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# Industrial Policy in Disguise: The French Treasury and the Reregulation of the European Insurance Sector

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## Abstract

In December 2023, the European Parliament and the Council reached an agreement to revise the Solvency II Directive, aiming to unlock €100 billion in private investment through a series of deregulatory measures. This marks a significant departure from the stringent insurance supervision framework that has shaped European policy since the financial crisis. Through detailed process tracing, this article examines the drivers behind this unexpected outcome and its broader implications for EU economic governance. Whilst this shift could be seen as part of the EU's growing prioritization of growth over stability, we argue that it is, above all, the result of France's sustained influence. Our findings suggest that the fragmented insurance industry played a limited role in the negotiations. Although the Commission actively promoted the Capital Markets Union and investment in the green transition, it largely acted as a reactive and pragmatic policy-maker. Instead, we show that the reregulation of the European insurance sector was primarily driven by the sustained efforts of the French Treasury. However, rather than pushing for wholesale deregulation, French policy-makers leveraged the Solvency II review to advance a cohesive asset-led growth strategy at home – motivated by a desire for greater economic sovereignty through the inflow of liquidity into national companies. Taken together, these findings shed new light on EU financial regulation in the post-Covid era, the evolving tension between the EU's interventionist shift and the rise of state activism and France's role in shaping European economic governance.

**Keywords:** Capital Markets Union; France; industrial policy; insurance; regulation

## Introduction

On the 14th of December 2023, the Council, the Commission and the European Parliament (EP) reached an agreement on the reform of insurance rules within the European Union (EU), as part of the review of the 'Solvency II' directive.<sup>1</sup> In a public statement released on the same day, the Commission praises the balance achieved in this compromise, arguing that it provides incentives for insurers to invest more in long-term capital, a better consideration of the risks associated with climate change, and introduces a macroprudential toolkit to mitigate potential systemic risks in the sector (S1.1, EC, 2023)<sup>2</sup>. Co-legislators argue that these measures could allow insurers 'to invest up to a further 100 billion euros into the [European] economy', which is roughly equivalent to 0.6% of the EU's gross domestic product.<sup>3</sup> Accompanied with a series of incentives, they are

<sup>1</sup>Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

<sup>2</sup>Full references to empirical sources are available in Appendix S1. Written sources are categorized under label S1.1, tables and figures under label S1.2 and interview materials under label S1.3.

<sup>3</sup>Whilst presented by the Economic Affairs Committee (ECON) of the EP (S1.1, Jones, 2023), this figure is subject to debate (see S1.1, S&P, 2024).

devised to steer insurers' role as institutional investors, aligning with the Capital Markets Union (CMU) objectives and with the needs to support (private) investment in green technologies and infrastructures as part of the European Green Deal.

At first glance, the outcome of the Solvency II review appears largely consistent with broader trends in EU economic governance, as highlighted by an expanding body of literature in recent years. Whilst scholars and pundits alike diverge on how best to label these developments, they broadly agree that in a context of heightened geopolitical tensions and increasing politicization of European integration (see Schmidt, 2020), EU institutions are placing greater emphasis on investment, fiscal sharing and direct interventions to level up the European economy and promote the green transition (see Becker, 2024; Crespy et al., 2024; Di Carlo and Schmitz, 2023; Lepont and Thiemann, 2024; Mocanu and Thiemann, 2024; Prontera and Quitzow, 2023).

A rapid assessment of the text adopted in December 2023, however, suggests that the review of Solvency II is less balanced than the Commission's statement would initially suggest.<sup>4</sup> Indeed, the newly introduced macroprudential framework mainly manifests as a requirement for insurers to consider the macroeconomic context in their reporting activities. Similarly, the text's ambition regarding climate change remains limited, as it essentially translates into the requirement for insurers to conduct scenario analysis and evaluate the potential implications of climate change on their risk management strategies.

On the three broad ambitions mentioned by the Commission, only one appears to be associated with a significant transformation: the increased incentives for investments that Solvency II offers to insurance companies. In effect, the revised version of the directive relaxes several important regulatory constraints, enabling insurers to pursue riskier strategies and reducing the amount of capital they must hold as a buffer against the allocation of assets under management – from which they derive profits but also face possible losses, with potentially damaging consequences for the broader financial system. As such, the review outcome appears to prioritize harnessing insurers' investment capacities over financial stability and consumer protection – both of which sharply contrast with the prudent approach that has defined EU policy since the directive's implementation in response to the financial crisis (S1.1, EIOPA, 2024). Rather than genuinely aligning the post-financial crisis regulatory framework with more ambitious policy goals, the revised version of Solvency II could thus entrench power asymmetries in favour of the interests of the financial services sector – a potential tension that the above-mentioned literature has also noted in the context of other recent EU-led interventions.

The primary aim of this article is to examine the causes behind these apparent imbalances, which are steering the EU's landmark insurance regulation onto a path that diverges sharply from its originally stringent spirit. Through detailed process-tracing analysis, we explain this outcome by examining several alternative interpretations and evaluate the more general implications of our findings for current debates about the direction of EU economic governance.

Overall, our empirical analysis reveals developments that share certain similarities with those discussed in the literature, whilst also yielding some unexpected results. In short, we demonstrate that the puzzling imbalance in the review of Solvency II does

<sup>4</sup>Council of the European Union (2024) Directive of the European Parliament and of the Council amending Directive 2009/138/EC, 2021/0295 (COD), January 19.

not stem from a technocratic impulse in Brussels in light of changing policy priorities, nor does it represent a typical case of regulatory capture. Instead, it largely arises from the prolonged and sustained involvement of an influential member state – France – driven primarily by sovereigntist (and domestic) policy motives, rather than by a genuine concern for fostering EU-wide investment capacities.

Specifically, we report a sustained mobilization of the insurance industry along the lines that finally prevailed in the review of Solvency II. However, we show that given persisting internal divisions, the sector has generally lacked the capacity to effectively co-ordinate and articulate a coherent position in Brussels. We also demonstrate that despite sometimes playing an important role in the negotiations, the Commission's position alternated between that of a reactive and a more pragmatic policy-maker, simultaneously pushing for several and conflicting agendas – yet it never acted as a genuine policy entrepreneur. In this context, member states' involvement was crucial, but we demonstrate that the successful alliance driving the review outcome primarily resulted from the sustained entrepreneurial efforts of the French Treasury. Backed by high-profile political figures, these actors have played an instrumental role in advocating for the deregulation of insurance rules and in fostering the necessary coalitions within the industry, amongst EU institutions and, ultimately, amongst member states, to facilitate the translation of this agenda into tangible policy changes. More importantly, though, we demonstrate that what may initially appear as a push for deregulation is, in fact, motivated by a cohesive asset-led growth strategy at the domestic level, aimed at steering investments by French life insurers towards shares of national champions and influential French companies. In short, these actors have advanced an industrial policy agenda in disguise, advocating for deregulation in Brussels to support an interventionist economic strategy at home.

The rest of the article documents these processes and draws out their implications in more details. The next section specifies the outcome of interest, our theoretical expectations and methodology. We then examine competing explanations for the directive's review. Following this, we highlight the French Treasury's decisive influence and discuss these actors' policy motives.

Whilst confined to the case under study, we argue that these findings are broadly relevant for understanding current developments in financial regulation amidst new ambitious EU-level policy objectives, the interplay between European economic governance and state activism and France's enduring approach to economic planning and its impact on European integration. Whilst some of these points are briefly discussed throughout the article, we further explore their direct implications in a comprehensive concluding section.

## I. Case, Theory and Empirical Strategy

This section outlines our approach to analyzing the reregulation of Solvency II. We first specify the outcome of the review, then place it within debates on EU financial regulation, and finally, detail our empirical strategy to assess the forces driving this reform.

### *Specifying the Outcome: The Reregulation of Solvency II*

Solvency II, effective since January 2016 after extensive negotiations (see Benoît, 2021; Quaglia, 2011; van der Heide, 2023, for summaries), addressed shortcomings in previous EU insurance directives dating back to 1979, 1990 and 1992. These directives aimed to create a single insurance market but faced challenges due to inconsistent implementation across member states and inadequate risk assessment principles. These deficiencies drove the start of the Solvency II process in the early 2000s, which emerged as part of a broader regulatory shift, similar to the Basel II/III agreements in the banking sector. In essence, this shift moved regulators away from static, rule-based systems towards principles-based regulation, aiming to better align capital requirements with the actual risk profiles of insurers and reinsurers (Gatzer and Wesker, 2012). The rise of risk-based regulation was also largely driven by the post-financial crisis context, during which advanced capitalist democracies sought to encourage financial services actors to allocate a larger portion of their investment to public debt. In this context, the directive encompasses a wide array of risks, including market, credit, insurance, operational and liquidity risks (quantified under Pillar I for solvency and minimum capital requirements), as well as qualitative risks such as governance, strategic, reputational and regulatory risks (addressed under Pillar II).<sup>5</sup>

Solvency II is now broadly regarded as a landmark legislation that not only standardized and co-ordinated regulatory practices across Europe but also established the European Insurance and Occupational Pensions Authority (EIOPA) to oversee its implementation. Whilst many of its foundational principles pre-date the financial crisis, Solvency II was also framed as part of the EU's broader regulatory response to the crisis, incorporating approaches deemed essential for addressing future challenges in the financial sector (S1.1, Strategic Risks, 2023).

Our empirical analysis focuses on the period following the introduction of the directive, particularly its review initiated in 2019, approved by co-legislators in December 2023 and finalized by the EP in 2024. Before this, Solvency II underwent partial amendments via delegated regulations in 2019.<sup>6</sup> The main changes brought by these processes concern three key areas.<sup>7</sup> The first is the introduction of a macroprudential framework within Solvency II, which mainly translated in the final text to a requirement for insurers to reflect on the macroeconomic context when reporting on their investment strategy and to provide supervisory authorities with liquidity risk management plans. Some dispositions in terms of crisis management were also introduced. This aspect is arguably modest, particularly when compared to the alternative options for a more holistic consolidation of current supervisory mechanisms (S1.1, EIOPA, 2020b). The second issue relates to climate risks and the role of insurers in the transition towards a climate neutral economy. Here again, changes have been perceptible, though relatively minor. The review demands that insurers assess their risk exposure to climate change and the impact of climate change on their long-term activities – something that most companies across the continent have been doing for years. In contrast, discussions on

<sup>5</sup>Solvency II also includes a third pillar that mostly covers issues of reporting and transparency.

<sup>6</sup>Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 amending Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council. See also EC (2019a) in S1.1.

<sup>7</sup>Other more secondary issues were cross-border supervision and proportionality (S1.1, Hallak 2024).

more contentious issues, such as the penalization of fossil assets, have been deferred to future deliberations.

The third key area of contention is the only one where the review introduced substantial changes. Accompanied by some technical measures, these changes concern the amount of capital that insurers must keep as a buffer against potential risks. The cost of capital, a crucial parameter in calculating the risk margin, has been reduced from 6% to 4.75%. This reduction means insurers need to set aside less money as a buffer, significantly increasing their available capital. Ever more significantly, the review also recognizes a class of long-term equity investments (LTEIs) that benefit from a reduction of the equity risk factor – with the risk factor being designed to quantify the risk associated with the insurer's exposure to equities, which are typically more volatile and carry higher risk compared to other asset classes like bonds. Put simply, these changes imply that insurers can now engage in riskier behaviour.

Overall, it is the striking imbalance of the reform that makes it puzzling. The review of Solvency II strengthens regulatory requirements for relatively peripheral reporting obligations whilst significantly loosening constraints on the core of insurers' activities – most notably by reducing capital requirements, thereby unlocking up to 100 billion euros in investment capacity. To paraphrase Vogel (1996), this 'reregulation' is thus skewed towards deregulating private actors rather than imposing additional rules. Whilst similar efforts to relax insurers' investment constraints have been observed outside the EU during the same period (notably in the United Kingdom; see S1.1, Smith, 2023), the EU's approach stands out as particularly significant, as it marks a departure from the original regulatory path, which was explicitly designed to prevent behaviours that the current review now permits.<sup>8</sup> How to explain this outcome?

### *Theoretical Expectations*

Over the last two decades, EU financial integration has been the focus of sustained academic attention (see Grossman and Leblond, 2011). Within this extensive literature, the creation of a common framework for insurance regulation and supervision has frequently been considered a typical case. In her foundational study on the genesis of Solvency II, Quaglia (2011) demonstrated that several factors commonly linked to EU financial integration were indeed present during the directive's contentious adoption. Specifically, she identified the crucial mobilization of leading financial firms, the Commission and powerful member states. In her explanation, however, she placed particular emphasis on the United Kingdom's role in the negotiations, citing the size of its insurance market, its effective co-ordination of national policy-makers and its 'state-of-the-art' regulatory model. François (2021), in his more recent and detailed analysis of the same processes, acknowledged these factors but weighted their relative importance differently. For him, it is an entrepreneurial Commission – particularly its Insurance unit – working in alliance with the continent's dominant firms that played the decisive role in shaping the negotiations.

Building on this theoretical foundation, we analyse the outcome of the Solvency II review in the following pages, with slightly revised priors regarding the interactions of

<sup>8</sup>For a technical introduction to Solvency II in natural language, see Institute and Faculty of Actuaries (2016) and Barrett et al. (2024) in S1.1.

these factors in the distinct context of the review. Indeed, we examine a setting where the political salience of financial stability and regulation has diminished compared to the immediate post-crisis period (see Woll, 2013) and is now characterized by a context of ‘quiet politics’, where the influence of business actors is likely to be greater (Culpepper, 2011). At the same time, the review of Solvency II took place during a period when EU elites were actively rethinking the role of the state in the economy. This shift is reflected in the Commission’s recognition of an ‘investment gap’ and its growing emphasis on addressing this issue in policy-making (Lepont and Thiemann, 2024:14). However, as highlighted by Lepont and Thiemann (and earlier by Clift and Woll, 2012), these same perceptions also fostered new forms of economic patriotism at the member-state level, which may only partially align with the Commission’s broader agenda.

Thus, whilst the forces that shaped the adoption of Solvency II remain relevant during its review, they now operate in a different political environment, requiring a refinement of expectations regarding their likely significance in the 2023 reform. Consider the role of the financial services sector actor first. Given the bias of the outcome towards their objective interest, the review of Solvency II may well reflect the success of financial industry lobbying efforts – perhaps even more directly than during the Directive’s initial adoption. What makes this interpretation credible *ex ante* is that the review of Solvency II meets the three criteria that are usually considered by the literature as key for lobbying success (see Chalmers, 2020, for a comprehensive discussion): first and as mentioned earlier, this process is happening at a time when the political salience of financial stability and financial regulation has diminished compared to the immediate post-crisis period; in terms of its organizational characteristics, the insurance industry and its representatives are endowed with important resources and represent a pivotal business group within the EU (see Klüver, 2013 on these facts); and third, lobbying processes in this industry tend to be institutionally ‘closed’ with access restricted primarily to a select few private-sector actors given the technicity and the specificity of the issues at stake.

However, the review of Solvency II could also reflect the Commission’s enhanced entrepreneurial capacities in response to recent crises and ever more so since the Covid-19 pandemic (Becker, 2024; also see Crespy et al., 2024; Prontera and Quitzow, 2023). By this, in turn, we more specifically refer to the ability of various actors within the Commission – including Commissioners, bureaucrats and external experts – to coalesce and engage in a ‘pattern of action’ centred on ‘innovation promotion’ through problem framing, solution building and coalition crafting (Capano and Galanti, 2021). Whilst this may not be immediately obvious from the review’s outcome, both past and more recent contextual elements lend credibility to this explanation. Historically, we know from a rich literature that the Commission has been a driving force in financial market integration (Jabko, 2012), including for Solvency II (François, 2021). As already suggested before, it has been more recently argued that the Commission has been taking a more explicit leadership role vis-à-vis the Council (Kassim, 2023) and even more so in the context of the green transition (Eckert, 2023; see also Becker, 2024). According to this view, the interpretation would be that, just as the Commission initiated greater integration and co-ordination in insurance supervision before and after the financial crisis, it is now intervening to soften this framework in light of new policy priorities.

A third main interpretation of the outcome of the Solvency II review could be that it reflects the evolving preferences of member states, pushing back against the strict

post-crisis rules whilst making concessions to address current policy needs – such as the desire for long-term financing of the European economy to be more explicitly reflected in the regulatory framework. Here, Quaglia's interpretation of the genesis of Solvency II adds some weight to this explanation. The essential tension here, however, is that the review occurred after the departure of the United Kingdom. Consequently, the review cannot be attributed *ex ante* to the same coalition dynamics that shaped the directive's initial adoption. Nevertheless, other member states have incentives to be directly involved: their financial systems are indeed uniquely linked to their economies and participate differently in the development of these countries' distinctive 'growth strategies' (Hassel and Palier, 2021). Domestic private insurance institutions are crucial in this regard, given the legacies of their historical connection with both financial markets and the welfare state (van der Heide and Kohl, 2024).

### *Empirical Strategy*

The different theoretical expectations to which the deregulation of the insurance sector can be linked *ex ante* point in different directions. Of course, they are not necessarily mutually exclusive. For instance, the renewed emphasis by public actors on channelling private investment often relies on private actors through risk-reduction techniques, which also allow these actors to extract substantial rents from such partnerships. Nonetheless, and as suggested by our discussion, these interpretations suggest distinct expectations about the process that led to the deregulation of insurance rules in the EU. Thus, and to assess which of these interpretations best explains the review of Solvency II, we employed a 'case-centric, explaining-outcome' variant of process-tracing (Beach and Pedersen, 2019). This approach is particularly suitable given the processual nature of our case and the need to identify the causes of the outcome of interest. The case-centric, explaining-outcome variant combines inductive and deductive approaches to provide a minimally sufficient explanation for a specific case based on established theories. Apart from this orientation, it is similar to other variants in that it involves a step-by-step testing of alternative explanations, ultimately assessing the likelihood that certain causal mechanisms explain the observed outcome (Fairfield and Charman, 2022; see Naczyk and Eihmanis, 2023, for a recent illustration). Accordingly, we gathered a large amount of diversified data and evaluated its probative value for or against our three alternative interpretations of the reregulation of the insurance sector. Following best practices in process-tracing research (Benoît and Naczyk, 2025), we aimed to ensure transparency in our findings by relying as much as possible on publicly available sources, which are listed in Appendix S1.

Since 2017, we have been closely monitoring the evolution of European insurance regulation on a weekly basis. Due to the importance of these countries' insurance markets, we manually retrieved and analysed all Belgian, British, Dutch, French and German news report made available in the *Factiva*<sup>®</sup> and *Europress*<sup>®</sup> databases using 'Solvency II' as a keyword in these countries' different languages. At the same time, we collected both the annual sectoral reports and the primary positions (including their responses to public consultations) of insurers' representative bodies in these countries, as well as those from Insurance Europe. Some additional research with a similar focus was conducted at the level of a few individual firms that appeared to adopt independent positions over the course of

the policy process or given their central importance within the industry – the two being often correlated. We also collected the various positions of the European Commission, member states, supranational bodies (EIOPA) and national regulators since 2017, along with all texts (bills, tabled amendment, and preparatory reports) from the EP during the debates surrounding the Solvency II review. Whilst not directly used here, our analysis is also informed by previous rounds of interviews conducted over the past 7 years across different member states with regulators and policy-makers (primarily from social and finance ministries), as well as at the EU level (mainly within DG Financial Stability, Financial Services and Capital Markets Union - FISMA and EIOPA). These data are presented and discussed in Benoît (2025) and in Massoc and Benoît (2024).

To strengthen our analysis, we conducted targeted, in-depth interviews lasting around 3 hours with four high-level civil servants and political appointees in Brussels who directly participated in the discussions from 2021 and co-ordinated trilogues and Council negotiations during their member state's presidency of the Council. Anonymity was ensured for all participants to encourage candid responses. Our investigation revealed that the outcome of the Solvency II review was primarily shaped by key actors within the French Treasury, highlighting the significance of member-state involvement, albeit in an unexpected and distinctive manner. Further research delved deeper into the motivations of French policy-makers and the domestic context that influenced their strategies. We conducted interviews with three additional high-profile individuals. Two of them had extensive experience in both the Treasury and the private sector, whilst the third holds a senior position at a large non-EU insurance company. They have requested full anonymity.

## II. Reregulating the Insurance Sector: Divided Industry, Polarized Commission and Entrepreneurial (French) Treasury

In this section, we present the empirical findings from our process-tracing analysis, evaluating competing explanations for the outcome of the Solvency II review. We begin by examining divisions within the industry, then assess the Commission's role, and finally, highlight the French Treasury's decisive influence in shaping the reform.

### *Divided Against Itself: The Constrained Mobilization of the Insurance Industry*

We begin our empirical analysis by examining lobbying efforts from the insurance industry. It is important to note that the original Solvency II Directive was adopted during the 2009 financial crisis, a context that made it difficult for insurers to challenge stringent regulatory provisions, leading to high capital requirements. In contrast, by the time of the 2018–2019 review, the urgency for financial regulation and economic stability had diminished, creating a more favourable environment for the insurance sector to influence the policy process (see Culpepper, 2011; Woll, 2013).

It is precisely against the post-financial crisis agreement that the sector has been attempting to construct a united front since around 2018. Insurance Europe led the charge by pushing for two explicit demands mainly emanating from Dutch and French associations. The first demand was a reduction in the cost of capital within the risk margin – which determines the additional funds insurance companies must set aside to cover unexpected losses – since the current calibrations were considered ‘unnecessarily

conservative'. The second was a reduction in capital requirements for 'long-term investment in equity' (S1.1, Insurance Europe, 2018a). Both were presented as crucial issues in the low-interest context characteristic of the pre-Covid-19 period, where insurers sought to invest in higher risk, higher yielding assets, but where the strictness of Solvency II prevented them from doing so (S1.1, Swiss RE, 2020). The position defended by Insurance Europe was supported by some large life insurance companies whose products earnings are more sensitive – and that were under pressure from market analysts and rating agencies concerned about the sustainability of their business model in a low-interest rate economy (S1.1, Moody's, 2019; S1.1, S&P, 2019).

However, the sector presented a divided front, as evidenced by the diverse responses received by EIOPA during public consultations (S1.1, EIOPA, 2018). Such divisions did not necessarily result from inherent disagreements but rather from different priorities. Whilst French and Dutch insurers' representatives were strongly aligned on the objective of freeing up capital, most German insurers had more conservative views due to the limited share of equities and other riskier assets in their portfolios. Instead, their lobbying efforts were focused on interest-rate risks and asset–liability management. In other countries like Sweden, major life insurers operate through pension funds that are not subject to Solvency II, making them less active in the mobilization (S1.1, Abadie, 2018a). Overall, the final amendment to the delegated regulations included some minor adjustments, such as the creation of a category of LTEIs with reduced capital requirements. However, it is accompanied by conditions that deliberately make it difficult to use (S1.1, Abadie, 2019). EIOPA itself recognizes that only 2.38% of the assets in the balance sheets of European insurers are eligible for this new asset class (S1.1, EIOPA, 2020a). Consequently, the sector as a whole broadly considers the reform as a 'missed opportunity' (S1.1, Insurance Europe, 2018b).

Despite its considerable resources and the relatively low salience of insurance regulation, the insurance sector approached the negotiations for the review of Solvency II in 2019 in a similar state of division. The starting point of the negotiations was the consultation on a lengthy (878 pages) report from EIOPA covering various technical aspects of the directive to be discussed, including, amongst others, measures on equity risk, technical provisions and capital requirements, macroprudential policy and the supervision of companies operating in multiple countries (S1.1, EIOPA, 2019). Insurance Europe denounced these recommendations as 'excessively conservative' and tried to forge a broader sectoral coalition than during the previous debates by proposing a wide range of corrective measures (S1.1, Insurance Europe, 2021). Whilst most key actors and representatives in the industry expressed concern over the potentially negative impact of EIOPA's proposals on solvency ratios (S1.1, S&P, 2020), a similar fragmentation as before was observed amongst national federations. Representatives of French and Dutch insurers, who have been the most active respondents in the public consultation (S1.1, EIOPA, 2020b), strongly supported a reduction of capital requirements and cost of capital for LTEIs (S1.1, Risques, 2020; S.1.1, Verbond van Verzekeraars, 2021). However, Spanish (S1.1, INESE, 2019) and Italian (S1.1, CW Italia, 2021) insurers prioritized the calibration of volatility adjustments (that capture the effects of market fluctuations on insurers' balance sheets), whilst French insurers, for instance, considered the current mechanism to be functioning well for them. Extrapolation of the yield curve, interest rate risk and volatility adjustment remained the core priority of German insurers (S1.1, GDV, 2022). Smaller and

non-profit insurers across the continent primarily advocated for Solvency II to be more proportionate – meaning lighter for small- and medium-sized insurers (S1.1, AMICE, 2020; S1.1, Captive International, 2020). A joint statement with Insurance Europe has even been issued on this matter (S1.1, Insurance Europe and AMICE, 2020).

The Covid-19 pandemic slowed down the process, and in May 2020, the Commission and EIOPA jointly agreed to postpone the revision of its technical report, which was finally issued in December 2020 with 1500 pages of background documents (S1.1, EIOPA, 2020c). These recommendations largely fuelled the Commission's legislative proposal presented in September 2021 (S1.1, European Commission, 2021). Non-life and small insurers, which are not the most consequential in terms of their market shares and risk exposure, have been considered, as the report includes provisions to improve the calibration of volatility adjustments and increase proportionality. However, the Commission also incorporated measures beyond EIOPA's proposals, including those favouring long-term investment, by relaxing the criteria for assets to qualify as LTEIs and proposing reduced volatility for long-term activities – allowing the Commission to claim that its proposals will release a significant amount of capital in the EU (S1.1, Insurance ERM, 2021a). The broad orientation of the text will remain unchanged after negotiations with the Council and the Parliament.

Overall, the Commission's proposals suggest that at least some of the industry's demands have been considered – yet evidence is lacking to directly attribute this outcome to successful lobbying efforts by the insurance industry. The sector remained divided throughout the process, and it is unclear why the views advocated by French and Dutch insurers seemingly prevailed over others. More significantly, a debate persists within these two federations as to the extent to which the Commission's proposal actually met their needs. The claim that capital will be released is explicitly disputed. The sector indeed anticipates that positive benefits will come into effect immediately, whilst a series of negative impact will be phased in (including a new extrapolation of the risk-free rate curve that is also part of the Commission's proposal), with several measures perceived by the sector as damaging for solvency ratios taking effect in 2032 (S1.1, Insurance ERM, 2021b). Analysts suggest that some important Dutch Insurance companies, like ASR Nederland and Nationale-Nederlanden Group, could be particularly exposed to these long-term negative impacts (S1.1, ABM, 2021). The review was more broadly considered detrimental to larger life insurance companies (despite their active mobilization) due to new methods for calculating interest rates that change the discounting method for liabilities (S1.1, Chalendar, 2021). To properly evaluate the hypothesis of insurers' influence in the Solvency II review, a more comprehensive contextual analysis of their mobilization appears necessary.

### *The Commission as a Pragmatic and Reactive Policy-Maker*

The evidence discussed in the previous section suggests that the outcome of the review of Solvency II is compatible with a world where the Commission initiated a new direction for insurance regulation in the EU by steering the role of insurers as institutional investors. The overall aims of the Commission's proposal were indeed explicitly presented as part of a broader agenda to support the financing of the post-Covid-19 recovery, complete the CMU and channel funds to implement the European Green Deal (S1.1, EC,

2021b). The credibility of this interpretation is further reinforced by the proposal's seeming balance, which frees up a large amount of private capital in the short term whilst phasing in counterbalancing regulatory measures to ensure the long-term protection of policyholders. This would also explain why LTEIs (a crucial issue for some powerful actors in the sector both pre and after Covid-19) were marginalized in 2019 and promptly integrated by the Commission in 2021 in the context of changing policy priorities.

A further examination of the Commission's attitude before and after the Covid-19 pandemic, however, suggests that its role has been more reactive and driven by several conflicting agendas.

Whilst these agendas may not directly indicate significant internal divisions within the Commission, the proposed measures do suggest an increasing polarization between the policy goals it aims to achieve. They reflect the gradual accumulation of policy priorities in a context of increased politicization of EU governance (Schmidt, 2020), without necessarily inducing a complete replacement of long-standing goals of Solvency II. Whilst the post-Covid-19 context has exacerbated these tensions, they were already prevalent in the debates around delegated regulations.

At the beginning of these debates, the head of the Insurance and Pension Unit (part of DG FISMA) adopted a position consistent with the original motives for Solvency II, emphasizing the need to protect policyholders in a context where the sector is, like the banking sector, perceived as being exposed to systemic risks (S1.1, Institut des Actuaire, 2016; Interview S1.3.1). Prolonging the initial spirit of the directive, the Commission (through the active involvement of DG FISMA) sought to improve the mandate, governance and funding of the EIOPA (S1.1, Abadie, 2018b; Interview S1.3.2.) as part of its reform of the EU system of financial supervision (see S1.1, EC, 2017).

But this agenda, rather typical of the post-financial crisis era, rapidly intersects with the parallel rise of the CMU pushed by several financial groups and member states (Quaglia et al., 2016). The importance given to this agenda prompted Valdis Dombrovskis (the then Commission's Vice-President and head of DG FISMA) to emphasize the need to help insurers to invest in the European economy, particularly through high-quality private equity and private debt placements (S1.1, EC, 2018). Although an extended analysis from EIOPA concluded that the perceived negative impact of Solvency II in this regard was in fact limited (S1.1, EIOPA, 2017), the Commission ordered a report from Deloitte Belgium and the Centre for European Policy Studies to further evaluate the effect of the directive on insurers' investment capacities (S1.1, EC, 2019). However, the obvious conflict between this new imperative and the more prudent position advocated by EIOPA in its technical recommendations pushed the Commission to postpone these debates to the 2020 review of the directive, arguing that they extend the scope of the review of delegated regulations – a view strongly opposed by insurers and key member states (S1.1, Comte, 2018a). In this context, the Commission played an instrumental role by both supporting the creation of a category for LTEIs to temper this opposition and limiting its usage, and this to avoid deciding whether the primary function of Solvency II is to foster growth or ensure financial stability.

A similar stance of the Commission was observed during the subsequent review of the directive. In years immediately before and after Covid, the Commission tried to pragmatically reflect on rising policy imperatives and to postpone discussions where significant conflicts were anticipated. Thus, its contribution to the policy process did not manifest

in the imposition of a single innovative pattern of action (Capano and Galanti, 2021), but rather in managing the expectations that diverse audiences had regarding its missions and activities (see Busuioc and Lodge, 2016). In its focus on reputation management, the Commission appeared caught in the tensions induced by the conflicting motives that insurance regulation increasingly crystallizes, in an overall context where EU governance as a whole increasingly emphasizes investment, fiscal sharing and green transition (Crespy et al., 2024). During a roundtable gathering different stakeholders to discuss the review of Solvency II in January 2020, Valdis Dombrovskis stressed that the review should not be a ‘technocratic exercise’ but should instead serve a reorientation towards ‘broad objectives’, including funding the ‘real economy’ and its ‘green’ financing – an additional objective that was almost entirely absent from the Commission’s earlier proposals (S1.1, EC, 2020). In the meantime, the High Level Forum, an expert group composed of top industry executives and experts, published its recommendation for the CMU, notably suggesting a ‘targeted review of Solvency II to address insurers’ underinvestment in equity’ (S1.1, High Level Forum, 2020). A few months later in the midst of the Covid-19 pandemic, the Commission issued its strategy for financing the transition to a sustainable economy, in which insurance companies were integrally involved (S1.1, EC, 2021c). However, the Commission still pushed for some of the strict proposals issued by EIOPA in December 2020, which the sector vehemently denounced as being too strict and repressive.

Rather than indicating a lack of influence in the process, the final proposal issued by the Commission demonstrates its attempts to balance the competing goals of its diverse audiences by attaching various policy objectives to insurance regulation, without challenging the broad conceptual framework to which EIOPA is firmly committed. However, far from being the ‘balanced’ text claimed by the Commission, the proposed review of Solvency II is more accurately described as a composite of the aforementioned policy agendas. The central measures said to release private capital were explicitly presented as fostering the CMU and liberating investment capacities in support of the green transition. Yet these measures were not accompanied by clear constraints on insurers’ investment strategies, and ‘prudential transition plans’ were fostered in lieu of clearer emission targets, triggering criticism amongst Non-Governmental Organizations and environmental groups (S1.1, Share Action, 2023; S1.1, Urgewald, 2023). In the same time, other technical recommendations from the EIOPA that were more closely consistent with the initial ambition of the directive were included despite being vocally denounced by private actors, including measures pertaining to (negative) interest rate risks.

Consequently, the Commission made clear and successful attempts to shape the outcome of the Solvency II review, particularly by incorporating broader policy objectives that have recently gained increasing salience in the EU. Yet our findings also suggest a lack of smoking-gun evidence to support the hypothesis that the imbalance of the text, and particularly the deregulation of the insurance sector, is primarily due to the Commission’s entrepreneurial role in shaping the negotiations – let alone a reflection of its greater policy autonomy. The discursive emphasis on the need to foster investment in the EU, combined with the lack of constraining measures imposed on private actors, suggests instead an attempt to reframe the directive to align with a broader set of policy objectives. At the same time, the Commission’s commitment to reinforcing EIOPA’s prerogatives and supporting EIOPA’s technical recommendations (even when private actors explicitly

opposed them) indicates the endurance of some concerns related to prudent regulation and financial stability that were key in the Commission's initial support for Solvency II. Overall, its attitude throughout the negotiation has been closer to that of a reactive and pragmatic policy-maker rather than a genuine policy entrepreneur.

### *The Decisive Impact of the French Treasury's Sustained Mobilization*

It was on 17 June 2022 that the Council reached an agreement on the Commission's proposal for the review of Solvency II. In its statement, the Council explicitly emphasized the need to ensure that the legislative process does not result in an increase in capital charges compared to the current situation and that the review considers the specificities of national insurance sectors (S1.1, Council, 2022). In short, the Council clearly limited the extent to which the review can constrain the insurance industry. This position reflects Quaglia's (2011) observation in her study of the genesis of Solvency II: as in a classical liberal-intergovernmentalist setting (Moravcsik, 1993), member states are likely to promote their domestic insurance industry whilst generally supporting the sector's overall interests due to its structural position in these countries' financial systems and, more broadly, political economies. This was manifested during the review by the Council's defence of reducing the cost of capital from 6% to 4.75% (against the 5% initially demanded by the Commission). Our analysis of member states with significant insurance sectors across Europe (particularly France, Germany, Luxembourg and the Netherlands, but also Belgium, Italy and Spain) largely confirms this trend, as countries' positions typically reflect priorities advocated by their home insurance industry representatives.

However, this raises again, albeit in different terms, the question previously posed by the analysis of insurers' mobilizations during the review: why did the positions of the Dutch and French industries – here governments – seemingly prevail in the negotiations? Whilst their positions have been usually defended in tandem, the mobilization and the influence of the representatives of these two countries need to be disentangled, as the intensity of their activism has not been the same. The Netherlands has been an advocate of a more liberal and competition-oriented system of insurance regulation in the EU for decades, given the stronger focus on investment in financial market instruments of its powerful domestic sector and the pivotal role it plays in the country's growth strategy (see Hassel and Palier, 2021). Given that few countries in Europe have an insurance industry with a similar profile, the Dutch Ministry of Finance has traditionally aligned with broader coalitions of large transnational companies, often led by the United Kingdom, which has a similarly 'Maritime' (or finance-based) insurance sector (see van der Heide and Kohl, 2024). With the United Kingdom leaving the EU, it has found a new ally in the French government. Our analysis, however, suggests that it is the latter that has been the most significantly proactive and influential during all stages of the negotiations, decisively shaping the outcome of the review of Solvency II. Backed by the Ministry of Finance, the French Treasury has been at the forefront of the mobilization in favour of reduced capital requirements and LTEIs, fostering the necessary coalitions within a divided industry, amongst member states and, ultimately, amongst EU institutions.

During the early phases of the debates around delegated regulations in 2018, the French Treasury was the first to vocally challenge the diagnosis made by EIOPA, which stated that Solvency II was neutral for insurers' investments in equities. It argued that the

passage of the directive was associated with a loss of €50 billion in investment capacities for French insurers and that Solvency II should encourage risk-taking and long-term investments (S1.1, Comte, 2018b). This position echoed a series of public statements made by President Emmanuel Macron and Finance and Economy Minister Bruno Le Maire since 2017, which have explicitly linked the lack of private investment in French companies to the EU regulatory framework (see further; S1.1, Challenges, 2018). Faced with the initial reticence of pivotal member states in Europe like Germany, which initially opposed a reduction in capital requirements, the Treasury sought to build coalitions with other partners, including the Netherlands, Luxembourg and, more intermittently for the review of delegated regulations, Italy. Given the difficulty of actively engaging these countries however (Interview S1.3.3), broader alliances were built, notably by mobilizing the ECON committee of the EP (S1.1, Argus, 2018). Bruno Le Maire personally took a public role in this mobilization, making the reform of Solvency II one of his top priorities (S1.1, Vie Publique, 2017; S1.1, Delambily, 2019; Interview S1.3.5). The key focus of this mobilization was the creation of the new category of LTEIs with reduced capital requirements, which the Commission will ultimately adopt, although it will narrow down the eligibility criteria designed by the French Treasury and supported with its Dutch counterpart. In the Treasury's initial proposal, about 50% of equities held by European insurers would qualify under this new category – up to 75% for French insurers, amounting to an additional €34 billion in investments in France alone (S1.1, Institut des Actuaire and PwC, 2018).

Whilst private actors consider the review of delegated acts as a defeat, the French Treasury claimed a political victory despite acknowledging the limitations of the text (S1.1, Finance Ministry, 2019). Thus, the mobilization intensified during the subsequent review of Solvency II, during which the Treasury managed to present a united front notably involving France's (nominally independent) Prudential Supervisory and Resolution Authority (ACPR, see S1.1, Argus, 2019). Whilst adopting a broader stance, such as endorsing certain EIOPA proposals for enhanced co-ordination, the Treasury's primary focus remained unchanged. With LTEIs now recognized, 'Bercy' (the French Ministry of the Economy and Finance) aimed to expand their scope and enhance insurers' investment capabilities more broadly. This mobilization intensified amidst the Covid-19 pandemic. Bruno Le Maire presented the rigidity of Solvency II as a 'political issue', emphasizing the necessity to mobilize insurers for the post-pandemic recovery during a meeting of the Economic and Financial Affairs Council (S1.1, Abadie, 2021). In this context, the coalition was broadened by the active involvement of the Treasury in convincing national insurance federations to align with its positions and proposed compromises. Within the sector in Europe, the Treasury was increasingly perceived as the 'driving force' of the negotiations, including by the Dutch Association of Insurers, which directly interacted with Bercy and publicly praised its 'hard work' (*hard werken*) for a compromise (S1.1, Verbond van Verzekeraars, 2022). By repositioning its demands on issues increasingly politicized within the EU, the French government has managed to garner support within the Council. Simultaneously, sustained mobilization within the ECON committee of the EP was yielding results. Long-term investment and reduced capital requirements are the key focus brought to the fore by the EPP group and the bill's rapporteur, Markus Ferber. Despite a few vocal complaints from NGOs against the overall reduction of capital requirements that the text finally entails (S1.1, Finance Watch, 2023), most of the

opposition to the text was concentrated on other salient matters, essentially on the need to green insurers' investments, with limited impact on the text finally voted (S1.1, EP, 2023).

The intense and sustained mobilization of the French Treasury was not the sole factor shaping the overall text – especially regarding the reference to the CMU (partly due to the Commission's shifting agenda) and the limited emphasis on sustainability aspects (largely due to the successful mobilization of conservative legislators within the EP, see S1.1, Green Central Banking, 2023; S1.1, Politico, 2022). When compared to the interventions of interest groups and, more significantly, those of other member states and the Commission, our findings suggest that it is the French Treasury that assumed an entrepreneurial role in the policy process. This was achieved by reframing the problems identified by private actors, designing an instrument in response and building the necessary coalitions to expand their scope against the tempering actions simultaneously undertaken by the Commission. But how can we explain this overt support for a deregulatory agenda, which appears to be in stark contrast with France's historical positions (e.g., Clift, 2013) and more recent stances in Brussels (Krotz and Schramm, 2022)? A broader contextualization of the Treasury's policy motives suggests a much more interventionist strategy than one might initially think.

Bercy's mobilization in favour of freeing up insurers' investment capacities was indeed always conducted in tandem with an ambitious interventionist policy agenda to foster private investment in France, particularly in large French companies for which issues of economic sovereignty were at stake (Interviews S1.3.4 and S1.3.5). The basis of this strategy was the recognition of a persisting gap between the substantial amount of private savings and private investments in France in a context where public savings are stagnating against rising needs, particularly for leading French companies (Figure S1.2a). Whilst this situation was recognized early on by the Treasury and the Bank of France (see S1.1, Gossé et al., 2020), it was the election of Emmanuel Macron that decisively propelled a more consistent strategy focused on redirecting these savings towards the French economy (S1.1, Le Monde, 2018; S1.1, Argus, 2018b; Interview S1.3.7). Against the sector's core business practices, the central objective pursued has been to fundamentally reshape the model of life insurance in France, traditionally reliant on government bonds, and redirect private savings towards French companies (S1.1, Argus, 2022; Interview S1.3.6). Crucially, achieving a significant reform of Solvency II has always been framed as a key component of this strategy (Interviews S1.3.4, S1.3.5 and S1.3.6). The Treasury's efforts in Brussels to relax insurers' capital were paralleled by the involvement of the same departments, particularly the Insurance subdirectorates, in creating investment vehicles and legislation aimed at swiftly and deliberately shifting insurers' business models (Interview S1.4.2). These efforts culminated in the adoption of the *Loi Pacte* in 2019, also known as the 'law for the growth and transformation of enterprises', which introduced two major changes. The first was the consolidation of numerous existing (largely unsuccessful) private retirement savings schemes into a single vehicle designed by the Treasury, the *Plan d'épargne retraite* (PER, for 'retirement saving plan'). The reform also brought to life the FRPS (*Supplementary Professional Retirement Fund*) scheme. FRPSs, which de facto serve as pension funds, were created during the previous presidential term to provide insurers' retirement activities with lighter capital requirements. However, insurers were reluctant to adopt it, until *Loi Pacte* mandated them to segregate retirement assets – prompting the largest insurance companies operating in France, including CNP,

AG2R La Mondiale, Allianz, Axa and Malakoff Médéric to establish their own FRPS (see Interview S1.4.1).

The consequences of these changes have been immediately noticeable. Since 2020, net inflows into unit-linked insurance plans have experienced an unprecedented increase, surpassing net inflows into euro-denominated plans (Figure S1.2b). This shift is largely attributed to the new PER offerings, of which 87% are managed by life insurance companies (Massoc and Benoît, 2024). Due to the design of PER and FRPS, a substantial proportion of insurers' unit-linked funds was invested in stocks of large French companies, which have consistently represented more than half of insurers' investments in businesses over the past few years, including stocks (€133 billion in 2023), bonds (€60 billion in 2023) and real estate to a lesser extent (Figure S1.2c).

Rather than pushing for wholesale deregulation, actors within the French Treasury thus have pursued a cohesive asset-led growth strategy in disguise. In this context, France's leading role in the Solvency II review contrasts sharply with the pivotal role played by the United Kingdom in the directive's initial adoption, as analysed by Quaglia (2011). Whilst representatives from both countries employed similar negotiation strategies – combining sectoral alliance-building with coalitions of member states sharing their stance – their underlying policy motives diverged significantly. The United Kingdom leveraged the Solvency II process to expand its regulatory model and protect the interests of its insurance industry. In contrast, France championed deregulation in Brussels as a necessary complement to its interventionist strategy at home, driven by a genuine quest for economic sovereignty and a goal of channelling liquidity into domestic companies. This strategy was explicitly based on the premise that rather than directly controlling the means of production, the state should actively shape, closely monitor and tightly regulate domestic private funds that own the country's national champions and leading firms to foster its economic sovereignty. As a result, whereas other countries traditionally aligned their negotiation positions with the preferences of their domestic industries, in France, industry preferences were largely shaped by domestic regulatory changes implemented prior to the Solvency II reform.

## Conclusion

By incorporating narrow policy objectives into the regulatory framework whilst simultaneously lowering the cost of capital for long-term, higher risk investments, the review of Solvency II presents a puzzling imbalance – particularly from the viewpoint of the literature that has reported an expansion and a strengthening of EU-led economic interventions in recent years. This is because the review of Solvency II, as established by this article, is not merely a technocratic initiative from Brussels in response to shifting priorities, nor is it a case of regulatory capture.

Through detailed process tracing, we have shown that whilst actively advocating for relaxed capital requirements, the divided insurance industry generally lacked meaningful influence in negotiations. The Commission, proactive in promoting the CMU and sustainable investments, operated as a rather pragmatic policy-maker, navigating multiple and conflicting agendas. That we reported a co-operative game of alliance-making primarily involving member states is not very surprising in this context – although the decisive influence of the French Treasury was less expected. Rather than advocating for wholesale

deregulation, however, these actors have pursued an industrial policy agenda in disguise, pushing for eased constraints on insurers' investment capacities to bolster an interventionist domestic strategy.

Whilst confined to the case under study, we believe that these findings have several corollary implications for current debates about the direction of European economic governance. They illustrate an increasingly acute tension in the realm of financial regulation between, on one hand, the financial stability agenda characteristic of the post-crisis era and, on the other hand, the various imperatives associated with the EU's push for growth. The gradual inclusion of extra policy objectives that insurance regulation should serve increases the dimensionality of political conflict, which is distributed differently across various arenas. This conflict is structured by the opposition between sectoral growth and stability in the interactions amongst EIOPA, DG FISMA and the industry, by tensions between economic growth and sustainable growth in the Parliament and by the balance between growth and financial stability in the interactions between the Commission and the Council. This denotes a notable expansion of the issues at stake in insurance regulation since the enactment of Solvency II, adding new functions to this regime whilst, for now at least, leaving unchanged the foundational principles upon which it is predicated. Such a situation is likely to be a source of tensions in the coming years, as illustrated by the polarization between parts of the Commission and EIOPA's positions and various partisans of a profound modification of the rules in the service of varied policy ambitions.

This article has also illustrated a tension of a different nature, one that could prove even more significant in the coming years. Recent literature has emphasized the EU's increasing role in guiding investment decisions to achieve ambitious policy objectives (Mocanu and Thiemann, 2024) and in leveraging its regulatory capacities to expand its actions, particularly in promoting and protecting the Single Market (Di Carlo and Schmitz, 2023) and in transforming Europe into a carbon-neutral economy (Prontera and Quitzow, 2023). Whilst not contradicting the broader conclusions of these contributions, the findings in this article highlight an obvious yet important issue: in a world where state activism and concerns over economic sovereignty are on the rise, EU-level efforts are likely to be mitigated or tempered by actions taken by member states pursuing their own statecraft. Methodologically, detecting these kinds of phenomena requires a general-equilibrium conception of bureaucratic politics, balancing the actual effects of supranational interventions with those of the simultaneous actions taken by other actors, particularly member states, involved in the process.

More generally, these frictions are likely to be particularly acute in a context where EU-level initiatives may be too limited or not rapid enough to offset domestic industrial policy strategies that were partly developed in response to EU budgetary constraints and state-aid restrictions (see Bulfone, 2022) – a clear animating goal behind the Treasury's interventions. In turn, the deployment of these strategies at the domestic level can durably undermine EU-level bureaucratic and regulatory capacities, as reflected in the final outcome of the review of Solvency II. Perhaps more significantly, they can also shape the course of future supranational policy initiatives, as they create beneficiaries and build on prior state-business legacies highly conserved at the domestic level. In this regard – and somewhat ironically – the report on the future of European competitiveness (S1.1, Draghi, 2024) has recently called for a review of Solvency II as part of its proposals to significantly increase the equity and funding available to innovative European

companies – thus aligning closely with the French Treasury’s diagnosis. However, the substantial strengthening of administrative capacities in the French context along a more sovereigntist line (and thus, in the service of firms often presenting a different profile to those targeted in the Draghi report) is likely to undermine the very effects of a more holistic supranational strategy if it is ever implemented.

More generally, our findings also contribute to the vast literature dedicated to France’s political economy and its role in European economic governance. They add context to recent contributions that have emphasized France’s direct influence, in close collaboration with Germany, in advocating for greater interventionism at the EU level, particularly in the context of the EU Corona Recovery Fund (Krotz and Schramm, 2022) and industrial policy (Bora and Schramm, 2024). In light of our case, France’s genuine concern for greater European co-ordination appears to be highly motivated by domestic considerations and concerns for its own sovereignty. Regarding France’s political economy per se, our empirical analysis complicates the narrative of a continuous erosion of French dirigisme. Whilst it does not challenge traditional views of businesses’ ever-increasing independence from the French State (Schmidt, 1997), interventions from Bercy can indeed be seen as a reminder, if not a reflection, of path-dependent dynamics in France’s enduring relationship with industrial policy and, to a lesser extent, economic planning. Whilst reminiscent of other attempts to influence economic policy through financial markets by channelling citizens’ savings into corporate finance (Braun et al., 2018), the Treasury’s investment strategy in prioritizing French leading companies for economic sovereignty aligns closely with France’s ‘market-oriented mode of planning a capitalist economy’ (Lovering, 2024). Importantly, this approach has long been integral to France’s distinctive approach to European integration, often spilling over European economic governance (see Canihac, 2021).

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## Supporting Information

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

**Data S1.** Supporting information.