

*Bring SOEs Back for Technological Catch-Up: COMAC and China's Commercial Aircraft Industry**

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Abstract

In 2019, China launched the “New Whole-Nation System” as a response to U.S. technical sanctions. However, long before that proclamation, the country had endeavored to strengthen the role of state-owned enterprises in pursuing technological breakthroughs in strategic industries. Can China succeed in utilizing SOEs for technological breakthroughs? Academic responses to the policy have bifurcated into skeptics and supporters. To help resolve the divergence, this article draws from the technological paradigm and focuses on the “technological cycle time” of particular industrial sectors. We argue that for “long-cycled technological sectors,” relying on SOEs to promote technological upgrading is more feasible. China's recent technological catch-up in the commercial aircraft industry also demonstrates how the state-owned Commercial Aircraft Corporation of China (COMAC) has accumulated technological know-how by successfully acquiring patient capital, nurturing technical talents, and establishing long-term industrial networks. China's unique multiple ownership system can thus contribute to its transformation into a comprehensive technological giant.

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