Global Times: How should Europe view China’s H1 economic performance, says Luigi Gambardella

Beijing, China Jul 16, 2026 (Issuewire.com) - The first half of 2026 has made one point increasingly clear: China is no longer simply the "factory of the world." It is becoming one of the world's most important platforms for the industrial deployment of new innovations.

This is the real significance of China's current economic performance. The most relevant question is not only whether growth remains resilient in a difficult global environment. The deeper point is that China's growth model is evolving. The country is moving from scale to sophistication, from manufacturing capacity to intelligent manufacturing, from infrastructure-led expansion to innovation-led productivity.

Europe needs to understand this transformation with greater clarity. China's advantage today goes beyond manufacturing at scale. It possesses something increasingly rare in today's global economy: the ability to move with exceptional speed from research to deployment, from prototype to market, from technological experimentation to industrial application.

Chinese policymakers describe this transition through the concept of new quality productive forces.

Behind the official terminology lies a structural shift in the way industrial power is being rebuilt - one that deserves serious attention, artificial intelligence applied to industry, robotics, electric mobility, batteries, advanced materials, digital infrastructure, green technologies, smart logistics and the low-altitude economy are no longer isolated sectors. Together, they are forming the new architecture of China's industrial competitiveness.

For multinational enterprises, this transformation creates major opportunities. Companies that want to understand the future of manufacturing, mobility, automation, logistics or urban services cannot observe China from a distance. They need to engage with its innovation ecosystems, understand how technologies are being tested in real industrial environments, and identify where cooperation can create mutual value.

The point is not that Europe should copy China. Europe has its own strengths: advanced industrial know-how, high-quality engineering, strong research institutions and sophisticated regulatory systems. These are essential assets for the next phase of industrial innovation.

At the same time, Europe must bring its strengths into the next technological cycle with greater speed. If Europe wants to shape the rules, standards and applications of intelligent industry, it must be present where these technologies are being developed, tested and scaled. Engagement with China is therefore a strategic necessity, not a concession.

This is also the logic behind the recent Memorandum of Understanding between ChinaEU, a Brussels-based association promoting China-EU cooperation in digital industry and innovation technologies, and the Shenzhen Low-Altitude Economy Industry Association. The low-altitude economy - drones, eVTOLs, autonomous aerial logistics, emergency services, industrial inspection and future urban air mobility - is one of the most promising new frontiers of Europe-China cooperation.

Europe has strong capabilities in safety, certification, regulation, urban planning and high-quality industrial applications. China has speed, scale, manufacturing capacity and a dynamic ecosystem of technology companies. The value lies not in choosing one model over the other, but in connecting these strengths.

The same reasoning applies to the broader Europe-China relationship. Europe is right to take economic security seriously. But economic security must not become economic immobility. Defensive instruments may respond to political pressure, but Europe's long-term competitiveness will depend on something more ambitious: deeper market integration, stronger investment, faster technological adoption, greater energy competitiveness and industrial scale.

A purely defensive response to China's technological rise would not strengthen Europe's competitiveness, but risk making Europe slower. Indeed, disagreements exist between the EU and China. That is precisely why more channels of dialogue are needed, not less. The establishment of the China-EU trade and investment consultation mechanism, following Chinese Minister of Commerce Wang Wentao's visit to Brussels, is therefore a positive and necessary step. It creates a channel to manage tensions before they harden into political confrontation.

The future of EU-China economic relations requires realism rather than illusion nor fear. The two sides should cooperate where interests converge, and learn where the other side is moving faster. This engagement must translate into company-level cooperation, industrial pilots, regulatory exchanges, technology verification projects and structured platforms where European and Chinese actors can test what works in practice. The future relationship will not be rebuilt by declarations alone, but by concrete projects.

This approach should focus on the sectors where both competition and cooperation matter most: industrial artificial intelligence, robotics, smart manufacturing, green technologies, electric mobility, healthcare innovation, digital infrastructure, logistics and the low-altitude economy. These are not peripheral sectors, but the foundations of the next industrial era.

Europe now faces a strategic choice. It can look at China's innovation capacity as a reason to close itself behind defensive walls. Or it can engage with China intelligently: defending its legitimate interests, learning where China is moving faster, shaping standards where Europe has expertise, and competing at a higher level.

Learning from China does not mean becoming dependent on China. It means understanding the speed, scale and industrial mechanisms that are redefining global competition. It means asking why certain technologies move faster from laboratory to factory, from pilot to market, and from application to ecosystem. It means using that understanding to strengthen Europe's own competitiveness.

Europe must engage with China in order to compete better, shape new standards, accelerate its own industrial transformation and remain relevant in the next phase of intelligent industry.

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