

Italian Foreign Policy in 2010: Continuity, Reform and Challenges 150 Years after National Unity

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Abstract

In recent years, Italy's foreign policy has been searching for a new balance between a multilateral commitment to the European Union, NATO and the United Nations and the development of a broad network of bilateral relationships.

This paper examines the limits of this adjustment, taking into account both some historical constants and the recent evolution of the international system affecting current Italian foreign policy – particularly the weakening of the multilateral context and the consequences of the economic crisis.

Against this backdrop, the paper focuses on Italian foreign policy in 2010. On the one hand, it stresses the growth of bilateral activities with both old and new partners. On the other, it assesses the means of Italian foreign policy, their limits and the recent reforms.

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1. Historic Constants

Italian foreign policy enters its 150th year of national history. Every phase of Italy's history since national unity – be it the monarchical, liberal, fascist or republican phase – has corresponded to different inspirational principles and security concerns, in the backdrop of equally variable contingent international realities. In order to understand the orientation of Italy's current foreign policy, it will be useful to summarize some historical constants deriving from structural characteristics (specific to the country and to its standing in the international context) destined to have an influence irrespective of the context, domestic or international. Some of these factors in particular seem to manifest themselves in a significant way even in the present context.

◆ *Vulnerability and insecurity.* The first and for all practical purposes the most radical is the double state of vulnerability and insecurity. Toward the international community this can be attributed to the weak bond between and continuing fluidity of the two compulsory gradients of Italian foreign policy, namely, the Balkan peninsula and the southern rim of the Mediterranean. In the domestic context instead this vulnerability is a consequence of the periodic resurfacing of the political and institutional weaknesses of an ineffective state whose national identity has been challenged, on more than one occasion, by the piling up of alternative identities, of a transnational or sub-national nature.

◆ *Uncertain international standing.* The second constant, which is nothing but an external projection of the first, is the uncertainty relating to the standing of the country in the international power game and its rank in the hierarchy of prestige. This concern for rank and role is not, as is often insinuated, just another instance of the famed Italian trait summarized in the phrase, "last among the great, first among the small"; this is a feature common to all states, both at the regional and global level, and to international society as a whole by virtue of the external signs of recognition evolved by it in course of time – from the definition of diplomatic ranking to the conferring of great power status to the very constitution of the Security Council of the United Nations. That which makes Italy's case a special one is that of never having on the one hand solved this issue once and for all, partly due to its own uncertainties but in the main due to the hybrid status it enjoyed, and continues to enjoy, within the European system (reflected, even at the level of political and intellectual auto-representation, in the notion of a "middle power"). On the other hand, concern for rank and role has resulted in Italian foreign policy getting obsessed with the need for recognition. This is reflected in equal measure by the pursuit to join the leading group and by fears of getting downgraded; the gets expressed by a tendency to compensate the insecurity with presentiality, thereby reversing the realistic relationship between role and status – propelled by the urge to always be there, even if only to demonstrate that "Italy counts."

◆ *Asymmetric alliances.* The third of the constants is that of anchoring itself in bilateral relations or alliances with the stronger actors, so as to bridge the security deficit internationally, and sometimes inside the country, while at the same time ensuring co-optation at the table of the major powers. It is not difficult to identify the likely costs and benefits of this solution. In the first of these, thanks to its politics of alliances,

Italy has been able to achieve goals that it could never have achieved on its own – as for example the completion of national unity between 1866 and 1870 – and at a lower cost, the post-war experience of the Atlantic Alliance. In terms of the costs to Italy instead, the anchoring on to stronger allies has led to commitments which are disproportionate to the political, economic and military resources of the country.

◆ *Deficit of methods.* The fourth constant, which has an uneasy relationship with the third, is made up of the weaknesses and bindings of Italian foreign policy. Accepting responsibilities which help Italy to “present a good image” in front of others and in particular in front of its allies, has never been accompanied by a corresponding growth in diplomatic and military resources. Italian history is full of episodes which highlight this minimal structural commitment. But suffice it to recall in this context the ever declining budgetary allocations of the key Italian ministries, Foreign Affairs and Defence, as compared to the GDP; and above all, the reduced propensity to spend and invest in foreign affairs and defence, in comparison to the percentages allocated to these sectors by Italy’s immediate partners.

◆ *Disinterest toward foreign affairs.* This gap has its expected outcome in the limited interest that the mention of foreign policy evokes in the political and intellectual class, barring moments of emergencies or great crises: such is the attitude even today, as witnessed in the lack of courses on the subject in schools and universities, and the small number of centres and specialized institutes offering the subject, as well as the scarce attention international events evoke in the mass media.

The outcome of all this is a hybrid state of affairs, encapsulating the contradictory dimensions of strength and weakness, of limited sovereignty but also direct responsibility in some of the neighboring countries, of marginality when it comes to the stronger group of countries and yet centrality because of its geo-strategic position; in a worse case scenario, this status blends great power rhetoric with small power resources.

2. New Determinants of Weakness

In the backdrop of these constants, as in preceding years, Italy’s foreign policy in 2010 was influenced by three other political processes, which tend to weaken it further or at least question all over again the international role and rank of the country.

◆ *A further weakening of the multilateral option.* In 2010 the multilateral framework of international political and economic relations underwent a transformation, epitomized in the establishing in 2009 of the G20 in response to the global economic crisis and the redistribution of power globally. Italy tried initially to defend and retain the role of the G8 at the Aquila Summit in July 2009, but eventually came around to supporting its transformation into the G20 which, incidentally, has so far been of scarce efficacy. Despite having increased its membership, the G20 has conversely shown a decreasing cohesiveness and functionality. For Italy this implies an inevitable loss of relative influence, which points to the shifting of the centre of gravity of the international economy toward the emerging global or regional powers (Brazil, Russia, India, China).

An even more disturbing crisis of cohesiveness seems to hang over the main supporting structure of the multilateral option itself, namely, the European Union, despite the undeniable improvements in the architecture, even institutional, of monetary surveillance and despite the reform passed by the European Council at the end of October 2010. The European Union is conscious of the sensitivities and positions of its member states on some of the issues central to the political agenda (from the issue of relations with Russia to the candidature of Turkey, to the forthcoming next increase in its membership); the economic agenda (from sovereign debt management to instituting mechanisms of financial and macroeconomic discipline); and the social agenda (control of immigration). The EU is also affected by the weakening of the international and multilateral approaches which had moulded the entire second half of the 20th century. This brings up serious problems of adjustments for all the actors but in particular it becomes problematic for a country like Italy which had re-shaped its own foreign policy around the multilateral approach in the wake of the trauma of defeat in the Second World War.

◆ *The effects of the economic crisis.* The second factor is represented, as is obvious, by the effects of the European and international economic crisis on the “weaker” countries of the EU, with Italy constituting the frontier among the most exposed (Greece, Ireland, Portugal and Spain) and the most stable within the European area. This uncomfortable position – reflected in the continuing growth of Italian debt – has had an ambivalent effect on the initiatives of the government. On the one hand the new cycle of vulnerability underlines the need for giving priority to restrictive policies (even domestically) in order to discourage the risk of international speculation – as Italy managed to substantially handle during the crises in the last thirty years, when the internal and external public deficit was more controlled than in other countries, while both continued to be partially compensated by a volume of private savings in excess of the European average. On the other hand, the very fact of being exposed to systemic risks pushes Italy towards a purposeful policy even within the Community itself. As a consequence, Italy’s stand on the issue of monetary surveillance of the Union has turned out to be among the most advanced.

◆ *The internal political and institutional crisis.* The third process is the lengthy internal political and institutional crisis which commenced in the initial years of the 1990s and still not solved: in fact, it continued to get aggravated due to the continuing spats between the executive and the judiciary, the persisting fragility of the party-based system and the strengthening of its clientelistic bonds, apart from the social effects of the transformation of the economic and financial texture first, followed by its crisis. The last year has provided an almost complete repertoire of the above-mentioned processes, symbolized at a strictly political level in the crisis of cohesion within the two political alignments, the centre-right and the centre-left, and in the attempts to introduce a third pole between these two. On the social level this manifest itself in the increase in unemployment mostly among the youth and by the revival of social conflicts, often intense in nature.

These processes have multiple effects on foreign affairs. At a superficial level, which is how it is highlighted in the internal and international press, this leads to a damaging of the country’s image and its credibility abroad, and is an additional burden in this moment of historic redefinition of international equilibriums. However, at a deeper level, the political

and institutional crisis gives rise to another of the historic constants of Italy's foreign policy, that is its subordination to internal politics which further detracts the attention of the country and its political class from its commitments and from international events.

3. Bilateralism and Multilateralism: Toward a New Balance

The relationship, variable in time but unavoidable, between the multilateral and the bilateral dimensions constitutes a complex subject, because it centres around a point which is both a possible factor of strength as well as weakness of Italian foreign policy.

A peculiar combination of bilateralism and multilateralism constitutes the most characteristic heredity of Italian foreign policy in the second half of the 20th century, settled almost entirely by being part of the larger multilateral contexts (the European Community, the Atlantic Alliance, the United Nations, G8, etc.) and corrected, if at all, by the purely residual (and anyway subordinate) role of bilateral relations developed prevalently in the peripheral areas of the bipolar international system.

Confronted by an evident mutation in the international power hierarchy in the sectors of both the economy and security, Italy appears even more entrapped between its intention of targeting an increase in bilateral relations as compared to the past, and that of not squandering its multilateral patrimony on the basis of which it built, after the end of the World War II, its status as a middle power: also ceding some aspects of sovereignty in order to assure for itself participation in the management of international relations.

The past solution having been exhausted, the combine of multilateral and bilateral politics already appears to have entered a new phase, which immediately brings to the fore the question of how to continue to propagate the first without nipping in the bud the growth of the second, and how to encourage the second without damaging the first. Added to this is the irritant that in the meantime both gradients – the multilateral and the bilateral – are proving to be more problematic than in the past due to the persisting crisis in the institutional architecture of international cooperation on the one hand, and by the emergencies in the politics and the economy of the probable bilateral partners on the other. On the one hand, the government must make an effort to participate in the re-drafting of the regulations relating to multilateralism, from the G20, the International Monetary Fund, the Security Council of the UN, to the launching of new forms of cooperation and integration within the EU, with the firm intention of not tolerating any further processes of marginalization. On the other the uncertainty about the resilience and future form of the multilateral fabric seems to indicate to Italy that it should evolve more intense bilateral actions so as to safeguard its own economic and security concerns first of all, but also to enhance its own status.

The development of bilateral activities continued in 2010 as well, in line with the trends that emerged over the entire previous decade. As in previous years however the entwining of bilateral relations and the multilateral framework was not always easy. Italian foreign policy is in fact encountering unexpected obstacles in dealings with some of its traditional and more important allies. This is having a foreseeable fallout within the common multilateral context; conversely, relations with those actors who are not, as a rule, easy to include within the context of our multilateral collaborations, are continuing to grow.

◆ *Traditional allies.* On the first gradient, for example, political relations with Germany are not simple, even though this is partially offset by the activism pursued by President Giorgio Napolitano toward Berlin. In February 2010 the head of state had agreed in an exchange of letters with his counterpart Horst Kohler on the necessity of tackling the issue of management of the economy of the Union. In July, during a meeting at the Quirinal with Christian Wulff, the successor of Kohler, Napolitano again emphasized that tackling the European crisis requires strong institutions. However, the traditional bilateral Italy-Germany Summit – which, apart from tackling important issues of common interest, has also always served to highlight the historic convergence between Rome and Berlin on the subject of European integration – could not take place. The postponement of the Summit in a year of grave crisis for the EU, points to a certain chilling of relations between the two countries, which had been brewing for quite some time. Signs of these difficulties were evident also in the rejection by Berlin of the proposals jointly made by Giulio Tremonti, Italy's Finance Minister and by Jean-Claude Juncker (Prime Minister and Treasury Minister of Luxemburg) to give more importance to governance of the Economic and Monetary Union if necessary even by issuing European public bonds.

Relations with France instead have been growing on a positive note, as they have as background both the summit between the two government delegations (28th Italy-France Summit in April), as well as the state visit of President Napolitano to Paris at the end of September. But it is more than evident that the "entente" with Paris has not translated itself into an increased potential for dialogue with Berlin. This understanding with Paris fell out following the revolts in Tunisia, Egypt and Libya in the beginning of 2011, when the two countries took opposing positions on the role of the NATO in coordinating military intervention in Libya, as well as that of the EU in handling the immigrants' emergency, linked to the exceptional numbers of refugees who landed on Italy's coasts. Nor are relations particularly brilliant with the Obama administration on the strictly bilateral side, although even here one must take note of the unexpected visit of Napolitano to Washington in May 2010. In reality, the most important aspect of Italian-American cooperation is Italy's contribution to the multilateral policies of the Barack Obama's administration, in particular on strategic dossiers like Afghanistan, Iran, disarmament, nuclear non-proliferation, fight against terrorism, and stability in the Balkans, toward which Washington prefers coalitions of countries.

The thaw in relations between the U.S. and Russia encouraged by Obama has led to the U.S. and Italy coming together over an issue that in the past had been cause for misunderstanding, despite the release of Wikileaks documents that confirm that the close relationship between Prime Minister Silvio Berlusconi with his Russian counterpart Vladimir Putin continues to be a source of concern for U.S. diplomacy. The new NATO strategy, despite pushing for a partnership with Russia, is fully shared and in fact actively supported by both Washington and Rome. However, other differences of opinion persist – as for example over the monetary regulations – which though, strictly speaking are more relevant to the U.S.-EU relations than to U.S.-Italy relations.

◆ *The other actors.* As regards relations with other actors extraneous (fully or partly) to the multilateral framework of Italian foreign policy instead, there is an intensification of relations with Russia and Libya, also as a consequence the innumerable personal meetings of Prime Minister Berlusconi with the leaders of the two countries: four

meetings with the Russian prime minister within the year and three with Gaddafi. The unbalancing of bilateral relations with Libya led to Italy, more than any other country, finding itself at the receiving end of the negative outcome of the crisis of the Libyan regime at the beginning of 2011. In fact, Italy found itself marginalised when in March the international community came to a considered decision – ratified by Resolution 1973 of the Security Council of the UNO – to make a military intervention in Libya to bring to an end the repression unleashed by Gaddafi on the civilian population in revolt; Italy's had to participate, above all by allowing the use of military bases located on its national territory.

In comparison to 2009, the activism bilateral relations of the government continued to increase, with obvious priority being given to the nearest regions, but without excluding initiatives aimed afar in the emerging areas, as witnessed by the two meetings of Berlusconi with President Lula of Brazil, one in Washington and the other in Brazil, after long years of not having paid attention to that country.

Italy's paying attention to the Balkans is a positive example of bilateral policies in a multilateral perspective; also the countries of the Balkan region are future candidates for integration within the EU. The activity of the Italian government in the region has been constant throughout the year, accelerated by the circumstances of persisting political instability in the region and by the electoral schedules, the most important being the first general elections of independent Kosovo in December; at the more strategic level, by fears that the EU's commitment to enlargement might get weakened, and at the same time by the emergence of the Balkans as the nerve centre for the consolidation of Italian interests (economic, strategic and energy) with Russia and Turkey.

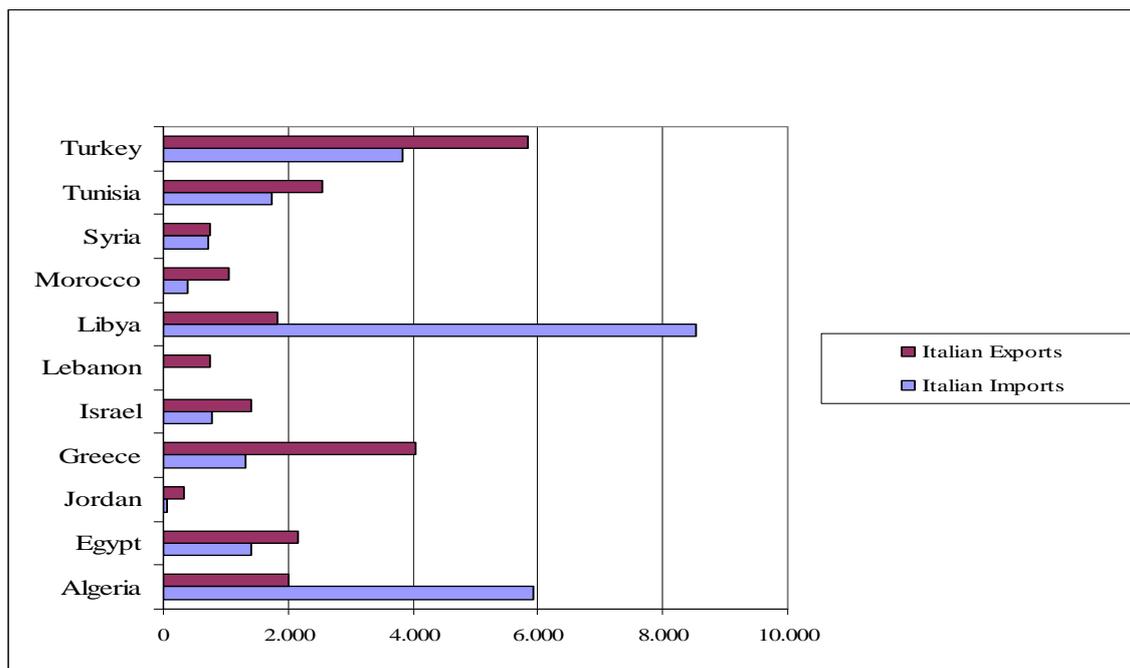
The economic aspects of Italy's relations with the region appear to be good if one looks at private investments as well as support and direct involvement in development projects related to infrastructure and trade, thus making Italy, along with Germany, the principal commercial partner of the countries of the Balkans.

The development of bilateral relations with the Balkans does not contradict but in fact reinforces the multilateral tendencies of Italy's regional politics, which views the integration of the countries of this region into the EU as a key factor in ensuring their stability.

On the other traditional gradient of Italian foreign policy, the one relating to the southern shores of the Mediterranean, the Middle East and the Gulf, a further growth in bilateral relations with countries like Israel, Libya, Turkey, Egypt and Algeria is not accompanied by an effective backing from the European Union, formerly very active thanks to the Mediterranean Partnership, but now paralyzed due to the substantial failure of the Union for the Mediterranean. Due to this, the bilateral activities of Italy have not been free of tensions with the traditional multilateral institutions, European Union being prime among these, fuelled further by the increasing role of the commercial and energy related interests of Italian firms by defining Italy's foreign policy priorities in competitive terms vis-a-vis the European partners. The ambition meanwhile of conducting a mediatory role on the Iranian nuclear question as well on the Israel-Palestine conflict (although biased by the preferential relationship with Israel) has turned out to be foolishly ambitious as usual, aided by the deterioration in relations between the conflicting parties (see Figure 1, next page)

In the context of the Mediterranean policy, a separate space is devoted to relations with Libya, be it due to the importance of the economic and commercial interests at stake, be it the question of immigration, or the difficulty of reconciling a privileged

relationship with Gaddafi with some of the basic guidelines of Italian foreign policy. While trade between Italy and Libya has shown a further increase, as have Libyan investments in Italy, even in 2010 the relations between the two countries were at the receiving end of diatribes, both the domestically and internationally. In particular, the Council of Europe, the UN High Commission, and to a lesser extent the EU criticized the way in which the Italian-Libyan collaboration to combat clandestine immigration had evolved, exposing Italy to considerable embarrassment. The Italian government in turn retaliated by accusing the EU of lacking a realistic common policy on the issue of immigration. The accusations coming from Europe and from the international community centre on the principle of “non refoulement”, which prohibits returning refugees to places where their lives and liberty could be at risk. There were felt concerns for the fate of those who were sent back to Libya, a nation which is not regarded as safe and where the returnees run the risk of detention and torture. The closure of the offices of the UNHCR (United Nations High Commission for Refugees) in Libya in June 2010 has further heightened these fears. The intense collaboration between the Italian and Libyan governments has contributed to some extent to Italy’s isolation after the crisis of Gaddafi’s regime.



Source: ICE, compounded data.

Figure 1 - Trade between Italy and Mediterranean Countries Jan.- Nov. 2010 in millions of euros

The Italian commitment in the Middle East has remained substantial, particularly in Lebanon with the UNIFIL 2 (United Nations Interim Force in Lebanon) military mission. The realistic aim of the latter however seems to have been watered down to that of maintaining the difficult status quo, without any real impact on the deeper reasons for the crisis, so much so that some amount of re-shuffling of Italy’s military presence there is foreseen. This is to the advantage of Afghanistan where a significant increase has

been effected in the Italian contingent. For the rest, in addition to the strengthening of relations with Israel, the policy toward the countries of the Mediterranean has revived issues dear to Italian diplomacy, like the privileged relations with Turkey which go much beyond Italy's explicit support to Turkey's accession to the EU. Apart from the commercial exchanges, which increased further in the year 2010 (with Italy firmly retaining the fourth position as Turkey's commercial partner), the strategic importance of energy cooperation has increased, envisaging an original triad with Russia to link the deposits of the Caspian to the European to market.

◆ *Beyond the neighborhood.* At the junction of foreign policy toward the nearer geographic areas and foreign policy for the projection of the country at a global level, it is basically the relations with Russia that naturally continue to stand out in importance, assisted further by the personalised diplomacy of the Italian prime minister. The numerous bilateral encounters, both private and official, at all levels – including those with ENI, the oil and gas company, and FINMECCANICA, the defence corporation, both of which are the fulcrum of Italian policy toward Moscow – have proved again in 2010 that the most important example of Italy privileging bilateral relations with countries it deems of fundamental importance for its national interests is the relationship with Russia. In addition to strengthening cooperation in the field of energy, Italy intends to contribute to the modernization process in Russia, one of the main objectives being pursued by the Kremlin, by taking up a broad spectrum of activities: from high-tech aviation engineering to scientific research to nuclear energy for peaceful purposes. Italy therefore continues to place its bets on Russia, basing itself on a pragmatic approach aimed at once and for all overcoming the political and cultural impediments which for the past twenty years have hampered the relations of this country with Europe and the West. This approach is not always shared by either the stakeholders within the Italian political spectrum or above all by the European and Atlantic partners. However, there are encouraging signals due to the recent evolution in the international situation and above all due to the celebrated “reset” in Russian-American relations, which were further consolidated at the Lisbon Summit at the end of last November.

Even toward the African continent, Italy's foreign policy has shown renewed activism in recent years, concentrating mainly on the business opportunities and in counteracting international terrorism. This is revealed by the main events of 2010: the visit of Foreign Minister Frattini to seven African states, the initiatives of the Ministry of Economic Development, the difficulties encountered by Italian Cooperation and analysed in the OCSE Peer Review, and the leading role of ENI in Uganda. The changes taking place in the traditional areas of strategic interest for Italy (the Horn of Africa, and Mozambique), as well as the political happenings in countries where Italy has had significant commercial interests (including Angola and Nigeria) requires however a change of pace in Italy's foreign policy in Africa. It is necessary to strengthen and integrate the tools through which Italian foreign policy views Africa, and above all insist that the African question, particularly the Horn of Africa, assume priority in the foreign policy and security agenda of the European Union.

The year 2010 was marked by the revival of Italy's interest in Latin America and the Caribbean, and particularly Brazil. Along with the cooperation in the fight against drug trafficking, the dialogue on human rights and democracy, apart from naturally the

humanitarian intervention during the terrible earthquake in Haiti, relations between Italy and Latin America are mainly economic and energy related, reinforced by the fact that Latin America is one of the regions less affected by the recent financial crisis. In 2010 there was a substantial strengthening of bilateral relation with Argentina, Venezuela and Panama and, above all, a decisive upswing in the relations with Brazil, sealed by the signing of the Action Plan for Strategic Partnership in April and the visit of Prime Minister Berlusconi at the end of June.

Italian foreign policy has instead continued to maintain a relatively low profile toward the emerging big powers of Asia, namely, China and India. Since Italy is keen on reducing the growing trade deficit with China, at the World Exhibition in Shanghai in October 2010 Italy was represented at a very high level by President Napolitano himself. But on the terrain of political initiatives, even in 2010, no significant event was noted, in contrast to the activism of its immediate European competitors, France, Germany and Great Britain. Even more evident is the lack of attention of Italy's foreign policy toward India despite its increasing importance as witnessed by the important visit of the American President, Obama, at the end of the year, who openly supported the request (not well received in Italy) of the Indian government to become a permanent member of the UN Security Council.

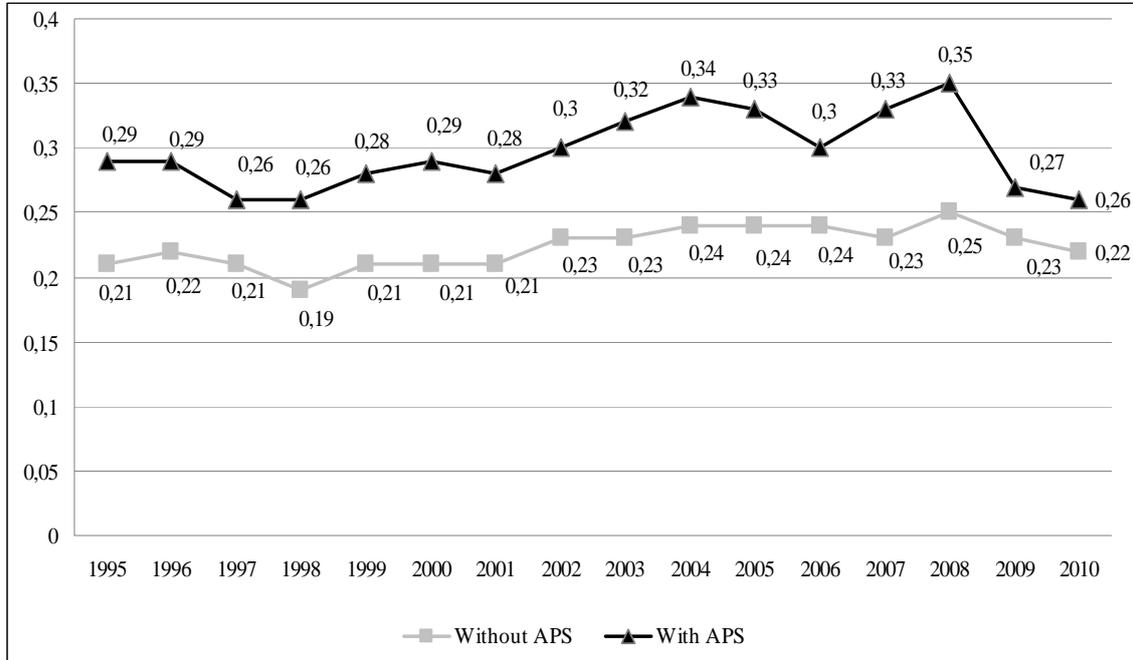
4. Forms and Means of International Projection

A greater emphasis on bilateral policies implies the availability of adequate facilities, means and resources, particularly in the face of growing international competition. Italy has faced this challenge in a contradictory manner: on the one hand it has initiated a reform of the institutions of the Ministry of Foreign Affairs, and on the other, without adequate thinking on the essential priorities of the country, has continued to make cuts "that appear to be shorn of reason and which do not in any way enhance the role of foreign policy as an investment for the good of the Country."¹

◆ *Thinning of the budget of Foreign Affairs and slightly increasing that of Defence.* The percentage of state budget for the Ministry of Foreign Affairs has come down from 0.27 percent in 2009 to 0.26 percent in 2010, plumbing the lowest levels in the last fifteen years (see Figure 2). Despite the fact that the existing allocations for foreign affairs in Italy are already below those of its major European allies, in 2011 the cuts are going to be heavier, partly due to the halving of resources to official development assistance (ODA – Italian Aps).²

¹ 3rd Commission, "Resoconto del relatore di maggioranza, sottosegretario di stato agli Affari Esteri, Stefania Craxi", Thursday, October 21, 2010.

² The interim budgetary provisions of the Ministry of Foreign affairs for 2011 are for funds equivalent to 1,885.8 million euros, with a reduction after adjustments for 2010 equal to 203.1 million euros; this is equivalent to 10.8% (as compared to the 4.2% of the previous year). The total amount is almost entirely absorbed (99.5%) by the current expenditure, leaving extremely slim margins for spending, mostly due to the implementation of the reform of the Ministry which became effective from July 2010.



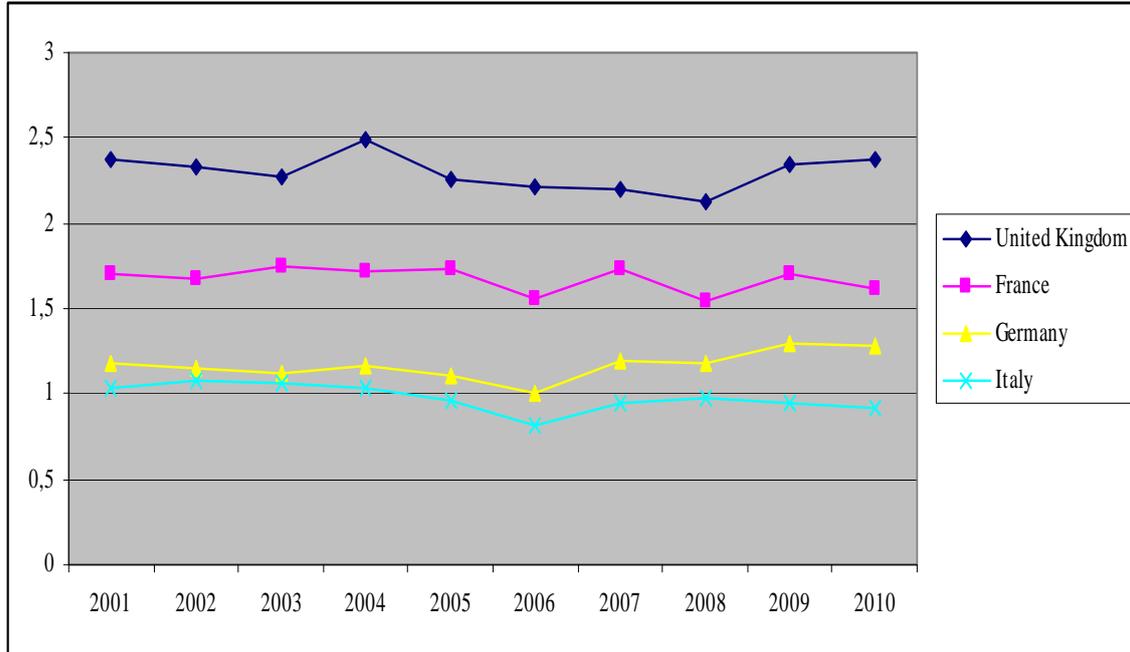
Source: Ministry of Foreign Affairs, Budget Legislations

Figure 2 - Budget of the Ministry of Foreign Affairs as percentage of the State budget

Such a choice runs counter to that of the major European countries. Despite the cuts made due to the economic crisis, countries like France, United Kingdom and Sweden have in fact increased, for 2011 as well, the allocations to ODA. At the end of 2010, in Italy the investments in this sector were still at the 2003 levels, as Italy had not paid back any of the international debts earlier incurred (*pregressi*), which continue to add up, with a negative fallout on the credibility of the country internationally.³

A marginal increase as compared to the previous year was registered in the allocations to the Defence budget (see Figure 3). However, there are major imbalances in the subdivision of the items of expenditure, which are qualitatively and also quantitatively problematic. In terms of percentage of GDP the Italian allocation is less than one percent, lower hence than the European average (about 1.4%), and lower than the 2% that Italy had committed to giving at the NATO.

³ V.I. Viciani, "Cooperazione italiana 'ceduta' all'UE", in *AffarInternazionali*, December 12, 2010.



Note: Under the Defence head the following sectors of expenditure are included: Personnel both military and civil, net of the pensions; Exercise, includes cost of training, practice, maintenance of equipment and infrastructure; Investments, that is, acquisition of materials and equipment. The Defence head therefore contains all those categories of expenditure which relate strictly to the functioning of the armed forces, excluding pensions, costs arising from the deployment of military personnel for public security (the Carabinieri), and external duties (duties or activities not linked with the institutional work of the Defence ministry).

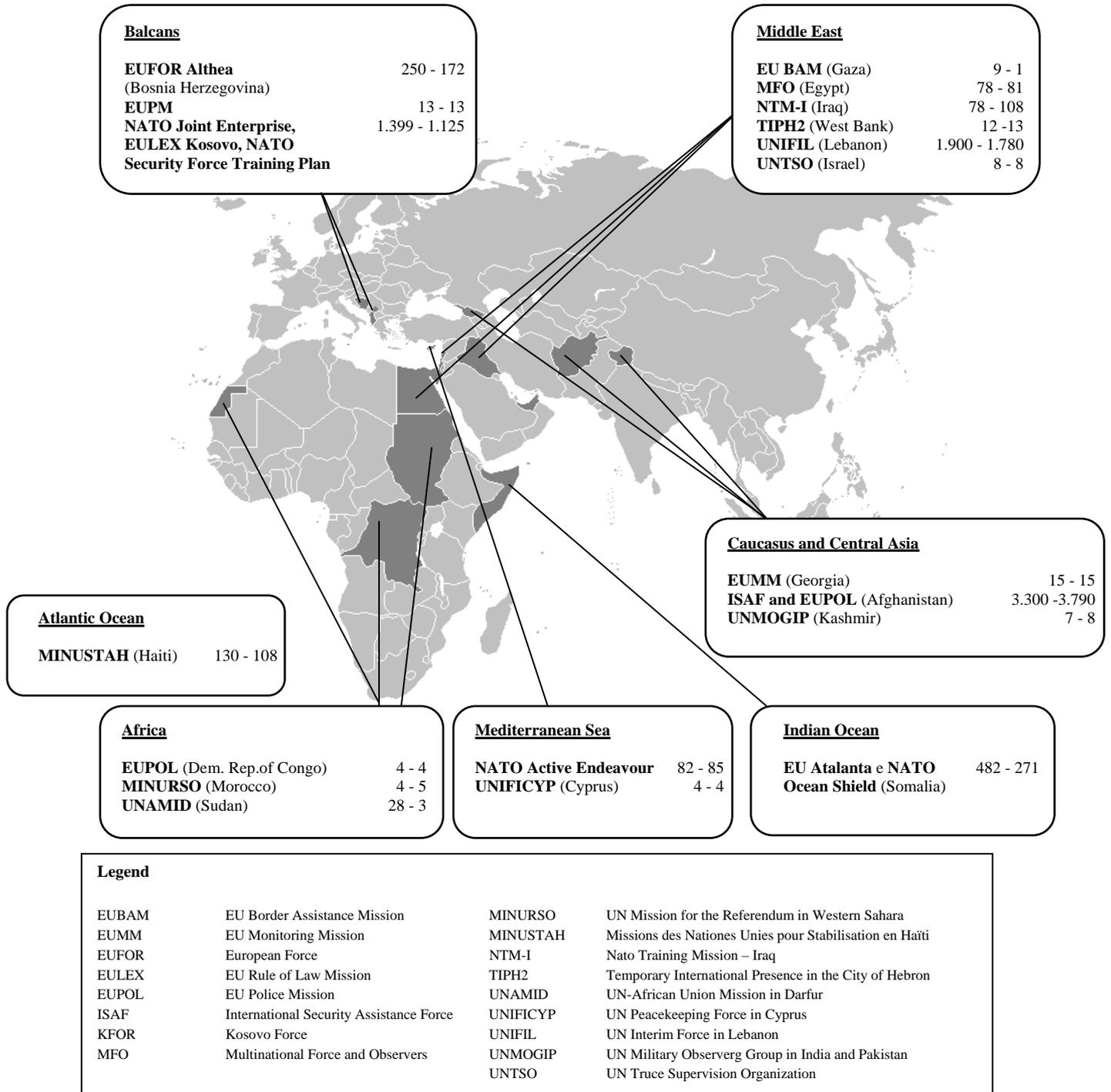
Source: Ministry of Defence, *Nota aggiuntiva*, various years.

Figure 3 - Allocation under Defence head as percentage of GDP 2001-2010

◆ *Military missions abroad.* In 2010 Italy maintained its traditional commitment to international missions. The issuing of Legislative Decrees 1/10 and 102/10 have extended financing of Italy's participation in 33 international missions till 31 December 2010. Out of these 33 missions, 30 were undertaken by military personnel. In general Italy's commitment has not diminished, with the exception of Kosovo where Italy withdrew 500 men from the existing contingent sent for the KFOR (Kosovo Force) mission of the NATO.

This occurred in the context of an overall reduction by the allies of 5,000 men, made possible by the modification in the tasks of the mission, which shifted from an active role of maintaining security to that of assisting the Kosovo forces. Italy instead enhanced its commitment in Afghanistan through the ISAF mission under the guidance of the NATO.

Figure 4 - Italian Missions Abroad in 2010 – Number of Units*



* For each mission, are reported data of the first and second semester. The figure shows the average number of units approved by Decree-Law No.1 (1 January 2010) and ratified with Law No. 30 (5 March 2010), the second one, the average units authorized by Decree-Law No. 102 (6 July 2010) and ratified with Law No. 126 (3 August 2010).

◆ *Knots in the reform of Foreign Affairs.* The reform of the Foreign Affairs ministry became effective from July, just at a time when the debates on the cut in allocations was reaching its peak, followed by a strike by Italian diplomats after nearly thirty years (26 July).

The problem of resources for the reform is still an open issue: current expenditure practically absorbs 99.5 percent of the budget allocation of the Ministry, leaving very slim margins of maneuver for the implementation of the new regulation. Added to this state of unease are the disturbing clashes in September over the nominations for the new European Service for External Action (ESEA): Italian diplomacy remained cut off both from the top posts in the new institution and also from leading some of the most prestigious delegations of the Union to third countries.

Apart from the economic aspects, the implementation of the reform requires tackling organizational nodes not easy to solve, and not to mention, paradoxically, the risks of unduly weighing down the structure by the efforts to “simplify” things. The reduction in the general directorates (which have come down to 8 from 13) has made it necessary to re-allocate personnel and responsibilities, which have to be done without mortifying professionalism or damaging careers. Because this, the reform has asked for the creation of 20 posts of vice directors/central directors, placed between the director-generals and heads of departments, and nominated directly by the minister. The management of financial resources continues to be the responsibility of the director-generals. Additionally, 20 deputies have been attached to the vice directors.

The end result is that the chain of command has got lengthened by two more steps, threatening to make the transmission of information/decisions within the structure more cumbersome and dispersive. At the same time, the reduction in the number of general directorates has resulted in more power being vested in the posts of Secretary-General (SG) and the Board of Directors, of which the SG and the all directors-general are members. Critics of the reform have pointed to the risk of an excessive “verticalisation” of the system, without necessarily leading to a corresponding efficiency. An equally important aim, and one that is among the top priorities, is that of increasing the coordination between the large number of Italian institutions working abroad which often operate in an incoherent manner. In addition to the overseas program of the Ministry of Commerce one may add those of ICE (the Italian Institute of Foreign Trade or *Istituto per il Commercio Estero*) and the SACE (the Italian Export Credit Agency or *Servizi Assistenza del Commercio Estero*) to which one may add the offices of approximately 145 regional and local organizations: it is an enormous piling up of human and material resources which the new – and fundamental, in the eyes of its creators – directorate general for the “Country system” must attempt to rationalize, if needed by making use of the networks of the Ministry of Foreign Affairs. This network comprises nearly 300 embassies, consulates, cultural institutes, local technical units for cooperation, to whom the new Directorate-General (DG) must provide a “comprehensive strategic vision”. This might be a very difficult task to undertake at a time when the number of consulates are being reduced (these will come down to 85-86 from the original 116, which are already down to 96) while efforts are being made to maintain the standards of service (using the internet and the “digital consulates” as well) for the Italian community abroad, which consists of five million persons and is one of the most numerous in the world.

5. Three Guidelines for the March Forward

The picture outlined here reveals the comparative weakness of Italy, linked mainly to two factors. The first is the outcome of the crisis of the multilateral system in general and the European uncertainties. The frame of reference which had defined the extent and limits of Italian foreign policy after the Second World War has lost much of its global importance and normative force. The second factor is a consequence of the fragile economy and politics of the country and reveals the great difficulty that Italy encounters when it has to compete with other interlocutors.

But other than these limits and difficulties, the basic problem for a country that defines itself as a “middle power” is that of singling out a strategy that permits it the best use of the scarce resources available.

What then could be an Italian strategy? Some doubt the need to define it, as they fear that it would end up limiting our freedom of choice and would make us lose precious opportunities. This could be defined as the “duplicitous” approach to foreign policy: a term that has already been used amply in the past to describe (sometimes unfairly, so be it) the efforts of our diplomacy, both before and after the formation of the unitary state, and often rebuffed as exemplifying either a crude form of Machiavellism or plain and simple commercial greed.

In line with the analysis made in this study, there are three possible guidelines for Italian foreign policy.

The first of these guidelines is that of *asymmetrical alliance*. Italy has often tried to compensate its own relative weaknesses by making close alliances with one of the big powers. Today this traditional approach has been in part modified and corrected by a network of organizations and multilateral policies; but with the crisis of the multilateral context, or due to the felt need for a profound reform of the multilateral framework, the asymmetrical alliance with a big power could assume more significance. The problems lies not so much not in knowing if this would suit Italy or not, but in making sure of the availability (or capacity) of the big power to undertake the role of a “protector” and at what cost. This observation clearly is valid for the mandatory option available in the present context. That is the United States, perhaps the only remaining real superpower, and also the one with which Italy already has strong ties and great proximity. The U.S.A. is today less interested in the European scenario as compared to the past, while it simultaneously demands from its allies increasingly difficult and onerous participation even outside Europe (military contribution, and not solely that). Italy is not always able to pay this price or at least not to the same extent as other European countries like United Kingdom or France. The risk hence is that within the primary asymmetrical relationship other small asymmetries, parallel or competing, tend to insert themselves and these could end up emptying the supposed usefulness of that alliance.

An additional problem is that a very close alliance with the U.S.A. could create problems for Italian foreign policy both in the Mediterranean and with Russia, weakening the image of an accessible and more friendly Italy capable of mediating even with that which others might find unacceptable. Finally, it is always possible that this kind of an asymmetrical alliance can end up by further weakening the power of the multilateral institutions and in particular the prospects of the EU: it is pertinent to

remember what happened in Europe when the Bush administration stamped hard on the pedal of “asymmetric” on the issue of the war in Iraq.

All the other possible asymmetric alliances are even more problematic. The biggest European country, Germany in particular, does not appear to harbour ambitions of taking on the role of a protector power, at least certainly not as regards Italy (it might be more inclined to do so toward a smaller country of central-eastern Europe).

We come then to the second guideline: that of *bilateral autonomy*. We may take for granted that there will be a crisis of a certain duration, if not irreversible, of multilateralism. For Italy this signals a high risk scenario, which would immediately require a speedy verification of the validity of many of the existing multilateral and bilateral ties, and hence an examination of the possible remedial measures. Simply abandoning these ties is unthinkable and anyway would be too traumatic; the effort should concentrate on giving more importance to bilateral relations and to making Italy politically and economically independent without completely abandoning the pre-existing framework. In practical terms this means giving emphasis to autonomous initiatives in the bilateral field. These could, in the first place, be economic and commercial initiatives, but would progressively spread to political initiatives. This is not an easy task. Above all this option would require a rapid mobilization and availability of substantial organizational and financial resources, in order to give immediate substance and credibility to the commitments made in bilateral arena, so as to be able to demand similar behaviour from our interlocutors. But at the same time this initiative has to be undertaken in such a way as to not provoke an overreaction from the international context.

Even with these preconditions, however, a policy of autonomous bilateralism cannot avoid some negative fallout. At one level it could contribute to accelerate the fragmentation of a multilateral system that has, till date, proved positive for Italy. At the other an increased bilateral autonomy requires much stronger and appropriate instruments of international action and substantial funds, that is, a budget, in order to funnel rapidly in the desired direction the choices of individual operators. In the absence of such instruments and capabilities, there is a risk of ending up being even more foolishly unrealistic.

We thus arrive at the third guideline of Italian foreign policy, the one that can be defined as *active* (or proactive) *multilateralism*. This does not simply imply making one's presence felt in multilateral institutions, or making a generalised statement on the need for relaunching or empowering them. In practice it implies identifying the workable issues and coalitions in order to strengthen specific multilateral policies. In other words, today it is difficult to visualize an efficacious multilateral policy which excludes a heightened capacity to mobilize interests and bilateral alliances and which can, selectively, work in favor of specific choices or instruments.

For Italy this can at times take the form of a certain wilfulness, advocating the eventual integration of the country within those very agreements that had initially excluded it (or at the very least had not taken it under consideration). For such an approach to succeed, naturally if there is need on the one hand for a prompt response from the state system, on the other it is also necessary to depend on the full international credibility of our stakeholders at all levels: only by following this path will it

be possible to timely collect the necessary information and simultaneously ensure the attention and willingness to compromise of our interlocutors.

Too often in the recent past, even within the EU, inadequate information and lack of responsiveness has pushed Italy into becoming defensive and taking up a rigid attitude which has, as a consequence, weakened its credibility and reduced the quotient of consensus around its choices, without even finally having the satisfaction of being fully successful. This is an example of *passive multilateralism*, or even reactive multilateralism, and is exactly the opposite of what is advisable.

Naturally, even in this case there is a problem of methods which demand appropriate and not secondary investments. To strengthen the alliances and bilateral relations with the aim of increasing the effectiveness of the multilateral framework certainly is a delicate and difficult political course, but it is also the most credible for successfully managing the new regional and global problems and the many crises underway.