

Discussion

The Potential of Reconfigured Value Chains in Revitalizing Mediterranean Cooperation and Enhancing European Strategic Autonomy in a Fragmenting World Economy

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Structural cracks in the EU growth model

The EU growth model rested on (Guarascio et al., 2025):

- **Externally**, export-led growth model came to rely on cheap imports - Russian energy, Eastern European manufactured inputs, Chinese consumer goods - and access to growing Chinese markets
- **Internally**, a pro-cyclical fiscal framework and the long-lasting core-periphery divide weakened the demand-pull engine of growth and delayed industrial restructuring
- **IP**, the absence of a coordinated EU-wide industrial policy for frontier technologies —such as digital and green tech—has undermined EU's capacity to compete in the global tech-industrial race

Without confronting these foundational 'sins', nearshoring may simply reproduce the very asymmetries it seeks to resolve

1. Nearshoring to a strong industrial core — or to a declining one?

The premise assumes that Europe remains a key industrial player in sectors like automotive. But with China overtaking global EV markets and German plants facing closures, what kind of “strategic autonomy” is realistically on the table?

- **Germany**—long regarded as the engine of European manufacturing—is now facing industrial stagnation, with several automotive plants at risk of closure
- **China’s dominance in EVs:** European carmakers **prioritised short-term profits by focusing on more profitable, powerful and expensive premium cars** to the detriment of cheaper EV segments—an approach that ultimately backfired, enabling China to dominate the mass-market segment
- The EU’s attempts to ‘**catch up**’ through **regulatory protection** (e.g. the anti-subsidy tariffs on Chinese EVs) reflect defensive policy rather than offensive industrial strategy

2. Win–Win or Lock-In?

Europe gains resilience and autonomy, while the South achieves industrial upgrading. But isn't there a risk that this model simply perpetuates a subordinate technological position within European value chains?

- To what extent does this model genuinely depart from previous patterns of integration—where value capture, technological leadership and strategic direction remain concentrated in the North?
- **Despite growing exports, domestic value added remains limited** → Assembly and low-value activities like wiring harness still dominate in Morocco (Najib & Haddad, 2024)
- Morocco's export model is heavily dependent on EU demand and policies — leaving it exposed to geopolitical shocks, demand fluctuations and regulatory shifts

Are the 'locomotive' firms genuinely pulling local industry forward — or simply extracting value, while domestic suppliers remain stuck in low-value segments? Which sectors demonstrate the greatest potential?

3. Does automation presents a risk to the ‘labour-intensive’ nearshoring model?

- The entire Euro-Mediterranean industrial integration model was built on the assumption of cheap, abundant labour
- Does automation presents a risk to the ‘labour-intensive’ nearshoring model promoted in policy narratives about Mediterranean cooperation?

4. Is it time to diversify in the ‘World of Trumps’?

- A world shaped by unilateralism, weaponised interdependencies
- For Mediterranean countries, this raises an important and timely question: should industrial development be tied so tightly to a **single pole** — especially one whose industrial leadership is increasingly uncertain?
- **Could South–South industrial alliances offer an alternative?** Chinese investment in EV and battery production is already making inroads in Morocco
- How can such partnerships be structured to support long-term technological capabilities, rather than reinforcing asymmetric dependencies?

References

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