COMMENT

Editorials

UK government's British Steel takeover sends chilling signal to global investors

A country's character is revealed by how it treats those who answered its call in times of need when others walked away. By that measure, the United Kingdom's nationalization of British Steel says less about steel than it does about the country's changing attitude toward foreign capital.

Around six years after China's Jingye Group rescued a bankrupt company that no other investor would touch, the UK government has effectively taken the assets of the investor it once welcomed as a savior. For a country whose greatest comparative advantage has long been its reputation for propriety and respect for property rights, the move could hardly be more damaging.

When British Steel collapsed into insolvency in 2019, few buyers emerged. Jingye stepped forward, acquiring the company for around £70 million ($94 million) and subsequently investing more than £1.2 billion to keep production running and preserve thousands of jobs. British politicians and newspapers then hailed the rescue as evidence that the UK remained open to global investment.

Yet last week, after first stripping Jingye of operational control through emergency legislation, the UK government formally nationalized British Steel, citing "national security" and "industrial resilience".

Few would dispute that steel occupies a special place in national security calculations, particularly when Scunthorpe hosts the UK's last blast furnaces capable of producing virgin steel. Facing mounting losses and tightening environmental requirements, Jingye proposed to replace them with cleaner electric arc furnaces, a transition already underway across much of the global steel industry. To finance the transformation, it reportedly sought UK government support of roughly £1 billion. The UK government offered only half that amount.

When negotiations collapsed and Jingye prepared to close the furnaces, ministers concluded that the UK could not politically afford to become the only G7 economy without primary steelmaking capacity.

Politics therefore trumped economics.

Instead of reaching a commercial compromise, the UK Parliament rushed through emergency legislation at remarkable speed before completing the formal nationalization this month. In doing so, the UK protected its steelmaking capabilities but simultaneously created another problem: whether foreign investors can still assume that commercial decisions will remain insulated from shifting political priorities.

The answer is increasingly no to many.

China's Ministry of Commerce rightly warned that the nationalization decision would inevitably weaken the confidence of Chinese businesses investing in the UK. China's Foreign Ministry has urged the UK government to honor market principles, contractual obligations and the bilateral investment protection agreement between the two countries, while making clear that Beijing supports enterprises seeking legal remedies to defend their rights.

Nor can the UK claim it lacked warning. As early as May, when reports first emerged that nationalization was under consideration, Beijing urged London to proceed cautiously, avoid discriminatory treatment and seek a mutually acceptable commercial solution. Those appeals were ultimately ignored.

The compensation dispute has only deepened concerns. Jingye said on Sunday that the UK had "trampled on international investment rules" by offering what it described as virtually no meaningful compensation. The company is justified in urging the UK government to provide prompt, full and effective reimbursement for all losses. Citing a report of the UK's National Audit Office, Jingye also noted that the UK had spent £377 million to operate British Steel as of the end of January. The figure was expected to exceed £600 million by the end of June and could surpass £1.5 billion by 2028.

So the larger question is why taxpayers are now financing losses that private capital had previously absorbed. Even many UK observers acknowledge the deeply political nature of the intervention. As they have said, the extraordinary pace of the emergency legislation and lingering uncertainty over compensation have exposed an uncomfortable tension between industrial strategy and the UK's long-standing reputation for contractual certainty.

For the UK's incoming prime minister, Andy Burnham, the handling of British Steel will become an early test of his government's economic pragmatism. Treating China as a geopolitical rival risks narrowing the UK's own economic options.

The UK's global standing has long rested on the belief that its legal institutions remain more durable than its politics. If that perception weakens, the damage will extend well beyond the steel industry. It will shape how investors around the world judge the reliability of what is allegedly one of the West's oldest "champions" of the "rule of law".

US-Iran MoU should not go up in smoke

Just weeks after signing a memorandum of understanding on an interim deal to halt their conflict, the United States and Iran are embroiled in intense confrontation, casting a dark shadow over the stability of the Middle East and the security of global energy supplies.

The current escalation is marked by a series of devastating attacks. The US has launched multiple rounds of air strikes against Iranian military sites, claiming they are necessary to "degrade Iran's ability to threaten commercial shipping" in the Strait of Hormuz. US President Donald Trump has threatened to target Iran's power stations and bridges.

This military confrontation has effectively nullified the MoU. On Saturday, Iranian Deputy Foreign Minister for Legal and International Affairs Kazem Gharibabadi declared that Iran has ceased fulfilling its obligations under the agreement, as Washington has violated its commitments.

Iran's Supreme Leader Mojtaba Khamenei also said the US' violation of the MoU proves the US leader's signature is worthless and invalid, highlighting the profound breakdown in trust.

The diplomatic path, which offered a glimmer of hope, now appears completely blocked. Central to this conflict is the strategic Strait of Hormuz. The escalation of tensions has already led to a sharp slump in shipping through the strait, sending shock waves through global energy markets again.

The safety of this international shipping lane, vital to the global economy, must not be held hostage as a bargaining chip in this dangerous geopolitical game. Using the Strait of Hormuz as a tool for leverage is a reckless gamble with global stability. The two parties concerned should exercise restraint and de-escalate the situation.

Regrettably, the MoU at the moment is effectively defunct as the basic preconditions for its implementation no longer exist. Its first article required both sides to cease fire completely and restrain their allies, forming the basis for the next phase of negotiations.

Not only has Israel continued to take military actions in Lebanon, but also the US and Iran have engaged in conflict again. Under the MoU, the US had previously agreed to lift the oil export embargo on Iran and unfreeze Iranian assets, but these promises have now been revoked by the US.

Much of the current situation stems from the inherent fragility of the MoU itself. The first article regarding the ceasefire was negotiated between the US and Iran without involving Israel. The reconciliation between the US and Iran has therefore always been at risk of being sabotaged by Israel.

Having neither sought nor signed the MoU, Israel is under no obligation to honor it — and Washington knows it. So it comes as no surprise that US Vice-President JD Vance has criticized Israel for resorting to a range of tactics, including lobbying to shape public perceptions in the US, all aimed at prolonging the US' conflict with Iran.

Nor does the MoU offer any clarity on the Strait of Hormuz — its provisions are so loosely drawn that each side can claim victory. Iran asserts the document affirms its control; the US insists it means no such thing. The gap between their readings is not a misunderstanding — it has been a crisis waiting to happen.

The prevailing trajectory of retaliation serves the interests of no party, except those whose strategic calculations depend on the perpetuation of hostilities. Washington may think that military force can coerce Iran into submission. But that belief was proved wrong soon after the conflict started on Feb 28. Each round of US attacks on Iran, aimed at appeasing hard-liners at home, only escalates the cycle of violence rather than resolving it, and deepens US entanglement in the Middle Eastern quagmire.

A return to the negotiating table is the only viable solution. The MoU was a hard-won achievement that should be cherished and protected. China, along with other nations such as Pakistan, has called on both parties to immediately cease hostilities, overcome difficulties and restart dialogue to reach a comprehensive peace agreement.

The longer this conflict course is pursued, the more it chips away at the already-frail trust that emerged from those first talks. And as that trust crumbles, so too does any hope of a graceful way out. The US and Iran must prioritize regional peace and the security of critical shipping waterways, return to the spirit of the MoU, and prove that their signatures are still credible.

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Opinion Line

Short-term stock volatility doesn't mean AI is another dot-com bubble

The recent sharp swings in semiconductor stocks in several major markets have pushed the question — Is the AI craze doomed to burst? — back to the fore. Yet market volatility cannot reverse the tide of technological progress. AI remains the future.

AI is no castle in the air. Unlike the dot-com bubble of the early 2000s, when many internet companies had yet to establish viable business models, AI is underpinned by solid technological and industrial foundations and is already delivering tangible value across industries.

At the MAEXTRO Super Factory in Hefei, Anhui province, jointly built by JAC Group and Huawei, a digital twin plant enables real-time monitoring across the production process, while more than 1,800 intelligent robots support automated manufacturing.

In healthcare, AI models are assisting doctors with more accurate and efficient diagnoses. An AI-powered model integrating rare disease information and genetic data from the Chinese population has already been put into clinical use.

According to the Digital China Development Report (2025), released by the National Data Administration, China has become the world's largest holder of AI patents, accounting for 60 percent of the global total. The core AI industry has exceeded 1.2 trillion yuan ($177 billion) in scale.

Naysayers are often trapped by their limited understanding of applied AI. But technological evolution has never been halted by skepticism. AI is evolving from a mere chat tool into autonomous intelligent agents, transforming industries beyond digital empowerment through comprehensive intelligent restructuring.

A guideline released by the State Council, China's Cabinet, on deeply implementing the "AI Plus" initiative calls for significant progress in the deep integration of AI across six key sectors by 2027. By 2030, the intelligent economy is expected to become a significant growth driver for China's economy.

While routine, standardized tasks are being automated, new professions such as prompt engineers and AI ethics auditors keep emerging. In the AI era, job displacement and new opportunities go hand in hand.

Boom-and-bust cycles are inevitable for all emerging industries. Short-term capital frenzy does not equate to an economic bubble — it is merely a natural phase of industrial reshuffling. AI is no fleeting hype, but a genuine force reshaping our era.

Instead of fixating on whether the bubble will burst, we should have faith in the promise of technology and, more importantly, believe in its potential.

— ZHANG CHENXU AND ZHUANG QIANGE, CHINA DAILY

What They Say

Industrial production stabilizer and driver of growth

Editor's note: *Data provided by the National Bureau of Statistics show that the value added of China's industrial enterprises above designated size rose 5.4 percent year-on-year and that of high-tech manufacturing increased 13.3 percent year-on-year in the first half of the year. The National Business Daily spoke to Liang Yongmei, an associate researcher of the Institute of Industrial Economics at the Chinese Academy of Social Sciences, on the development of the industry sector. Below are excerpts of the interview. The views don't necessarily represent those of China Daily.*

The performance of China's industry in the first half of 2026 demonstrates that the cultivation of new quality productive forces has yielded notably positive results, particularly in the industrial sector.

New growth drivers, represented by high-tech manufacturing and digital product manufacturing, accounted for over 20 percent of value added but contributed nearly 50 percent of industrial growth.

China's industrial production efficiency is improving and growth is no longer driven by simple scale expansion, but increasingly by technological intensity and higher value-added content.

The long-standing concern about manufacturing being "locked into the low end" of the global value chain is being effectively addressed, as industrial production accelerates its move toward the mid-to-high end.

Production of 3D printing equipment, lithium-ion batteries and industrial robots — emblematic of smart manufacturing and green production — has grown particularly rapidly.

Lithium batteries are benefiting from the rising global penetration of new energy vehicles and the surge in energy storage markets; industrial robots are meeting the demands of changing labor force dynamics and manufacturing's pursuit of precision and consistency; and 3D printing is moving from experimental "showcase" projects to standard practice in aerospace, medical implants and other industries.

Both 3D printing equipment and industrial robots are entering a phase of rapid growth and large-scale commercial application. The steady progress of intelligent, green and integrated development is becoming a hallmark of China's new type of industrialization in many regions.

At the same time, the rapid growth of these products also reflects and results from the completeness of China's industrial system and the continuous strengthening of the self-sufficiency of its industry chains.

The country has formed relatively complete closed-loop industry chains in these areas and rising localization rates have reduced costs, which in turn has helped accelerate the adoption of high-end industrial products.

Ultimately, the health of the real economy must be measured by profits.

In the past, many high-tech industries required substantial upfront investment, posting high revenues on paper but thin profit margins.

A comparison with last year's data shows that profit growth for industrial enterprises above designated size has been remarkably strong.

Double-digit profit growth has been sustained, with sectors closely tied to new growth drivers, such as electronics (semiconductors and components) and nonferrous metals (new energy minerals and high-end alloys), showing particularly robust profitability.

This indicates that these industries are now reaping the rewards of technological premiums and the dividends of industrial upgrading are flowing deeply from the revenue side to the profit side, forming a virtuous cycle of innovation and profitability.

Profit remains the best guide for resource allocation and this trend is likely to attract more capital and talent to new-growth sectors, while significantly boosting market confidence.

Furthermore, the relatively rapid profit growth of enterprises above the designated size also suggests that recent efforts to curb "involution-style" competition have been quite effective. The problem of "higher output without higher efficiency" that plagued some sectors in the past is being tackled, which is an important signal of high-quality development.

The positive momentum in industrial production appears sustainable. The manufacturing purchasing managers' index has returned to expansion territory, while the business expectations index for production and operations is also rising, indicating that entrepreneurs are gaining confidence in the market outlook.

Combined with continued targeted policy support such as equipment upgrades and trade-in programs for consumer goods, as well as the healthy growth momentum already generated by some new growth drivers, industrial production is well-positioned to serve as both a stabilizer and a driver of economic growth in the second half of the year.