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Industrial Power Shifts: US, China and Europe in a Changing Global Economy

A well-attended panel discussion titled “Comparison of Industrial Economies: United States, China, Europe” was held within the framework of the 21st edition of the Trento Festival of Economics, focusing on key issues in economic policy and global industrial competitiveness. The event was moderated by Flavia Giacobbe (Editor-in-chief, Formiche and Airpress) and brought together leading experts and institutional figures, including Franco Bassanini (President, Fondazione Astrid), Zhiyi He (Dean, Global Institute for the Advancement of Industry and Technology, Nankai University), Simone Masè (CEO, BAT Italy), Fabrizio Onida (Università Bocconi), Giovanni Tria (University of Rome Tor Vergata), and Michele Valensise (Ambassador, President of the IAI), who contributed to a high-level exchange on the evolving balance between major economic areas.

The discussion focused on the United States, China and Europe, highlighting the vulnerabilities and structural pressures facing each system within a broader context of profound global transformation. Overall, the exchange pointed to an ongoing epochal transition in which long-standing balances are being reshaped and new global economic equilibriums are taking shape.

Michele Valensise highlighted a global economy defined by strategic rivalry and interdependence, where the United States, China and Europe are all simultaneously strong and vulnerable. He pointed to China’s slowing growth and internal fragilities, US political polarisation, and Europe’s need for greater awareness, cohesion and courage. As he noted, “we are not in a war situation, but not in a peace situation either”, stressing the importance of navigating this non-linear geopolitical context and seizing emerging opportunities.

Zhiyi He described the emergence of a US-China “G2” dominating global industrial chains, with the EU lagging behind due to structural weaknesses and uneven industrial competitiveness, based on indicators of firms, revenues and assets.

Giovanni Tria framed current dynamics as the result of long-term shifts since the 1990s, marked by rising protectionism and state intervention in markets. As he put it, “when the state intervenes, it no longer looks at the global arena, but at national interest”, highlighting the resulting fragmentation of global production and widening technological gaps between major economies.

Fabrizio Onida outlined structural weaknesses across major economies: US fiscal imbalances and declining trust, Germany’s industrial and demographic constraints, Europe’s governance fragmentation, and China’s internal vulnerabilities ranging from debt and ageing to technological dependence and energy constraints.

Franco Bassanini emphasised Europe’s underinvestment in advanced technologies and fragmented markets, but also identified growing momentum towards deeper integration. He stressed the need for stronger investment capacity and more flexible governance, alongside the urgency of closing technological gaps in areas such as AI and computing.

Simone Masè stressed the need to reconcile regulation and competitiveness, highlighting Europe's opportunity to modernise its regulatory framework in fast-evolving sectors. He also pointed to ongoing industrial investment in Europe and the importance of keeping regulation aligned with market innovation.

Overall, the discussion outlined a global economy shaped by fragmentation and intensifying competition among major powers. **It stressed Europe's key challenge of turning its weaknesses into a coherent strategy for long-term competitiveness.** The exchange pointed to the need for greater coordination and faster, more effective policy action.

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