findings, we have structured this literature largely as an exploration of the UK and European literature entering into dialogue with Canadian scholarship and policy concerns while reflecting on the peculiarities of Canadian industrial policy and its imperatives. This literature review is structured in five sections: i) an exploration of conceptual foundations and historical trajectories of industrial policy; ii) governance and institutional design; iii) place based industrial policy; iv) green industrial policy; and v) Canadian debates and peculiarities.

Conceptual foundations and historical trajectories

There has long been controversy surrounding industrial policy, and no consensus has yet emerged on a definition. Broadly speaking, industrial policy refers to deliberate actions taken by governments to shape the structure of their economy in a way that aligns with the national interest (Chang, 2003). While standard economic policy governments may intervene to fix the market, for example, to make it more fair, industrial policies aim to shape the market through various policy instruments.[i] Old industrial policy tended go about this by targeting traditional sectors like steel, automobiles, and heavy manufacturing, often relying on large-scale, top-down state interventions such as subsidies, tariffs, and protectionist trade measures to promote national industries and achieve self-sufficiency. By the 1990s, most OECD countries had significantly reduced their engagement in these types of activities. New industrial policy began to take shape in OECD countries during the late 2010s, with a significant

acceleration since 2020 in response to major shocks. That includes the COVID-19 pandemic, rising geopolitical tensions, supply chain vulnerabilities, and the urgent need to address low-carbon and digital transitions.[ii]

'New industrial policy' in the EU and UK can be understood as a hybrid formation that overlays novel concerns about climate, digitalisation and geopolitical rivalry on top of long-standing institutional legacies and intellectual debates about the role of the state in capitalism (Felisini & Paesani, 2025; Silverwood & Woodward, 2018). Recent strategies selectively recombine earlier post-war developmentalism, Thatcherite market liberalism and post-crisis ideas about missions, place-based development and green transformation (Besley & Davies, 2019; Eder & Schneider, 2018). Early post-war industrial policy in Britain combined selective support for manufacturing and regional policy aimed at steering plants to peripheral areas, with strong administrative controls and direct public ownership. Gooberman's (2024) work on Wales shows that what later became labelled "Regional Policy" grew directly out of wartime systems of controls and plant steering, illustrating a short but consequential phase of assertive state intervention. From the late 1970s, however, UK policy was reframed around market-liberal critiques of "picking winners", arguing that subsidies and nationalisation had distorted incentives and crowded out more efficient entrepreneurs (Silverwood & Woodward, 2018). Yet Thatcher-era governments quietly maintained targeted support for defence, aerospace and autos, while heavily underwriting financial services; this analysis leads Silverwood and Woodward (2018) to characterise the period as one of "de-industrial strategy" in which policy accelerated deindustrialisation while rhetorically disavowing industrial policy.

The EU's trajectory looks different institutionally but similar in its oscillation between market-making and more interventionist ambitions. Felisini and Paesani (2025) trace the emergence of European-level industrial initiatives from the 1960s to Europe 2020, stressing three structural constraints: divided competences between Brussels and member states, diverse economic "cultures", and chronic funding limitations. For much of this period, EU intervention took the form of competition policy, state-aid control and framework programmes for research, with "industrial policy" often framed as improving the business environment rather than directing structural change (Berglof, 2016). Since the mid-2010s, however, the literature documents a marked rise in supranational industrial policy functions, from Important Projects of Common European Interest to sectoral alliances in batteries, chips and hydrogen (Donato Di Carlo & Schmitz, 2023). Di Carlo and Schmitz (2023) reinterpret the Commission as acquiring "developmental network state" characteristics, using neo-functionalist concepts of spillover to explain how crises and Franco-German realignments expanded EU-level industrial competences.

Against this historical backdrop, "new industrial policy" appears as a re-framing of existing tools in response to three intertwined challenges: weak productivity and regional divides, climate and digital transitions, and geo-economic rivalry. In UK debates, Besley and Davies (2019) argue that the case for a new strategy arises from persistent structural weaknesses—low productivity, thin mid-sized firm cohorts, high firm churn—and from the opportunity, post-Brexit, to redesign state-aid and trade regimes. They insist that industrial strategy must become a central, data-driven function of the core executive, drawing on granular firm- and place-level evidence rather than ad hoc sectoral deals, while still being anchored in a market-failure logic and subject to rigorous evaluation. Crafts (2018) similarly

reads the May government's "modern industrial strategy" as a response to productivity stagnation and the politics of "left-behind" regions, but doubts whether it can move beyond incremental improvements in horizontal policies for skills, innovation and infrastructure.

Other UK-focused work is more sceptical of any substantive break with neoliberalism. Berry (2020) interprets post-crisis initiatives—vertical support schemes, new local governance structures, and public R&D finance—as mechanisms that "reseeding" rather than displace neoliberal norms, by embedding intervention within fiscal and institutional constraints that preserve pre-crisis growth models. Coulter (2022) likewise emphasises the Treasury's institutional dominance and its narrow market-failure lens as key reasons why UK governments struggle to adopt sustained, mission-oriented industrial strategies; repeated rebranding (from "industrial strategy" to "Plan for Growth") reflects short-termism and ideological ambivalence rather than a consolidated new paradigm.

On the EU side, recent literature makes the conceptual shift from a primarily competitiveness- and single-market-oriented "old" industrial policy to an explicit geo-dirigiste and green agenda. Veugelers, Tagliapietra and Trasi (2024) reconstruct the evolution of EU green industrial policy from the early European Green Deal to the Net Zero Industry Act, arguing that the EU has moved from a climate-first framing to a more explicitly economic-security-oriented approach in response to the US Inflation Reduction Act and China's dominance in clean-tech value chains. Fontana and Vannuccini (2024), in turn, speak of a "polycrisis" and "permacrisis" context that legitimises a more proactive state role in pursuit of strategic autonomy and green transition, and propose institutional innovations—such as an EU-level framework fund modelled on NextGenerationEU—to sustain a truly supranational industrial policy. Seidl and Schmitz (2024) conceptualise a "geo-dirigiste turn" in EU industrial policy, showing through discourse analysis and interviews how ideas of technological sovereignty and fear of "falling behind" have underpinned a shift from market creation to supranational market direction.

These developments have generated a rich debate about the normative orientation of "new" industrial policy. Eder and Schneider (2018) introduce the notion of "progressive industrial policy" for Europe, adding explicitly political dimensions—hegemony, power relations, core–periphery structures—to largely technocratic discussions. For them, what makes industrial policy "progressive" is not only sectoral focus but also its embedding in social-ecological transformation, labour empowerment and gender-sensitive democratic participation, alongside strategies to rebalance uneven development within the EU. They criticise existing proposals for underplaying conflicts between capital fractions, environmental limits and employment concerns, arguing that any genuinely transformative industrial policy must be backed by a broad, transnational coalition anchored in trade unions and social movements, and must confront the institutional bias of EU governance towards capital.

The conceptual agenda is also being reworked from the standpoint of economic theory and policy design. Pitelis (2025) proposes a "dynamic industrial organisation"-congruent industrial strategy that cross-fertilises trade and industrial policy, moves beyond traditional dichotomies (horizontal vs selective, national vs sectoral), and explicitly integrates sustainability by learning from East Asian practice. Besley and Davies (2019) similarly seek to stabilise the conceptual foundations of UK industrial strategy by tying intervention to clearly articulated market failures, insisting on time-limited,

evaluable measures and on a coherent institutional architecture that includes a strong Industrial Strategy Council. At the same time, green-industrial-policy scholars argue that the scale of decarbonisation challenges requires a more expansive justification for state direction than standard market-failure language provides, drawing on notions of missions, long-term risk pooling and "crowding in" private investment (Allan & Nahm, 2025; Löfgren et al., 2024).

This scholarship suggests that the history and ideas of new industrial policy in the EU and UK are deeply entangled. Historical analyses emphasise continuity in practices of selective support and in institutional constraints, even where discourse shifts from interventionism to market fundamentalism and back (Felisini & Paesani, 2025; Silverwood & Woodward, 2018). More recent conceptual and normative debates, by contrast, seek to legitimate a more assertive, mission-oriented and geo-politically aware state, while wrestling with unresolved tensions between market-failure and mission logics, between competitiveness and social-ecological objectives, and between supranational coordination and national or regional autonomy (Besley & Davies, 2019; Eder & Schneider, 2018; Veugelers et al., 2024).

Governance and institutional design

Debates on governance and institutional design in contemporary industrial policy centre on how far new strategies require new state capacities, new coordination mechanisms, and new "arm's-length" bodies, or whether they simply re-securitise existing neoliberal arrangements under different labels. Across the UK and EU literatures, three clusters of issues recur: the location and strength of industrial-policy centres within the state; the balance between centralisation and devolution; and the design of supranational or multi-level governance structures for green, mission-oriented and geo-strategic industrial policy.

In the UK context, Besley and Davies (2019) argue that successful industrial strategy requires embedding it "at the heart of government" as a central plank of economic management, supported by a dedicated base of permanent staff, legal mandate, and analytical capacity. They treat governance design as a response to specific informational and coordination failures: an effective industrial strategy apparatus should be able to process granular firm and place-level data, benchmark performance, and coordinate policies on skills, infrastructure and innovation with regional bodies. However, they judged the previous Industrial Strategy Council (ISC) as too weakly institutionalised—non-statutory, under-resourced, and explicitly barred from commenting on tax or making public recommendations—especially when compared to bodies like the Bank of England or the Office for Budget Responsibility (Besley & Davies, 2019). This feeds a wider concern that UK industrial policy governance remains fragmented, short-termist and prone to policy churn, undermining credibility and learning. The latest UK Industrial Strategy (published in late 2025) is meant to put these issues onto a firmer institutional foundations, situating industrial policy more centrally in the government's agenda, and providing at statutory basis for the approach (Government of the United Kingdom, 2025). However, the place-based traction that the UK Industrial Strategy will generate is also contingent on the growing place-based thinking on public appraisal underlying the 2026 reforms to the Green Book along with the extent to which it dovetails with the increasingly devolved city-region governance agenda currently proceeding through parliament (UK Parliament, 2026). It is currently too early to assess the outcomes of these governance changes, although thy are broadly consistent with the worldwide trends in place-based policy-thinking.

From a historical institutionalist perspective, Silverwood and Woodward (2018) describe how governance arrangements have repeatedly combined free market rhetoric with continued selective support, often channelled through opaque or Treasury dominated mechanisms. They stress that departmental rebranding—from the Department of Trade and Industry to BEIS—and the creation of new committees have not altered the underlying split personality of UK industrial policy, where sectoral deals and financial sector support sit uneasily alongside horizontal competition oriented governance. Berry (2020) extends this critique to the postcrisis period, arguing that new governance devices—local enterprise partnerships, Catapult centres, subnational growth deals and public R&D funds—operate less as vehicles for paradigm change and more as "pockets" through which neoliberal norms are reseeded under the guise of industrial activism. The core of the UK governance debate thus concerns whether new bodies like the ISC and devolved arrangements can develop autonomous strategic capacity, or whether Treasury dominance and market failure logics structurally limit their role (Besley & Davies, 2019; Coulter, 2022).

A second strand focuses on spatial governance and devolution. Besley and Davies (2019) explicitly link institutional design to the need for place based industrial policy, arguing for more decentralised decision making using local data. Yet they note that regional structures for policy development and implementation are underdeveloped and unstable. McCann and Ortega Argilés (2022) emphasise the tension between the UK's highly centralised governance and the ambition to foster regional innovation; they suggest that excessive centralisation itself "militates against" effective place-based industrial strategies, because the spatial unit of governance does not align with functional economic geographies. Mealy and Coyle (2022), using economic complexity methods, show that local industrial strategies designed at the level of combined authorities or LEPs mask substantial intra-jurisdictional heterogeneity in capabilities, raising design questions about how a single strategy can govern areas with divergent industrial futures. These contributions share the concern that without durable and empowered meso-level institutions, national industrial strategies risk either defaulting to "space neutral" governance or amplifying divergence between "them that hath" and "left behind" areas (Bailey & Hildreth, 2024; Besley & Davies, 2019).

In the EU case, governance and institutional design debates revolve around multilevel competences, financing instruments and the supranationalisation of industrial functions. Felisini and Paesani (2025) trace how European industrial initiatives since the 1960s have been constrained by shared competences, divergent national priorities and chronic resource shortages, with the Juncker Plan and later NextGenerationEU experimenting with new financial architectures to stretch limited public funds. They pose the question of whether the 2020 industrial strategy and NGEU could represent a "Hamiltonian moment", institutionalising a stronger EU level fiscal and industrial capacity, but highlight the potential contradiction between ambitious goals and the continued reliance on leveraged instruments and temporary facilities. Fontana and Vannuccini (2024) develop this further by proposing a framework fund modelled on NGEU, alongside the "Europeanisation" of IPCEIs and centrally managed programmes, as tools to institutionalise a permanent supranational industrial policy oriented towards strategic autonomy and the green transition. For them, governance design must align instruments with the "European public good" nature of strategic industrial investments and be anchored in reforms of the EU's own resources system.

At the same time, scholars of EU integration highlight the political economy of shifting industrial competences to Brussels. Di Carlo and Schmitz (2023) argue that the Commission has begun to operate four "developmental" functions—coordination, brokerage, risksharing and discipline—akin to a developmental network state, and use neofunctionalist theories to explain how functional and political spillovers, especially FrancoGerman realignment, have driven this rise in supranational industrial policy. Seidl and Schmitz (Seidl & Schmitz, 2024) reconstruct a "geodirigiste turn" in which the fear of falling behind in key technologies has legitimised a move from marketcreation to supranational marketdirection, raising governance questions about how to reconcile dirigiste tools (e.g. IPCEIs, sovereignty funds, security-motivated screening) with single market principles. Mariotti's (Mariotti, 2025) discussion of "open strategic autonomy" makes this tension explicit, asking whether OSA can act as a coherent compass for EU industrial policy or whether it risks incoherence between new securitised instruments and commitments to openness and multilateralism.

Eder and Schneider (2018) push governance debates in a more explicitly political direction. They critique much of the "progressive industrial policy" literature for treating institutions as neutral technocratic vehicles and instead conceptualise the state as a "material condensation" of class relations, in which industrial policy bodies reflect and reproduce particular power configurations. On this view, governance design for a genuinely progressive, social ecological industrial policy must address three issues: building "embedded autonomy" in specific apparatuses that can resist capture while maintaining sectoral expertise; ensuring coherence between industrial policy and other macro and social policies; and confronting the asymmetrical selectivity of EUl evel institutions, which they argue are biased towards export-oriented capital and constrain policy space in peripheral member states. They therefore doubt that a fully progressive industrial policy can be built at EU level under current governance structures, and instead see more room for manoeuvre at national and subregional levels, possibly supported by "pockets of protectionism" or alternative forms of regional integration among peripheral economies.

A crosscutting debate concerns the appropriate balance between arm's length, rule-based governance and discretionary, political steering. Besley and Davies (2019) advocate a market led but "realistic" approach: interventions should be justified by clearly articulated market failures, time limited, and subject to transparent evaluation, while independent bodies like an empowered ISC provide oversight and reduce the risk of capture. By contrast, Berry (2020) and Eder and Schneider (2018) caution that arm's length institutions can entrench neoliberal norms if their mandates, metrics and funding structures are not themselves politicised and reoriented. In the EU, similar issues surface in discussions of IPCEIs, the proposed sovereignty fund and competition policy derogations, where scholars question whether exceptional governance instruments will be normalised, and how they will be governed to balance industrial, competition and distributional objectives (Fontana & Vannuccini, 2024; Veugelers et al., 2024).

The governance and institutional design literature converges on the view that industrial policy demands durable organisational forms, decision rules and accountability structures that can coordinate complex missions under conditions of spatial inequality, political contestation and global geo-economic rivalry. But it remains divided on whether this can be accomplished mainly through technocratic strengthening of existing institutions, or whether more radical rebalancing of power within and across states is required.

Place-based industrial policy

Place-based industrial strategy and cluster-focused policies have become central to recent debates on industrial policy, reflecting both renewed concern with regional inequality and a shift away from "space neutral" approaches that assumed benefits would naturally diffuse from leading regions. This literature interrogates how territorial industrial strategies interact with existing agglomerations, institutional capacities, and wider value chains, and whether they can genuinely foster convergence or risk locking in divergence. A first set of contributions examines place-based industrial strategy in the UK. Johnston and Wells (2020) analyse the role of universities in delivering the UK's Industrial Strategy, which explicitly adopted a spatial focus around "place" and priority technologies. They show that competitive research funding for these technologies is highly uneven geographically, concentrated in already-strong regions, yet argue that this uneven landscape could serve as a foundation for a truly place-based strategy that builds on differentiated regional strengths rather than imposing uniform priorities. McCann and Ortega-Argilés (2022) characterise the UK as combining very high interregional inequalities with an unusually centralised, top-down governance system that historically assumed knowledge spillovers from London would automatically spread national prosperity. They argue that effective place-based innovation policy requires substantive devolution and governance reform, but that the existing centralised architecture itself "militates against" such a shift (Mccann & Ortega-Argilés, 2022). Mealy and Coyle (2022) deploy economic complexity methods to examine local industrial strategies at the level of combined authorities and LEPs. They find substantial heterogeneity in industrial capabilities within these jurisdictions and show that low-wage areas tend to have future diversification opportunities into similarly low-wage activities; incremental, path-dependent local strategies therefore risk amplifying divergence between "them that hath" and left-behind places rather than closing gaps (Mealy Penny & Coyle, 2022).

A second strand focuses explicitly on clusters, often linking them to broader EU industrial and strategic objectives. Johnston and Huggins (2023) examine Europe's semiconductor industry, highlighting how semiconductor production is concentrated in a limited number of regional clusters that are strategically important for both regional development and digital sovereignty. They argue against "space-neutral" European policy and instead advocate supporting key existing clusters via triple helix arrangements linking firms, universities and government, combined with wider regional development measures. Rolf et al. (2025) map the UK semiconductor ecosystem and show that potential cluster hubs in the Midlands and North West are under-recognised in the National Semiconductor Strategy, while firms are deeply embedded in global networks and geopolitically exposed. They conclude that effective industrial policy must be informed by detailed analysis of regional clustering dynamics and global linkages, rather than sectoral strategies designed from the centre in ignorance of actual spatial structures.

The EU's new industrial strategy explicitly re-centres place and clusters through an emphasis on "industrial ecosystems." Cojanu et al. (2021) situate emerging Romanian life sciences clusters within this framing, arguing that the EU strategy's call for place-based innovation and experimentation redirects attention to classical competitive coordinates—value chains and location—but under new conditions of risk and sectoral specificity. This research underscores how peripheral clusters face distinct challenges compared to core regions. Cappellin (2020) similarly stresses that a new European growth strategy must embed firms and industrial policies tightly within regions and cities, oriented

toward local citizens' needs and environmental quality. He emphasises the importance of organisational, social and institutional innovation, coordinated through networks linking firms, universities, public administrations and citizen communities—essentially a cluster-based, territorially embedded model of industrial change

Recent work on green industrial policy adds another layer to the place-based and cluster discussion. Atkins (2024) frames the UK's "levelling up" agenda as an inherently place-based green industrial policy, noting that net zero will drive processes of deindustrialisation and reindustrialisation that are highly uneven across regions. He argues for a "place-sensitive" green industrial policy that recognises the specific vulnerabilities and opportunities of particular communities, including the spatially concentrated creation of "green jobs" and skills, and warns that without such sensitivity, climate action could deepen regional inequalities (Atkins, 2024). Johnston, Wells and Woodhouse (2023) show that the triple helix logic underpinning industrial strategies also plays out unevenly: universities with more entrepreneurial and business-engaged profiles perform better in generating knowledge in priority technologies, raising questions about whether place-based industrial strategies that lean heavily on universities will advantage already entrepreneurial institutions and their surrounding clusters.

This review suggests a few key points. First, place-based and cluster policies are normatively attractive but institutionally demanding: they require devolved governance, fine-grained data and coordination across local actors, which many centralised systems lack (Johnston & Wells, 2020; Mccann & Ortega-Argilés, 2022). Second, clusters are both assets and potential sources of divergence: policies that build on existing strengths can lock in spatial inequalities unless explicitly designed with upgrading paths for lagging regions (Cojanu et al., 2021; Mealy Penny & Coyle, 2022). Finally, the move to green and strategic industrial policy heightens the importance of territorial design, because decarbonisation and technological sovereignty are mediated through specific regional ecosystems and clusters rather than abstract national sectors (Atkins, 2024; Johnston et al., 2023).

Green industrial policy

Green industrial policy is both a climate tool and a site of contestation over distribution, spatial hierarchies and geo-economic strategy. Within the literature reviewed for this study, Löfgren et al. (2024) argue that basic materials industries, historically low in R&D yet pivotal for net-zero, exhibit multiple market failures—knowledge spillovers, carbon externalities, coordination problems—that justify targeted state support for specific technological pathways, subject to cost-effectiveness constraints. Veugelers, Tagliapietra and Trasi (2024) trace how the EU's industrial policy has shifted from horizontal competitiveness tools towards an explicit green industrial policy under the Green Deal and Net Zero Industry Act; they critique early Green Deal instruments for overlooking social and economic dimensions and call for a more coherent framework that jointly addresses climate, competitiveness and resilience. Fontana and Vannuccini (2024) focus on how to institutionalise a permanent supranational industrial policy for strategic autonomy and the green transition, proposing a framework fund modelled on NextGenerationEU and the Europeanisation of IPCEIs, and stressing that durable green industrial policy requires reform of EU own resources to match the "European public good" nature of these investments. Allan and Nahm (2025) develop a typology of green industrial policy strategies—targeted vs open-ended, state- vs firm-led—and explain cross-national variation by sectors' positions in global supply chains and degrees of technological and demand

uncertainty. They show that both liberal and coordinated market economies are adopting more interventionist tools than traditional varieties-of-capitalism expectations would predict.

The more political strand of this literature emphasises power, distribution and global rivalry. Eder and Schneider (2018) argue that progressive green industrial policy must confront entrenched "brown" interests, core–periphery asymmetries and the risk that green growth discourses sideline deeper social-ecological transformation; for them, labour empowerment and democratic participation are integral design criteria, not add-ons. Driesen, Mehling and Popp (2024) analyse US climate-oriented industrial policy as intertwined with populism and protectionism, arguing that it advances decarbonisation while simultaneously heightening trade tensions and potentially undermining multilateral climate cooperation. Seidl and Schmitz (2024) document a "geo-dirigiste" turn in EU policy, in which concerns over technological sovereignty in clean technologies drive a shift from market-making to more directive, security-inflected instruments.

Canadian debates and peculiarities

The scholarship reviewed in preceding sections reveals an asymmetry: the academic literature on industrial policy and strategy is dominated by UK and European contributions while the Canadian academic literature that explicitly engages with these terms as organising concepts is sparse, particularly for the recent period. A systematic search returned very limited Canadian academic material using this vocabulary, and what does exist tends to engage with industrial activity through adjacent conceptual lenses — climate policy, resource sector governance, energy federalism, and place-based development — rather than as a coherent domain of state-led economic strategy or focuses on specific industrial sectors. The near absence of Canadian comparative work with European or UK scholarship is itself a significant finding. To our knowledge, Arcand (2026) represents the only recent peer-reviewed comparative analysis of industrial policy across Canada and the United Kingdom. This section therefore necessarily draws on both the academic literature — thin but illuminating — and the richer Canadian policy literature reviewed through the Canadian Commons database, where themes of industrial strategy surface more forcefully, if in disaggregated form. Together, these sources illuminate a set of debates and structural peculiarities that are distinctive to Canada and that require careful engagement before any straightforward application of European or British frameworks.

A first and foundational peculiarity of the Canadian context is the ideological architecture within which industrial policy debates have been conducted. As Mendelsohn and Zon (2021) observe, Canadian governments have always practised industrial policy — through regional development agencies, sectoral subsidies, procurement rules, and implicit support for resource extraction — but have done so behind a veil of market-fundamentalist rhetoric that prevents coherent articulation and strategic direction. This ideological taboo, rooted in the "government can't pick winners" narrative that consolidated around the Macdonald Commission in the 1980s and the Washington Consensus of the 1990s, has prevented Canada from developing what Southin et al. (2025) call a "New Canadian Industrial Strategy" — one that would acknowledge past and present interventions and design them more deliberately around publicly defined goals. The result, as Sargent (2024) documents through empirical analysis of four industrially supported sectors — steel, aluminum, aerospace, and automotive manufacturing — is a pattern of implicit, reactive, and largely uncoordinated industrial policy whose outcomes are mixed: aluminum smelting, supported through implicit electricity subsidies in Quebec, has shown strong output, hours, and productivity performance; steel mills have lagged; auto assembly

and aerospace present an ambiguous picture. The lesson Sargent draws is not that industrial policy is ineffective but that its effects vary substantially depending on the logic and design of intervention — a finding that aligns with the international evidence reviewed by Juhász, Lane, and Rodrik (2024) who demonstrate that properly identified studies show more positive effects than older work suggested, but that success depends critically on the relationship between policy instrument and structural context.

An explicit articulation of the market-fundamentalist critique within the Canadian policy literature comes from Globerman (2024) writing for the Fraser Institute — an institution rooted in classical-liberal, small-government orientations that view markets as the primary mechanism for resource allocation and are deeply suspicious of discretionary state intervention. Globerman characterises recurring enthusiasm for industrial policy as a form of "zombie economics": policies repeatedly discredited by evidence and theory that nonetheless resurface because their political economy — the concentration of benefits on organised incumbents and the diffusion of costs across taxpayers — sustains political demand for them. His survey of the empirical literature largely echoes the sceptical reading: the majority of case studies find negative or mixed outcomes, national champion strategies are particularly prone to failure, and the informational requirements for effective industrial policy, fine-grained knowledge of where genuine externalities and scale economies justify intervention, systematically exceed what central planners can access. Globerman's critique is calibrated primarily against what he calls "traditional" industrial policy (sector-specific, firm-specific, top-down subsidisation) but he extends the scepticism to newer public-private partnership models, arguing that their coordination challenges are, if anything, more severe than those of direct state direction.

The importance of this voice in the Canadian context is not simply ideological: it captures genuine concerns about capture, rent seeking, and the recycling of subsidy programmes long after their strategic rationale has faded that are empirically well-founded and must be taken seriously in any institutional design for Canadian industrial strategy. Where it diverges most sharply from newer contributions is in its treatment of the counterfactual: the question is not only whether industrial policy as currently practised has delivered, but what the consequences of non-intervention have been. Southin et al. (2025) make this argument forcefully: Canada's chronic underperformance on business expenditure on R&D, its persistent "scale-up problem" and "technological dependence problem," and the recurring pattern of technologies invented in Canada and scaled elsewhere (e.g., the lithium iron phosphate battery, the lithium-ion cell pioneer Moli Energy, and the NSERC-Tesla arrangement at Dalhousie University) are at least in part products of "shots never taken" rather than shots badly aimed. This historical accounting is supported by Sargent's (2024) empirical analysis of Canadian industrial policy from the Macdonald-Laurier Institute, which traces the evolution of federal and provincial interventions from the post-war developmentalist era through the liberalisation of the Mulroney years and into the Trudeau government's expansion of industrial support through the Strategic Innovation Fund and Superclusters initiative. Sargent's central finding is that the post-Mulroney retreat from explicit industrial strategy did not produce a clean break with state intervention: governments continued to support steel, aluminum, aerospace, and automotive manufacturing throughout the 1990s and 2000s, but did so reactively, without strategic coherence, and largely in response to lobbying and competitive pressures from other jurisdictions rather than from a proactive vision of where Canada's comparative advantages should lie. The passive laissez-faire approach of that

era, in other words, did not eliminate industrial policy; it made it more incoherent and more prone to the very capture and rent-seeking that critics like Globerman (2024) as endemic risks.

A second Canadian set of concerns that shapes this literature concerns two structural problems that Canadian governments have historically struggled to address. The first is what Southin et al. (2025) term the "scale-up problem": the difficulty of growing innovative Canadian firms from the startup phase through to globally competitive technology suppliers, given chronic constraints in access to patient capital, the "feeder cluster" phenomenon whereby Canadian startups are acquired by foreign investors and relocated abroad, and the branch-plant structure of much foreign direct investment that sources technology from existing international networks rather than building local capabilities. The scale-up problem is a market failure in the narrow sense. It reflects path-dependent institutional structures in the financial system, in university-industry relations, and in procurement that consistently favour incremental adaptation over strategic investment.

The second structural problem ("technological dependence") arises from Canada's historically branch-plant economic structure, in which subsidiaries of large foreign firms underinvest in R&D and source technology internationally, rather than building domestic innovative capacity. This problem, first identified by the Science Council of Canada in the 1970s under the rubric of "truncation," has persisted through multiple rounds of policy reform. The lesson that Southin et al. (2025) draw from both Canadian success stories (e.g., canola development through the Rapeseed Association of Canada, oil sands technology through AOSTRA, the satellite industry through strategic procurement and the Interdepartmental Committee on Space) alongside international comparisons is that overcoming these structural problems requires three elements: sustained long-term commitment to specific technology areas rather than one-off programmes; dedicated coordination mechanisms that continuously align government and industry as innovator needs evolve; and a broad policy mix that goes well beyond R&D tax credits to encompass procurement, standards-setting, export support, intellectual property frameworks, and patient capital.

This diagnosis resonates strongly with the international literature reviewed elsewhere in this report. The systematic survey and meta-analysis of the industrial policy literature by Juhász and Lane (2024) confirms that industrial policy is most effective when it addresses genuine coordination failures rather than simply subsidising incumbents, and that public-private information exchange is a central mechanism of effective implementation. Meckling's (2025) account of the geoeconomic turn in decarbonisation similarly emphasises that countries with high institutional capacity for industrial policy — reflected in embedded public-private partnerships and sectoral expertise within government — are better positioned to capture the economic benefits of the green transition. Canada's deficit in this institutional capacity, documented by both Southin et al. (2025) and Haley (2023) is a direct consequence of the decades-long taboo around industrial strategy, which left federal departments without the expertise needed to design and implement proactive sectoral industrial strategies.

The relationship between industrial policy and the green transition is where the Canadian literature connects most directly with the European and British scholarship reviewed in previous sections — and where Canada's structural peculiarities are most starkly exposed. Arcand (2026) the single most directly relevant comparative contribution, uses carbon capture, utilisation, and storage (CCUS) policy between 2007 and 2023 to explain why the United Kingdom pivoted toward a proactive, cluster-based green industrial strategy while Canada remained aligned with a liberal market

approach throughout the same period. The analysis is built on the three-I framework of interests, ideas, and institutions. In the UK, the 2016 Brexit referendum served as an ideational turning point that weakened long-standing opposition to industrial strategy and created political imperatives ("levelling up" deindustrialised regions) that gave CCUS a powerful new economic development rationale beyond energy policy. Coalitions of local authorities, business groups, and industrial associations in Teesside and Humberside became advocates for CCUS as a vehicle for regional revitalisation, creating the political constituency for targeted state investment that the earlier period had lacked. The institutional merger of the Departments for Business, Energy and Industrial Strategy (BEIS) embodied this convergence of economic and climate objectives. In contrast, in Canada, the enabling conditions for this shift were structurally absent. As Arcand documents, CCUS policy has been inseparable from the interests of the hydrocarbon sector throughout its history: under the Harper government it functioned as a "licence to operate" for the oil and gas industry under climate pressure; under the Trudeau government, carbon pricing was positioned as the cornerstone of climate strategy, reflecting a persistent preference for market-based instruments over targeted industrial intervention. When CCUS tax credits were finally introduced, they were designed to be sector-neutral to minimise political conflict — an approach consistent with LME industrial policy style, featuring passive rather than active funding mechanisms and limited state steering of investment direction. This finding connects directly with the broader VoC literature's characterisation, synthesised by Arcand (2026, p. 1), that liberal market economies like Canada have "long been portrayed as institutionally ill-equipped to pursue state-led economic transformations". As Arcand (2026) elaborates, the Hall and Soskice (2001) framework predicts that LME industrial policy will tend towards a small number of objectives, sector-neutral instruments, and a preference for market forces steering investment direction rather than active state targeting; a pattern observable in Canada's CCUS policy mix.

Janzwood, Harrison, and Carter (2026) add a further dimension to this picture through their comparative study of four Canadian provinces, which reveals a structurally entrenched disconnect between climate ambition and fossil fuel production policy. Their analysis shows that provinces most dependent on fossil fuel production (Alberta, Saskatchewan, and Newfoundland and Labrador) resist both emissions caps and production constraints with an intensity proportional to the economic significance of incumbent fossil fuel industries. This provincial-level structural power has no equivalent in the UK context: while the UK's post-Brexit industrial strategy could be designed and implemented by a unitary central government mobilising regional coalitions around new low-carbon industries, Canada's constitutional architecture vests ownership of natural resources with provincial governments whose economic interests are deeply tied to fossil fuel incumbency. The result is that any credible national industrial strategy in Canada must navigate a federal structure in which the key levers of economic development, resource extraction, skills, infrastructure, and innovation, are divided across multiple levels of government whose interests frequently diverge. As Arcand and Meadowcroft (2025) observe, this structural condition has made the narrow framing of climate policy around cost-effective emissions reductions politically advantageous for the federal government, because it avoids committing to specific industrial transformation pathways that would require confronting provincial resistance.

Haley (2023), writing for the Broadbent Institute, makes a related argument about the risk of institutional capture in Canada's emerging green industrial policy instruments. His concern is that entities like the Canada Growth Fund, if mandated primarily to "crowd in private capital" rather than

to lead technology-specific missions, will end up catering to corporate welfare-seekers rather than innovative, high-risk pioneers, thereby essentially replicating at the federal level the passive, reactive pattern of industrial policy that Southin et al. (2025) identify as Canada's characteristic failure mode. This warning echoes the concerns raised in the European literature by Eder and Schneider (2018) about the risk that formally progressive governance arrangements reproduce neoliberal norms if their mandates and evaluation metrics are not reoriented towards structural transformation rather than financial returns.

A strand of the Canadian policy literature connects to broader debates about geoeconomic competition documented by Meckling (2025) and Evenett et al. (2024) concerning the relationship between industrial policy and national security. The 2024 Business Council of Canada report on defence industrial base strategy makes the most forceful case, documenting Canada's failure to meet NATO benchmarks (ranking Canada 27 of 32 members on defence-GDP ratio and 31st on equipment share, inhabiting what the report characterises as a "quadrant of shame") and framing defence industrial base investments as high-return industrial policy in their own right: R&D-intensive, export-oriented, with strong dual-use spillovers in cyber, space, microelectronics, and advanced manufacturing. This security-oriented framing is increasingly aligned with the critical minerals literature, where the Standing Committee on Natural Resources (2021) identifies targeted, long-term strategies around critical minerals, dual-use technologies, and resilient supply chains as essential to economic security, and calls for institutional reforms in permitting, procurement, and investment incentives. Together, these contributions represent a distinctive convergence in the Canadian policy debate between the green and security rationales for industrial policy—a convergence that, in the European context, has driven the EU's "open strategic autonomy" agenda and its Clean Industrial Deal. These security concerns are playing out in real time. Since these reports were written, the strategic context has sharpened considerably: the return of the Trump administration has introduced a new register of economic coercion directed at treaty allies as well as rivals; Russia's ongoing war of aggression in Ukraine has accelerated allied commitments to defence expenditure and supply chain resilience; and US military strikes on Iran have further destabilised regional energy markets and allied burden-sharing arrangements. For a mid-sized, trade-dependent economy like Canada, these developments collectively elevate industrial policy in defence, critical minerals, and dual-use technologies from a discretionary competitiveness instrument to a condition of strategic autonomy.

The final cross-cutting theme in the Canadian policy literature concerns the governance dimensions and distributional implications of industrial strategy. Mendelsohn and Zon (2021) coin the term "inclusive industrial policy" to capture a framework in which economic growth, innovation, and firm success are pursued alongside economic and social inclusion, community wealth, and environmental sustainability. Their toolkit emphasises strategic procurement, democratising capital, and embedding inclusion and sustainability metrics into investment vehicles and institutions. This concern resonates with the European progressive industrial policy literature reviewed by Eder and Schneider (2018) and with the place-based industrial policy literature, which warns that strategies that build on existing technological strengths risk amplifying spatial inequality unless explicitly designed with upgrading pathways for lagging regions. In the Canadian context, the spatial dimension of inclusion is complicated by the interaction between the federal structure, Indigenous rights and land claims, and the geographical concentration of both resource industries and clean technology opportunity in specific provincial jurisdictions.

Southin et al. (2025) translate these concerns into concrete institutional recommendations: an advisory task force housed at the Privy Council Office to support strategic priority selection; sector-specific coordination bodies to co-create technology roadmaps with industry; and a central mechanism, possibly a PCO unit and cabinet committee, to align the policy mix across departments and ensure consistent, long-horizon support in five to seven priority technology areas. These recommendations reflect the broader Transition Accelerator emphasis on "transition pathways" and institutions capable of continuous learning and course-correction rather than one-off subsidy programmes. The logic closely parallels the governance prescriptions in the European and UK literature—Besley and Davies (2019) on embedding industrial strategy at the heart of government, di Carlo and Schmitz (2023) on the developmental functions of effective industrial policy institutions—but must be adapted to the specific institutional architecture of Canadian federalism, which complicates both the design of central coordination and the implementation of cross-departmental alignment.

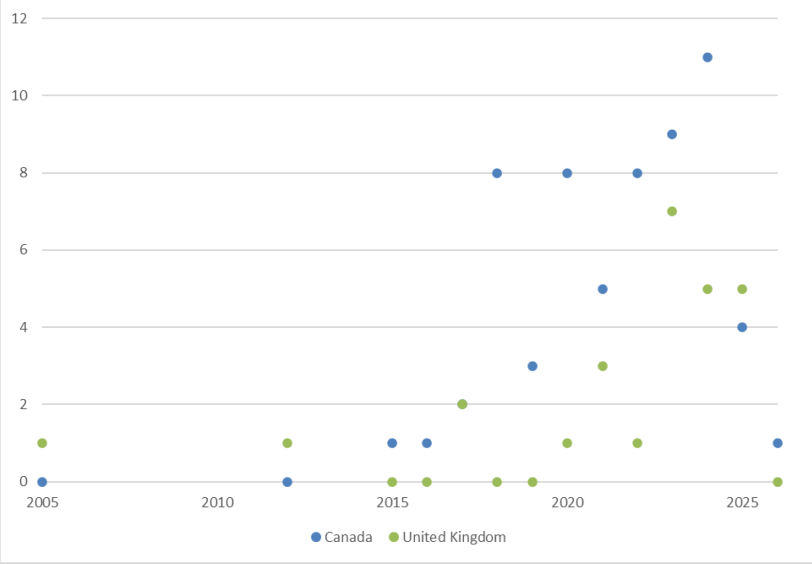
Across the literature reviewed, the principal debates concern not whether to intervene, but how to do so in ways that overcome Canada's structural scale-up and dependence problems, exploit opportunities in green innovation and critical minerals, support a robust defence industrial base, and deliver broad-based, inclusive prosperity. Tensions lie around the state's epistemic limits and susceptibility to capture (Globerman, 2024), the balance between horizontal and vertical measures (Sargent, 2024; Southin et al., 2025), and the design of institutions capable of implementing mission-oriented strategies with accountability and flexibility across a decentralised federal system (Mendelsohn and Zon, 2021; Arcand, 2026). What is notably absent, however, is a body of scholarly work that systematically compares these Canadian debates with the European and British literature, examines the mechanisms of industrial strategy effectiveness across these contexts, and develops an analytical framework that takes seriously both the international experience and Canada's constitutional and political economy peculiarities. The contribution of Arcand (2026) represents a significant step in this direction, but it is targeted at a specific technology in a specific time period. The broader comparative and theoretical work examining how Canada's institutional configuration, its federal structure, and its particular configuration of fossil fuel incumbency and clean technology opportunity interact to shape what kinds of industrial strategy are politically and institutionally feasible, remains underexplored.

Comparative analysis of government industrial strategies

This dataset comprises 88 industrial strategy documents drawn from 18 jurisdictions across two countries: 14 Canadian jurisdictions (the federal government, ten provinces, and three territories) and the United Kingdom and its devolved administrations (England, Scotland, Wales, and Northern Ireland). In total, the sample includes 61 Canadian strategies and 27 UK strategies, published between approximately 2015 and 2025, covering 64 distinct economic sectors such as hydrogen, critical minerals, advanced manufacturing, and food manufacturing. Each strategy was scored against 14 indicators capturing vision, policy instruments, governance, social justice, and geography, using a three-point ordinal scale—1 (weak or absent), 2 (partial or moderate), and 3 (strong or explicit)—yielding a maximum possible mean score of 3.00 per indicator and per strategy. This scoring approach enables systematic comparison across individual strategies and aggregate patterns by jurisdiction, sector, and country, and it supports subsequent analyses of strengths, weaknesses, and clustering in industrial strategy design (see methods).

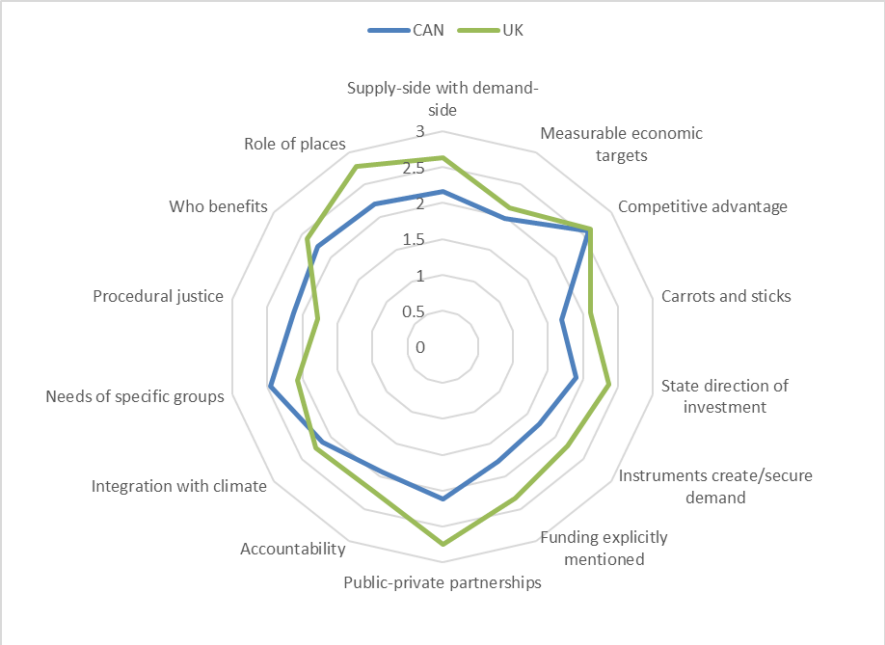
Of the set of strategy documents, activity peaks in most recent years (2023 and 2024 represent the peak years of publication, 16 documents each), suggesting that **industrial strategy has become an increasingly prominent policy tool in both Canada and the United Kingdom over the past decade** (Figure 1). Prior to 2020, strategy publication was relatively sparse and episodic, with the notable exception of Canada's 2018 *Federal Economic Strategy Tables*, which saw eight documents released simultaneously as part of a coordinated national effort to identify sector-specific growth opportunities. In terms of sectoral profile, the most recently published strategies — particularly those from 2023 to 2026 — are heavily oriented around the green economy transition, with critical minerals, hydrogen, clean energy, and carbon management featuring prominently across both countries. Advanced manufacturing and digital technologies also feature consistently, while several jurisdictions have published strategies targeting place-based resource sectors such as seafood, agri-food, timber, and offshore wind, reflecting efforts to align traditional industrial strengths with decarbonisation goals.

Figure 1 Strategy by publication year, Canada and UK



As an overall comparison, the spider diagram compares the average scores of Canadian (CAN) and United Kingdom (UK) industrial strategies across 14 evaluation criteria (Figure 2). The UK outperforms Canada on 12 of the 14 evaluation criteria, with an overall mean gap of 0.56 points on the 1–3 scale (UK: 2.74 vs Canada: 2.18). indicating that the UK's stronger industrial strategy performance is structural rather than the product of excellence in one narrow area.

Figure 2 Canada UK, sum of all cases, all criteria



The largest UK advantages are concentrated in the policy instruments cluster. Public-private partnerships produce the single largest gap in the dataset (+0.99), reflecting the UK's more systematic embedding of collaborative delivery mechanisms across its strategies. Closely behind are explicit funding commitments (+0.88), Role of Places (+0.95), supply-side with demand-side integration (+0.81), instruments that create or secure demand (+0.80), and state direction of investment (+0.78). Together, these gaps describe a portfolio that is not only more directive in its ambitions but more precisely tooled in its delivery: naming funding, specifying partners, and anchoring investment in place.

Canada's advantages lie in two social justice criteria: Needs of Specific Groups (CAN: 2.59 vs UK: 2.43, gap −0.15) and Procedural Justice (CAN: 2.24 vs UK: 2.09, gap −0.15). These are the narrowest gaps in the entire dataset and reflect the stronger integration of equity frameworks, Indigenous rights considerations, and participatory process requirements in Canadian strategies — a feature of the Canadian policy context that the UK portfolio does not consistently replicate. Also notable, Competitive Advantage is among the highest-scoring criteria for both countries (CAN: 2.72, UK: 3.09), suggesting that both portfolios articulate sectoral rationale and economic positioning reasonably well. The overall gap between them therefore does not arise from a failure of strategic vision on Canada's part, but from a consistent failure to translate that vision into binding instruments, named commitments, and place-sensitive delivery mechanisms, precisely the dimensions where the UK is strongest.

Results from a Mann-Whitney U test indicate that the United Kingdom scores significantly higher than Canada on seven of the 14 evaluation criteria at the 5% level, while Canada scores significantly higher on two criteria; the remaining five show no statistically significant country-level difference. (Table 2).[iii] The most statistically pronounced UK advantages centre on the core mechanics of industrial policy design: public–private partnerships ($r = 0.33$, $p < 0.001$), role of places

(r = 0.32, p < 0.001), supply-side/demand-side linkage (r = 0.31, p = 0.001), funding explicitly mentioned (r = 0.32, p = 0.002), state direction of investment (r = 0.27, p = 0.006), instruments that actively create or secure demand (r = 0.26, p = 0.009), and carrots and sticks (r = 0.23, p = 0.023). These small-to-moderate effect sizes, consistently favouring the UK, indicate that the UK's more frequent use of binding demand-side tools, explicit investment steering, named budget envelopes, geographically embedded cluster strategies, and formal collaborative forums is not driven by a handful of outlier documents, but reflects a systematic difference in policy design.

Table 2 Mann-Whitney U test, Canada and UK, by criteria

Criterion	CAN Mean	UK Mean	CAN Median	UK Median	U Statistic	p-value	Effect Size r	Sig	n_CAN	n_UK
Public-private partnerships	2.11	2.74	2	3	478	0.00066	0.33	***	61	27
Role of places	2.2	2.78	2	3	492	0.00091	0.32	***	61	27
Supply-side with demand-side	2.16	2.63	2	3	498	0.00119	0.31	**	61	27
Funding explicitly mentioned	1.77	2.33	2	2	495.5	0.0016	0.32	**	61	27
State direction of investment	1.9	2.37	2	2	540.5	0.0057	0.27	**	61	27
Needs of specific groups	2.46	2.07	3	2	1091.5	0.00784	0.26	**	61	27
Instruments create/secure demand	1.72	2.22	2	2	551.5	0.00886	0.26	**	61	27
Carrots and sticks	1.69	2.11	1	2	588.5	0.02306	0.23	*	61	27
Procedural justice	2.13	1.78	2	2	1046.5	0.02712	0.22	*	61	27
Accountability	1.93	2.22	2	2	647.5	0.08602	0.17	ns	61	27
Who benefits	2.23	2.41	2	2	708.5	0.24506	0.11	ns	61	27
Measurable economic targets	1.98	2.15	2	2	724	0.33872	0.1	ns	61	27
Integration with climate	2.13	2.26	2	2	747	0.46084	0.07	ns	61	27
Competitive advantage	2.59	2.63	3	3	806	0.8494	0.02	ns	61	27

Note: * p<0.05 ** p<0.01 *** p<0.001 ns = not significant

By contrast, Canada exhibits statistically higher scores on needs of specific groups (r = 0.26, p = 0.008) and procedural justice (r = 0.22, p = 0.027), reflecting a more consistent emphasis on the explicit recognition of Indigenous Peoples, equity-seeking groups, and procedurally inclusive language around consultation and participation. However, these social justice advantages coexist with weaker performance on the instrument-design and implementation dimensions noted above, suggesting a profile in which recognition and participation are more developed than directive economic tools. Four criteria show no statistically significant difference between the two countries: accountability (p = 0.086), who benefits (p = 0.245), measurable economic targets (p = 0.339), and integration with

climate (p = 0.461). Competitive advantage is also statistically indistinguishable (p = 0.849), confirming that benchmarking against global competitors and articulating the strategic rationale for sectoral targeting is effectively a shared baseline practice in both contexts.

To move beyond country-level averages and examine the internal coherence of industrial policy within each jurisdiction, we conducted a variance and consistency analysis. For each jurisdiction, three complementary metrics were calculated: the mean score across all 14 criteria and all strategies (measuring overall policy ambition), the standard deviation (measuring spread of scores within a jurisdiction), and the coefficient of variation (CV, expressed as a percentage — measuring relative internal inconsistency, standardised for differences in mean level). A high CV signals that a jurisdiction's strategies vary widely in quality and design sophistication, potentially indicating the absence of a coherent, system-wide approach to industrial policy.

Table 3 Internal Variance and Coherence

Jurisdiction	N_strategies	Mean_score	Std_dev	CV	Min_strategy_mean	Max_strategy_mean	Range
England	12	2.55	0.3	0.12	1.79	3	1.21
Quebec	11	2.51	0.23	0.09	2	2.86	0.86
British Columbia	6	2.36	0.37	0.16	1.64	2.64	1
Scotland	5	2.2	0.35	0.16	1.64	2.43	0.79
Wales	4	2.2	0.3	0.14	1.79	2.5	0.71
Federal Government	12	2.19	0.24	0.11	1.86	2.57	0.71
New Brunswick	2	2.14	0.51	0.24	1.79	2.5	0.71
North Ireland	6	2.11	0.32	0.15	1.86	2.71	0.86
Labrador and Newfoundland	3	1.93	0.21	0.11	1.71	2.14	0.43
Ontario	7	1.92	0.32	0.17	1.5	2.43	0.93
Manitoba	2	1.89	0.25	0.13	1.71	2.07	0.36
Nunavut	1	1.86	NaN	NaN	1.86	1.86	n/a
NWT	2	1.82	0.15	0.08	1.71	1.93	0.21
Nova Scotia	3	1.79	0.21	0.12	1.57	2	0.43
Alberta	4	1.77	0.19	0.11	1.57	1.93	0.36
Yukon	4	1.73	0.12	0.07	1.57	1.86	0.29
Saskatchewan	3	1.62	0.34	0.21	1.36	2	0.64
PEI	1	1.43	NaN	NaN	1.43	1.43	n/a

Note: Jurisdictions with only one strategy (Nunavut, Prince Edward Island) have no calculable SD, CV and are excluded (NaN).

Across jurisdictions, the distribution of strategy-level mean scores reveals clear performance gradients and notable differences in internal consistency. England and Quebec sit at the top of the distribution (Mean_score ≈ 2.55 and 2.51 respectively), followed by British Columbia and the devolved UK administrations (Scotland and Wales), all with mean scores above 2.2, indicating that these jurisdictions not only adopt more comprehensive industrial strategies on average but also cluster around relatively high baselines. By contrast, Saskatchewan, Yukon, PEI, Nunavut, and several smaller Canadian jurisdictions occupy the lower end of the spectrum (Mean_score below 1.8), pointing to thinner or more weakly specified industrial strategies overall.

Variation within jurisdictions, captured by the standard deviation, range, and coefficient of variation (CV), shows that some high-scoring jurisdictions are also relatively consistent internally. Quebec and the Federal Government combine above-average mean scores with comparatively low CVs (around 0.09–0.11), suggesting a reasonably coherent approach across different sectoral strategies within these jurisdictions. In contrast, New Brunswick, Saskatchewan, Ontario, and British Columbia display higher CVs (≈0.17–0.24) and wide ranges in strategy means, indicating more heterogeneous practice where some strategies are substantially more developed than others within the same jurisdiction. For jurisdictions represented by a single strategy (PEI and Nunavut), no within-jurisdiction variability can be reported (standard deviation and CV are undefined), so apparent "consistency" in these cases simply reflects the absence of multiple observations rather than a genuinely uniform strategic approach.

In order to understand **variation across sectoral areas**, the strategies were disaggregated into nine broad sector categories and mean evaluation scores are compared between Canada and the UK within each sector using Mann–Whitney U tests (Table 4). This sector-level analysis examines whether the overall country-level gap is a consistent phenomenon across sectors or driven by the composition of each country's portfolio and can identify any sectors where Canada's strategies match or exceed UK performance, providing potential areas of comparative strength.

Table 4 Sector analysis, Canada UK, all strategies

Sector	CAN n	UK n	CAN Mean	UK Mean	Gap	p-value
Advanced Mfg, Transport & Defence	16	9	2.14	2.23	0.09	0.6706
Critical Minerals & Mining	15	1	1.99	2.5	0.51	n/a
Clean Energy – Hydrogen	9	3	2.21	2.52	0.31	0.1924
Innovation, Digital & Knowledge	8	3	1.91	2.24	0.33	0.355
Clean Energy – Electricity & Renewables	2	6	2.64	2.52	−0.12	0.7374
Agri-Food, Forestry & Bioeconomy	5	2	2.19	2	−0.19	0.8407
Fossil Fuels – Oil & Gas	4	0	1.63	n/a	n/a	n/a
Batteries & EVs	1	1	2	2.43	0.43	n/a
CCUS & Carbon Management	1	1	2.43	2.64	0.21	n/a

Note: One UK strategy (Software Cyber Sectoral Action Plan, North Ireland) is coded as "Cross-Sectoral / Other" and sits outside the nine-sector taxonomy; it is excluded from this table but included in all jurisdiction-level and country-level analyses. Mann–Whitney tests are marked "n/a" where either country has fewer than two observations in a sector, consistent with the minimum-observations limitation noted in the methods.

At the **sector level, no statistically significant differences between Canadian and UK strategies**. The absence of statistical significance reflects insufficient statistical power to detect differences reliably when sector–country cells contain as few as two or three observations. Descriptively, the UK mean exceeds the Canadian mean in six of the seven sectors where both countries are represented: the gaps are largest in Critical Minerals & Mining (UK: 2.50 vs CAN: 1.99, +0.51), Batteries & EVs (UK: 2.43 vs CAN: 2.00, +0.43), Innovation, Digital & Knowledge (UK: 2.24 vs CAN: 1.91, +0.33), and Clean Energy – Hydrogen (UK: 2.52 vs CAN: 2.21, +0.31). These patterns are directionally consistent with the country-level Mann–Whitney results and suggest that the UK's more interventionist and comprehensively specified approach is not confined to a single sector but is broadly distributed across the industrial strategy portfolio.

Canada scores higher than the UK in two sectors: Clean Energy – Electricity & Renewables (CAN: 2.64 vs UK: 2.52, −0.12) and Agri-Food, Forestry & Bioeconomy (CAN: 2.19 vs UK: 2.00, −0.19), though both gaps are small and non-significant. Fossil Fuels – Oil & Gas is a Canada-only sector in this dataset (n=4, mean: 1.63), with no UK counterpart strategies, reflecting the structural difference between the two countries' energy endowments. Four sectors — Critical Minerals & Mining, Fossil Fuels – Oil & Gas, Batteries & EVs, and CCUS & Carbon Management — could not be tested inferentially because at least one country had fewer than two strategies.

The country-level analysis establishes that UK industrial strategies score significantly higher than their Canadian counterparts across the full portfolio, but it does not reveal whether this advantage is evenly distributed across economic sectors or concentrated in particular areas of the industrial strategy landscape. Further sectoral analysis of the sector and the mean by assessment criteria (Table 5) reveals a very low scores for Policy Instruments scores in the Fossil Fuels – Oil & Gas sector (CAN mean: 1.30), the lowest of any sector–country–dimension combination in the entire dataset. This sits in sharp contrast to that sector's comparatively high Vision score (2.58), producing the widest vision-to-instruments gap observed across all nine sectors and suggesting that Canadian fossil fuel strategies articulate clear economic rationales without deploying the binding mechanisms, named funding, or demand-side instruments needed to give those rationales policy force.

Table 5 Mean scores by sector and criteria, 1=weak, 3=strong

Sector	N	Vision_mean	Policy Instruments_mean	Governance_mean	Social Justice_mean	Geography_mean
Advanced Mfg, Transport & Defence	25	2.35	2.04	2.12	2.15	2.44
Critical Minerals & Mining	16	2.02	1.66	1.63	2.48	2.31
Clean Energy – Hydrogen	12	2.5	2.13	1.92	2.35	2.58
Innovation, Digital & Knowledge	11	2.18	2	2.09	1.86	1.91
Clean Energy – Electricity & Renewables	8	2.67	2.6	2.5	2.41	2.63
Agri-Food, Forestry & Bioeconomy	7	2.05	1.94	2	2.36	2.57
Fossil Fuels – Oil & Gas	4	2.58	1.3	1.5	1.38	1.5
Batteries & EVs	2	2.5	2.5	1.5	1.63	3
CCUS & Carbon Management	2	2.67	2.6	2	2.5	2.5
All sectors (pooled)	87	2.31	2.01	1.98	2.2	2.37

Note: One UK strategy (Software Cyber Sectoral Action Plan, North Ireland) is coded as "Cross-Sectoral / Other" and sits outside the nine-sector taxonomy; it is excluded from this table but included in all jurisdiction-level and country-level analyses. Mann–Whitney tests are marked "n/a" where either country has fewer than two observations in a sector, consistent with the minimum-observations limitation noted in the methods.

The Geography dimension reveals the starkest cross-country divergence within sectors. In Innovation, Digital & Knowledge, the UK scores a maximum 3.00 on Geography against Canada's 1.50 — a gap of 1.50 points — the largest single dimension gap in the entire analysis. This reflects the

embeddedness of UK innovation strategies in place-based cluster frameworks, whereas Canadian innovation strategies are largely spatially agnostic, treating knowledge economy development as a national rather than a territorially differentiated challenge.

For Critical Minerals & Mining, Canada's fifteen strategies in this sector score highest on Social Justice (2.52) of any sector–country combination in the dataset, driven by the prominent integration of Indigenous rights frameworks, distinctions-based engagement, and equity-oriented procurement into Canadian critical minerals policy (we can reflect on the extent to which this is 'talk' or action). Yet the same strategies score among the weakest on Policy Instruments (1.60) and Governance (1.60), revealing a structural tension between strong recognition commitments and weak delivery architecture — a pattern that may reflect the early-stage development of Canada's critical minerals agenda relative to its social justice obligations. Clean Energy – Electricity & Renewables is the one sector where Canada matches or exceeds the UK on Policy Instruments (both 2.60) and Governance (both 2.50), while leading substantially on Social Justice (3.00 vs 2.21). This suggests that electricity and renewables is the most mature and comprehensively developed policy domain in the Canadian portfolio, and the one where the overall UK advantage identified at the country level effectively disappears.

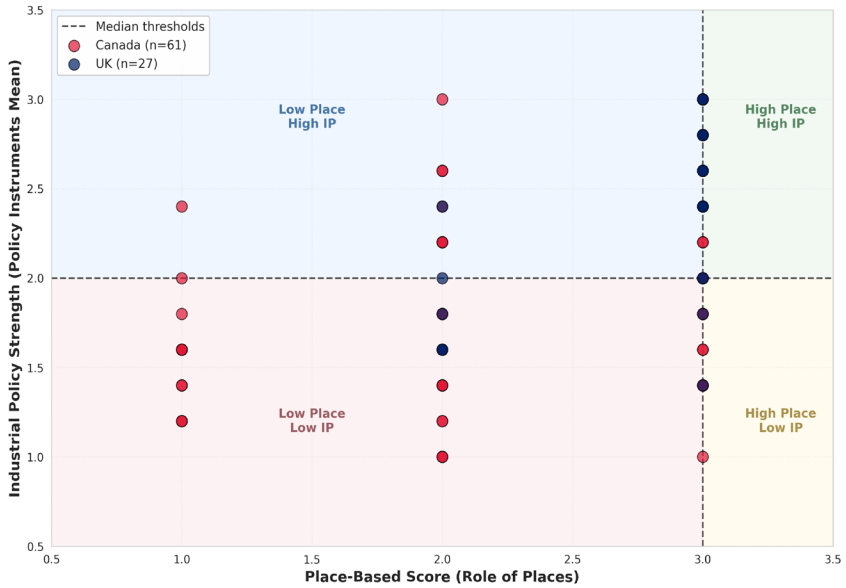
A fundamental question running beneath comparative industrial strategy analysis is whether **place-based thinking and strong interventionist policy** are independent attributes of a strategy, or whether they tend to travel together — strategies that see geography also deploying the tools to act on it. Across the full dataset of 88 strategies, the answer is clear: they are not independent. A Spearman rank correlation of $\rho = 0.482$ ($p < 0.001$) confirms a moderate, statistically significant positive relationship between a strategy's score on place-based approaches (Role of Places) and the strength of its policy instruments (Policy Instruments mean). In other words, strategies that recognise the territorial differentiation of economic activity — that name places, acknowledge uneven geographies, and target spatial clusters — also tend to be the strategies that deploy binding financial tools, steer investment actively, and create demand.

When country-level effects are stripped out through a partial correlation, the relationship remains strong and highly significant (partial $\rho = 0.383$, $p < 0.001$). This means the place-instruments connection holds within each country independently — in Canada ($\rho = 0.349$, $p = 0.006$) and in the UK ($\rho = 0.567$, $p = 0.002$) alike. The UK's stronger within-country coefficient suggests that the alignment between place-based thinking and policy instrument strength is more consistently expressed in UK strategies, but the logic itself transcends the national context.

To further this analysis, we've operationalised 'Industrial policy strength' as a composite mean of five criteria drawn from the evaluation framework — the presence of carrots and sticks (incentives and penalties), the degree of state direction of investment, whether instruments create or secure demand, whether funding is explicitly committed, and whether public-private partnerships are specified — each scored on a 1–3 scale and averaged to produce a single strategy-level score. The typology reveals just how differently this plays out in practice. Nearly three-quarters (70%) of UK strategies fall into the High Place / High IP quadrant — geographically targeted and instrumentally robust — making this the defining character of the UK industrial strategy portfolio. By contrast, the single largest group among Canadian strategies is Low Place / Low IP, accounting for 41% of the Canadian sample: strategies that are spatially generic and weakly tooled, offering broad sectoral narratives without either territorial targeting or directive mechanisms to back them up. Only 28% of

Canadian strategies achieve the High Place / High IP combination, and a minority of Canadian strategies are Low Place / High IP (15%) — meaning that strong instruments in the absence of place-sensitivity are not a common Canadian pattern either.

Figure 3 Quadrant analysis: place-based approaches versus an astral policy strength (n=88 strategies)



These findings suggest that place-based thinking may itself be associated with more ambitious industrial policy: strategies that acknowledge the spatial complexity of economic development are more likely to conclude that generic, light-touch instruments are insufficient, and to reach instead for the harder-edged tools — investment mandates, demand-side levers, named funding streams — that can address place-specific structural challenges. The Canadian portfolio's concentration in the Low Place / Low IP quadrant may reflect not just a weaker tradition of industrial activism, but a more fundamental tendency to imagine the economy as spatially homogeneous — a tendency that, the data suggest, tends to produce strategies that are lighter on tools as well.

As a final analysis shares those strategies that were highest ranked Table 6. The ale below shares the top ten height ranked (with a top possible score of 42). While England's clean energy industry strategy was the only strategy out of the set to have a complete score (A ranking of three across the board for all criteria), Quebec and British Columbia also feature among Canadian jurisdictions with the highest-ranking strategies. We have conducted an analysis of means for the purposes of dealing with a large data set, but it is worth nothing that among the strategies analyzed there are strong Canadian examples and that these deserve further analysis as potential leading practices.

Table 6 Top ten strategies with the highest overall scores

Jurisdiction	Plan Name	Economic Sector Targeted	Sum of all scores
England	The UK's Modern Industrial Strategy: Clean Energy Industries	Clean Energy Industries	42
Quebec	Toward a Carbon-Free and Prosperous Quebec	Clean Electricity	40
England	The UK's Modern Industrial Strategy: Advanced Manufacturing 2023-2025	Advanced Manufacturing	40
Quebec	Plan for a Green Economy 2030	EV battery/Transit/Hydrogen	39
North Ireland	Circular Economy Strategy for Northern Ireland	Material Recovery Facilities	38
Quebec	2022-2027 Quebec strategy to support research and investment in innovation	RD Scientific Research	38
England	The Ten Point Plan for a Green Industrial Revolution	Energy Utilities/Manufacturing	38
British Columbia	BC Manufacturing Action Plan	Manufacturing	37
British Columbia	BC Maritime Industries Strategy	Transport	37

Implications

The central question animating this study is **whether the recent rise of deliberate industrial strategy in liberal market economies such as Canada and the United Kingdom reflects genuinely new ways of governing the economy or merely the rebranding of older, reactive patterns of state intervention**. What the evidence assembled here reveals is that the aspiration to new industrial strategy is broadly shared across sectors and jurisdictions, but the governance architecture required to give that aspiration transformative force remains unevenly developed, institutionally fragile, and in important respects, is captive to the ideological and structural constraints of the liberal market tradition. Here we explore what this means, for theory, for comparative research, and for policymakers.

The scholarly literature reviewed in this study documents a pronounced global return to deliberate industrial policy, driven by the convergence of climate urgency, technological disruption, geopolitical rivalry, and the perceived failures of market-neutral economic management (Allan & Nahm, 2025; Juhász & Lane, 2024; Meckling, 2025). What is distinctive about this moment is that the revival of industrial strategy is no longer confined to developmental states or coordinated market economies; it has crossed the ideological boundaries that once defined liberal market economies like Canada and the UK as institutionally ill-equipped for state-led economic transformation (Breznitz & Gingrich, 2025).

At the same time, the literature warns that the political and rhetorical return of industrial strategy does not, of itself, constitute a paradigm change. Berry (2020)characterises post-crisis UK interventions as mechanisms for "reseeding" rather than displacing neoliberal norms; Coulter (2022) traces how Treasury dominance and short-termism produce repeated policy rebranding without the durable institutional architecture that effective industrial strategy demands; and Globerman (2024), writing from a Canadian context, describes recurring enthusiasms for industrial policy as a form of "zombie economics" whose failure modes are well-documented but politically persistent. These

critical traditions should not be read as an argument against industrial strategy. Rather, they underscore the importance of conceptually distinguishing "operative" from "performative" state activism — a distinction that the comparative analysis of government documents confirms is empirically meaningful.

Through our analysis we see the pervasiveness of a structural gap between strategic vision and delivery architecture — a gap that the literature identifies as the defining weakness of liberal market industrial policy and that the document analysis confirms is systematic. Across both countries and almost every sector examined, the articulation of competitive advantage, the identification of emerging opportunities, and the invocation of green and inclusive transition objectives emerge as relatively well-developed features of strategy documents. What is consistently weaker, and what the literature identifies as the hallmark features of effective industrial strategy, are the binding mechanisms that give vision operational force: named funding commitments, demand-side instruments that create and secure markets, state direction of investment toward specific value chains, and the public-private governance forums that sustain iterative, learning-oriented relationships between state and industry (Besley & Davies, 2019; Mazzucato, 2024; Southin et al., 2025).

Canadian subnational strategies provide some of the clearest illustrations of what closing this gap looks like in practice and of how unevenly that ambition is realised. Quebec's 2030 *Green Hydrogen and Bioenergy Strategy* is notable precisely because it moves beyond a general declaration of intent: it sequences deployment explicitly across three temporal phases (short-term commercial support for mature technologies, medium-term development of regional energy ecosystems, and long-term integration of large-scale biorefinery capacity) and ties each phase to dedicated regulatory actions, including mandatory renewable content requirements in fossil fuels and the development of a hydrogen installation code. The strategy commits Hydro-Québec as a named strategic collaborator with defined roles in structuring hydrogen demand. This kind of supply-demand linkage, in which a state-owned enterprise anchors market creation for an emerging sector, represents precisely the operationalisation that the scholarly literature on mission-oriented industrial policy identifies as necessary for transformative change but that most strategy documents fail to deliver. British Columbia's *Manufacturing Action Plan and Maritime Industries Strategy*, which rank among the top-ten highest-scoring strategies in the full dataset, demonstrate a different but equally instructive approach. Both strategies explicitly embed manufacturing priorities within BC's CleanBC agenda, linking green industrial objectives to specific value chain development, named sectoral clusters, and clearly articulated workforce pathways — producing the kind of integrated, multi-instrument coherence that the literature identifies as a marker of operationally serious industrial strategy. It is worth noting that BC's strategic ambition during this period was informed in part by an external advisory process led by Mazzucato (2022), whose report to the BC Government—Inclusive and Sustainable British Columbia: A Mission-Oriented Approach to a Renewed Economy—called for an integrated approach linking green transition objectives to economic inclusion, innovation, and place-based development. The coherence observed in BC's higher-scoring strategies may thus reflect not only the province's institutional history with public utilities like BC Hydro, but also this deliberate effort to introduce mission-oriented governance architecture into provincial strategy design.(Mazzucato, 2022). These examples do not represent perfection; the same strategies exhibit gaps in accountability and social justice delivery, as discussed below. But they illustrate a level of operational seriousness that distinguishes genuinely developmental industrial strategy from its rhetorical counterpart, and they

represent a reservoir of leading practice that the broader Canadian policy community has yet to systematically learn from.

From reading the sectoral profile of these strategies against the literature it is clear that industrial strategy always reflects and reproduces the particular political economy of the sectors it targets. Nowhere is this more visible than in Canada's treatment of fossil fuels. Arcand (2026) and Janzwood, Harrison, and Carter (2026) document how the structural power of incumbent hydrocarbon interests in Canada's producing provinces has shaped not only the content of industrial strategy but the terms in which climate and transition objectives can be politically articulated at the federal level. The result is a set of strategies that articulate ambitious economic rationales without deploying the binding tools needed to realise them (producing the widest vision-to-instruments gap observed across all sector-country combinations in the dataset) reflecting not a failure of strategic intelligence but a political economy that systematically constrains the state's capacity to steer investment away from incumbent sectors. This contrast becomes sharply instructive when set against those Canadian jurisdictions, notably Quebec and British Columbia, that have been able to build coherent green industrial strategy portfolios, in part because their economic interests and institutional histories make clean transition politically tractable rather than politically threatening. The conditions enabling effective industrial strategy are partly ideational and institutional: they require both the capacity and the political authority to make binding choices, and the absence of these conditions at the federal level in Canada is a structural, not merely a technical, constraint.

Across both countries, green industrial strategy emerges as the domain where the gap between rhetorical ambition and operational commitment is simultaneously most consequential and, in some cases, most innovatively addressed. The literature makes clear why this matters: Löfgren et al. (2024), Allan and Nahm (2025) , and Altenburg and Rodrik (2017) all demonstrate that the scale and speed of decarbonisation required for net-zero commitments cannot be achieved through horizontal, market-neutral instruments alone. Instead, they require targeted state action to address coordination failures, knowledge spillovers, and lock-in dynamics specific to each major emitting sector.

The sectoral analysis in this study reveals a striking finding in this regard: clean energy (electricity and renewables) is the one sector where Canada matches the UK on both policy instruments and governance, while Canada leads substantially on social justice. This suggests that electricity and renewables represents the most mature and comprehensively developed policy domain in the Canadian portfolio, and the one where decades of provincial experience, anchored in public utilities like Hydro-Québec and BC Hydro, have generated the institutional capacity and political legitimacy for operationally serious intervention. Quebec's 2022–2027 *Research and Innovation Investment Strategy* reinforces this picture by demonstrating how research and industrial policy can be systematically integrated in support of the green transition. By creating dedicated institutional nodes (e.g., the *Conseil de l'innovation du Québec*, the Chief Innovator, the Chief Scientist) aligned with sectoral investment priorities in cleantech, battery technology, and hydrogen, the strategy bridges the "valley of death" between public research and commercial application that bedevils most Canadian innovation policy. The strategy's explicit linkage of government procurement to market creation for emerging clean technologies represents the kind of demand-side anchoring that is critically underdeveloped in most other Canadian strategies. That these features appear with much greater consistency in provincial strategies than at the federal level is itself an important finding — one that speaks to where, in Canada's

constitutional architecture, the institutional conditions for effective industrial strategy are most developed.

The scholarship reviewed in this study converges on the view that "space-neutral" industrial strategy (treating the national economy as spatially homogeneous) is both analytically inadequate and practically counterproductive (McCann & Ortega-Argilés, 2022; Mealy & Coyle, 2022). The comparative analysis confirms that strategies which acknowledge spatial complexity, i.e., naming regions, targeting clusters, and recognising territorial differentiation, are systematically more operationally robust across multiple dimensions of strategy design. This can be interpreted as reflecting that place-based industrial strategy requires governments to develop detailed, contextual knowledge of specific industrial ecosystems that is necessary for effective targeting, conditionality design, and public-private partnership.

British Columbia's high-ranking manufacturing and maritime strategies illustrate this dynamic at the provincial scale. Both ground their industrial priorities in BC's specific coastal and forestry-linked industrial geography, targeting the province's established maritime cluster and its position in Pacific trade supply chains as the basis for value chain deepening rather than generic sectoral promotion. Quebec's mineral and energy strategies are exemplary in a complementary way. *The Critical Minerals Plan* explicitly builds its deployment architecture around regional production ecosystems, connecting knowledge infrastructure, multi-user transport and energy corridors, and Indigenous community partnership as the physical and social prerequisites for value chain development in northern and remote territories. Rather than treating mineral development as a generic national asset, the strategy requires that CSM development maximise "impacts in the CSM-producing regions, thus contributing to their economic prosperity," a distributional territorial objective embedded in the strategy's guiding principles, not appended as an afterthought. The Green Hydrogen and Bioenergy Strategy similarly frames regional energy ecosystems, locally integrated production and consumption hubs anchored in regional biomass endowments, as the preferred spatial deployment model, explicitly prioritising local consumption and regional economic linkage over generic export ambition. For Canadian policymakers at the federal level, where the constitutional and political conditions for this kind of territorial specificity are considerably more constrained, the challenge is to develop coordinating mechanisms that can enable and support the kind of place-sensitive deployment that leading provinces have achieved provincially, rather than defaulting to spatially undifferentiated instrument design that the evidence suggests tends to produce weaker strategies.

Canada's stronger performance on recognition and procedural justice dimensions of strategy design reflects the integration of Indigenous rights frameworks, distinctions-based engagement, and equity-oriented process requirements that have no consistent equivalent in the UK portfolio. However, as the literature reviewed in this study consistently warns, recognition and procedural commitments without corresponding distributional instruments represent an incomplete and potentially misleading form of inclusivity (Brendan Haley, 2023; Eder & Schneider, 2018; Mendelsohn & Zon, 2021). This tension is visible across the Canadian portfolio: critical minerals strategies (among the highest-scoring strategies in the dataset on social justice recognition) score among the weakest on policy instruments and governance, revealing a structural gap between the sophistication of inclusion language and the weakness of delivery architecture. Across the Canadian strategy portfolio, community partnership language is generally more developed than the financial instruments (e.g.,

community benefit agreements, equity stakes, revenue sharing) that would give that partnership material substance. The risk, as Haley (2023) identifies, is that the discursive sophistication of the recognition framework obscures the absence of binding redistribution mechanisms. The challenge for policy design across Canadian jurisdictions is therefore not to deepen the rhetoric of inclusion, which is already comparatively strong, but to build the instruments and institutional structures that translate recognition into tangible distributional outcomes: co-governance frameworks with real decision-making authority, equity-conditioned investment vehicles, and mandatory benefit-sharing that extends beyond consultation to ownership. This transformation requires the kind of sustained institutional investment and political will that neither the Canadian nor the UK strategy portfolio yet consistently delivers, and it represents perhaps the most fundamental unfinished frontier of the new industrial strategy agenda in Canada.

A Research Agenda

A final implication that emerges from this analysis is the need for sustained comparative research capable of tracking whether industrial strategy is actually improving in quality and coherence over time, across sectors and jurisdictions. The scoping review conducted in this study found that Canadian academic literature explicitly engaging with industrial policy is strikingly thin relative to its UK and European counterparts, and that comparative work between Canada and the UK is almost entirely absent, with the exception of Arcand (2026). This absence reflects a self-reinforcing dynamic in which the limited vocabulary of industrial strategy in Canadian policy discourse is reproduced in limited scholarly engagement, leaving policymakers without the evidence base that effective strategy design requires. The case material assembled in this research—from the relative coherence of Quebec's green industrial strategy ecosystem to the systematic instrument gaps in federal resource sector strategies—provides a foundation for the kind of empirically grounded, institutionally sensitive comparative work that the field now requires. The task is to understand what enables some jurisdictions to translate strategic aspiration into operational delivery, and what structural and political conditions must change before others can follow.

Perhaps the most fundamental implication of this research is related to the conditions under which the study itself became necessary. Industrial strategy in Canada, the United Kingdom, and across comparable liberal market economies is being produced at a pace that the scholarly literature has not kept up with. New strategies are being released, revised, and superseded faster than they can be systematically analysed; institutional architectures are being assembled, dissolved, and reconstituted in response to geoeconomic pressures that were themselves unanticipated even a decade ago; and whole new sectors — from critical minerals and green hydrogen to artificial intelligence and defence-industrial resilience — have moved from the periphery to the centre of strategic prioritisation within the span of a single policy cycle. The academic literature on industrial policy, for all its recent vitality, is inevitably retrospective: it analyses the strategies that have had time to be implemented, evaluated, and debated, which means it systematically lags behind the frontier of practice.

This study was motivated in significant part by the recognition that a large and consequentially important body of government strategy documents had been released that had received little scholarly attention. What we found, as reported throughout this analysis, is a landscape characterised by genuine

innovation alongside persistent structural weakness, by ambitious green and inclusive framing alongside under-resourced delivery, and by the emergence of leading practices that have not yet been identified, documented, or diffused across jurisdictions that might benefit from them. As the geopolitical and economic pressures driving industrial strategy continue to intensify, accelerated most recently by renewed trade disruption with the United States and the deepening urgency of climate transition, the need for real-time, systematic, and comparative analysis of what governments are actually doing, and how well-designed their interventions are, has never been greater. Closing the gap between policy production and policy scholarship is therefore an academic priority and a practical precondition for the kind of evidence-informed learning across jurisdictions that effective industrial strategy, at this critical moment, urgently demands.

Conclusion

This report set out to examine whether the recent and rapid expansion of industrial strategy in Canada and the United Kingdom represents a genuinely new approach to governing economic transformation, or whether it reflects the persistence of older, reactive, and structurally constrained patterns of state intervention dressed in new language. In our assessment, in many cases the aspiration is new, but the architecture too often is not.

Across 88 strategy documents spanning 18 jurisdictions, two countries, and 64 sectors, this study finds that both Canada and the UK are producing industrial strategies of substantially greater ambition, thematic scope, and policy sophistication than the literature has yet recognised. Green transition objectives, place-based thinking, inclusive development commitments, and international competitiveness framing are now routine features of strategy design in both countries. Yet the analysis also reveals a consistent and consequential gap between strategic vision and operational delivery, most sharply in Canada, where the absence of durable public-private governance institutions, weak demand-side instruments, and under-resourced delivery architecture leave ambition systematically under-equipped. For the last four decades, the UK has historically either eschewed industrial policy, or where it has moved in this direction it has tended to display an overly top-down, centrally-orchestrated and largely space-blind logic to these matters. In some sense, the UK and Canada are at opposite ends of the unitary-federal-centralised-devolved governance spectrum. However, the last decade has seen a major shift in UK policy-thinking and sentiment regarding the need both for more of a strategic policy framework and also a greater devolved and place-based focus. This is reflected in a greater linking of industrial policy to place-based decisions-making. The UK's stronger performance on policy instruments, governance, and place-based integration reflects long-term institutional investments that Canada, constrained by its federal architecture and historically ambivalent relationship with explicit industrial policy, has perhaps not entirely yet made.

The path forward is to build the institutional conditions, the coordinating bodies, the accountability structures, the cross-jurisdictional learning mechanisms, that can translate the undeniable and growing strategic ambition documented in this report into the targeted, binding, and territorially grounded interventions that transformative industrial policy requires. In our review we also see a need for much more research specifically on implementation practices: how do we assess what is working? At a moment when geopolitical pressures, climate imperatives, and technological competition are simultaneously reshaping the conditions of economic prosperity, the stakes of getting

this right have never been higher and the cost of continued institutional under-investment has never been clearer.

Knowledge mobilization activities

Knowledge mobilisation activities are ongoing and will include research editorials, presentations and academic publications. To date these include a forthcoming research contribution with the Institute for Research on Public Policy and a presentation by Bruno Arcand and Tamara Krawchenko on "Industrial Policy and the Transformation of the Canadian Economy" at the Conference "From Shock to Change: Rethinking Canada's Foreign Economic Policy," Graduate School of International Studies at Université Laval, April 29-May 1 2026.

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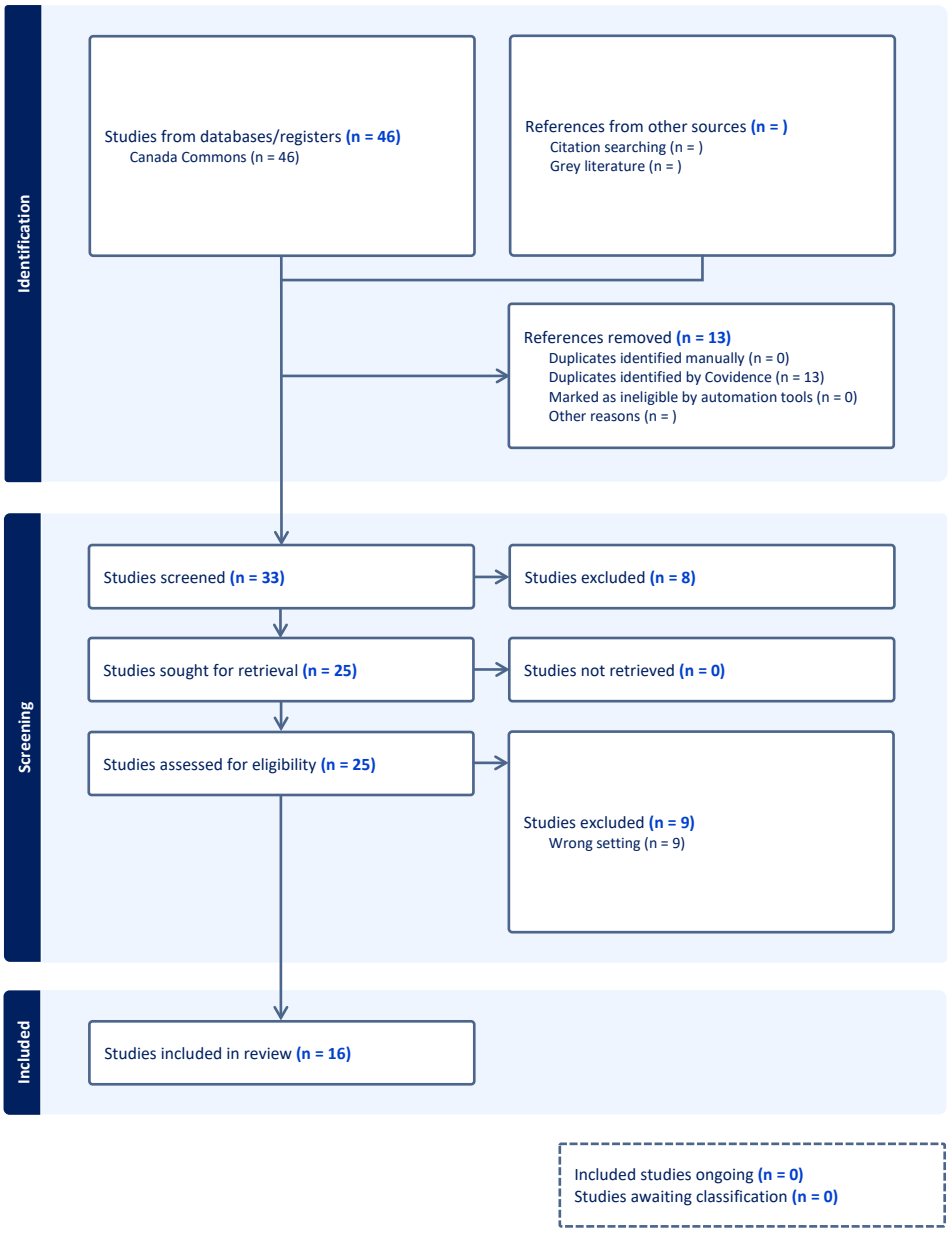
Appendix

A.1 Scoping review search string

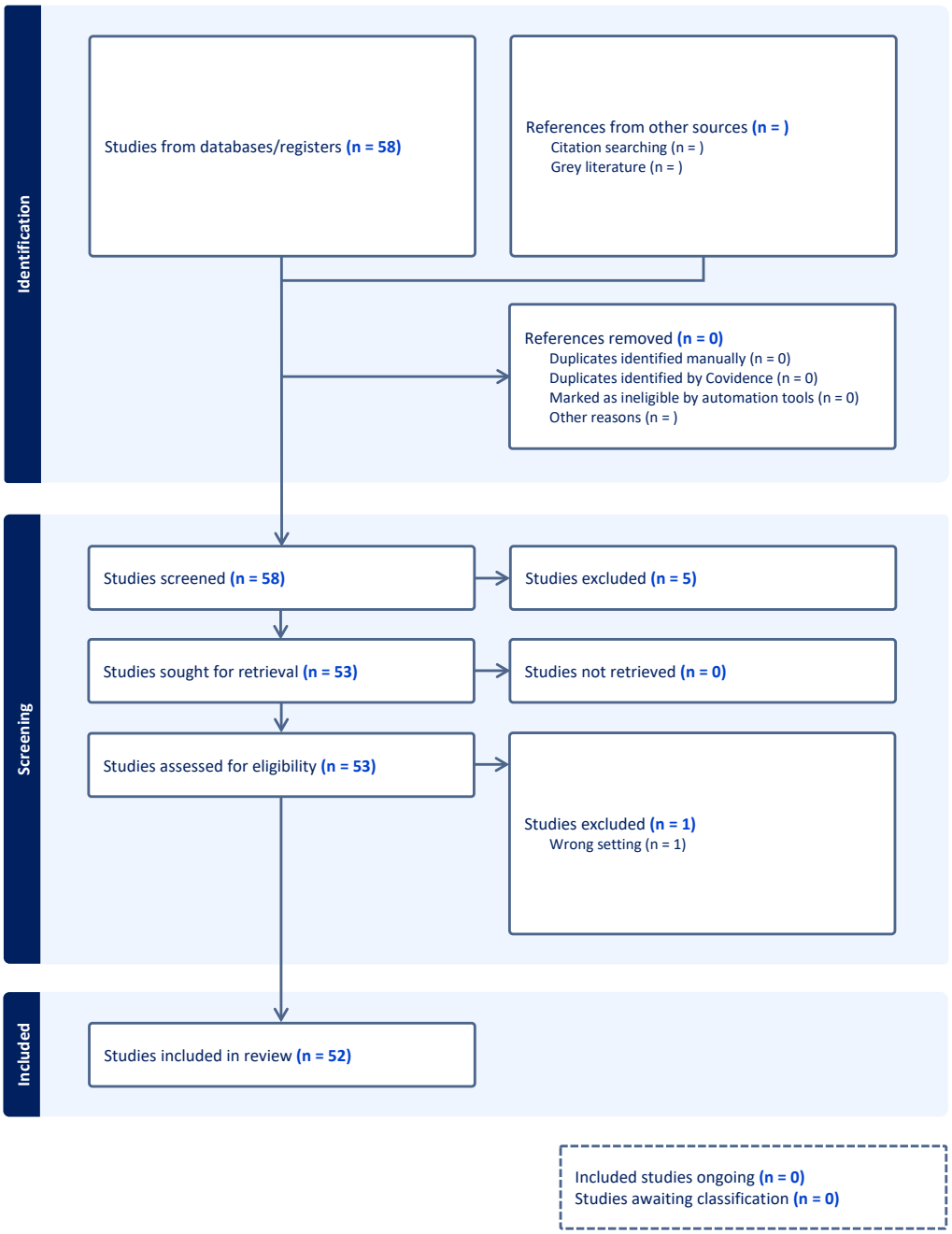
Scoping review search strings

Database	Fields	Search string
Canadian Public Policy Collection (Canada Commons)	All in title. Years manually filtered to 2021-2026.	Title:("industrial policy" OR "industrial policies" OR "industrial strategy" OR "industrial strategies") OR summary:("industrial policy" OR "industrial policies" OR "industrial strategy" OR "industrial strategies")
Proquest	All in title; Peer-reviewed scholarly journals; articles in English, Geography: Europe or United Kingdom or Canada; Date range: 23 Feb 2026-23 Feb 2016.	TI("industrial policy" OR "industrial policies" OR "industrial strategy" OR "industrial strategies")

A.2 PRISMA Reporting Framework: Canada Commons



A.3 PRISMA Reporting Framework: Proquest



A4. Industry Definition for Coding Manual: Inclusion and Exclusion Criteria

Sector / Industry Name	NAICS Code (CA/US)	SIC Code (UK)	Include/Exclude	Rationale
Manufacturing (All)	31-33	C	Include: Focus	Core to value addition, innovation, export growth, and job creation; traditional and modern policy priority.
Technology & Information	51	J	Include: Focus	Digital, ICT, and technology sectors are central to industrial modernization and innovation objectives.
Energy & Utilities	22	D, E	Include: Focus	Power, water, and related utilities enable industrial activity and are targets for modernization/decarbonization.
Transportation & Warehousing	48-49	H	Include: Focus	Integral to industrial clusters, logistics, and supply chain policy for export-led growth.
Resource-Based Sectors (Ag, Mining, Forestry, Fishing)	11, 21	A, B	Include: Focus	Foundations for resource-based economies, often subject to value-add and innovation strategies.
Construction	23	F	Exclude	Linked to productivity and infrastructure, frequently included in industrial policy. However, not a main focus and excluded for the purposes of this study.
Health & Life Sciences	62	Q	Exclude	Targeted for cluster development, biotech, and innovation as part of modern industrial policies. However, not a main focus and excluded for the purposes of this study.
Educational Services (Sector-Specific)	61	P	Exclude	Vocational/technical training can be tied to industrial upskilling, but excluded for purposes of this study. However, not a main focus and excluded for the purposes of this study.
Professional, Scientific, Technical	54	M	Include where focussed on innovation policy that includes focus industries	Can include targeted R&D, innovation, or technical support to industry. Include where focussed on innovation policy that includes focus industries. Aim to capture strategic innovation policies.
Finance & Insurance (targeted support)	52	K	Exclude	Excluded because direct supports target sectors include in core strategies.
Other Industrial Services	81	S	Exclude	Can be linked through industrial repair/support where directly linked to production sectors, but excluded because hard to define/identify strategies.
Arts, Entertainment, Recreation	71	R	Exclude	Can include export-focused creative/innovation cluster but excluded for purposes of this study.
Wholesale Trade	41	G	Exclude	Can entail industrial supply/value chain integration but excluded for purposes of this study.
Retail Trade	44-45	G	Exclude	Not a focus of industrial policy; outside traditional scope.

Administrative & Support Services	56	N	Exclude	Not directly targeted except for industrial logistics; excluded for purposes of this study.
Hospitality, Food Service, Tourism	72	I	Exclude	Can entail integration with food/agri-processing value chains buy excluded for purposes of this study.

A.5. Inclusion & Exclusion Criteria

Criteria Type	Inclusion	Exclusion
Document Type	Officially endorsed documents focusing on targeted industry/sector and communicating government objectives/intents	Press releases; speeches; budget documents; commissioned reports; operational details
Geographic Scope	Documents covering whole province/territory/devolved authority/national level	Municipal; city; or non-governmental strategies
Thematic Coverage	Documents whose primary goal is economic development, industrial diversification, R&D, etc.	General economic updates (without sectoral focus), documents primarily focused on minimizing costs
Targeted economic sectors	Manufacturing; technology & information; energy & utilities; transportation & warehousing; resources-based sectors; and innovation	Construction; health & sciences; education, Arts, entertainment, recreation; wholesale Trade; retail trade; administrative & support services; hospitality, food Service, tourism
Time Frame	Documents active or published in the last ten years, unless updated sooner	Policies superseded by newer strategies more than ten years ago
Language	English or officially translated versions	Non-translated documents outside official languages

A.6 Scoring and ranking of green industrial policy objectives

Table 7 literature Informing scoring and ranking of green industrial policy

#	Green industrial policy dimension	Key informing references
1	Climate missions & targets	(Altenburg & Rodrik, 2017; OECD, 2024)
2	Vertical–horizontal coordination	(OECD, 2025a; Pollin, 2020; Rodrik, 2014)
3	Valuechain & clusters	(OECD, 2023, 2025b)
4	Instrument mix	(Anzolin & Lebdioui, 2021; OECD, 2024)
5	Demandpull / markets	(OECD, 2024)
6	Innovation & upgrading	(Anzolin & Lebdioui, 2021; OECD, 2023)
7	Social / labour transition (just transition)	(Atteridge & Strambo, 2020; ILO, 2015; OECD, 2023)
8	Placebased & community benefit	(OECD, 2023, 2025b)
9	Governance & learning	(OECD, 2024)

Endnotes

[i] Industrial policy instruments can take many forms, enabling governments to shape economic activity and target strategic objectives. At a high level, these instruments include financial mechanisms such as loans, loan guarantees, equity investments, and export financing that directly support business investment and competitiveness. Grants function as government transfers for industrial development, while tax expenditures involve tax credits, allowances, exemptions, and deductions aimed at particular policy goals such as innovation, digitalization, or environmental sustainability. Beyond these, industrial policies may use trade-related measures including tariffs, import quotas, and export incentives, as well as regulatory frameworks tailored for specific sectors. Additional tools comprise infrastructure investment, public procurement requirements, research and development support, and direct subsidies to drive technology adoption or competitiveness. Instruments geared toward human capital development—such as workforce training, immigration incentives, and education investments—also play an essential role, alongside programs that foster linkages between firms and promote upstream innovation. Other policy levers include incentives for foreign direct investment and interventions like price stabilization or market promotion to maintain sectoral stability. This diverse spectrum of instruments reflects the evolving complexity and ambition of modern industrial policies designed to address structural, strategic, and societal goals.

[ii] Landmark strategies include the European Green Deal (2019), Next Generation EU fund (2020), Korean New Deal (2020), American Rescue Plan Act (2021), and the US CHIPS and Science Act and Inflation Reduction Act (2022) mark a shift toward more targeted interventions supporting resilience, innovation, and sustainability. This has motivated a host of new 'mission-oriented innovation policies' (MOIPs), or to some, 'moonshot' policies, and a new era of government intervention to meet these grand objectives (Henrekson et al. 2024: 4).

[iii] The Mann-Whitney test ranks all observations from both groups jointly and assesses whether one group's ranks are systematically higher or lower than the other's and is robust to unequal sample sizes. With only three discrete possible values per criterion, the data are non-normally distributed by construction. The Mann-Whitney test is appropriate for discrete, bounded ordinal data of this kind. No separate "overall pooled" Mann–Whitney test was run across all criteria combined, because pooling the 14 indicators into a single composite rank distribution would (a) violate the assumption that observations within each group are independent by stacking multiple scores for each strategy, and (b) obscure dimension-specific differences that are substantively meaningful for industrial policy design.