



European Security and the Role of Italy

Michele Nones and Stefano Silvestri

Abstract

Twenty years after the end of the Cold War, Italy's security continues to be anchored to NATO and, increasingly, to the European Union. NATO provides Italy with key advantages in terms of protection of territorial integrity and standardisation of armed forces (a fundamental prerequisite for upholding the competitiveness of Italian defence products on allied markets). It is also crucial in keeping a country of enormous importance like Turkey anchored to Europe and providing leverage in dialoguing and cooperating with Russia, one of Italy's key partners. The EU represents a further chain of protection for Italy. Cooperation at the EU level is essential for checking the risks emanating from both the Mediterranean basin/Middle East and the Balkans, notably illegal activities spanning drug and human trafficking, to which Italy is particularly permeable because of the deep-rooted presence of criminal organisations in its territory.

Keywords: *European Union / Italy / ESDP / European Security / NATO / Italian Military Policy*

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by Michele Nones and Stefano Silvestri*

1. NATO, ESDP and the interests of Italy

Italy is a medium-sized power that is heavily exposed to security risks from both the Mediterranean basin/Middle East and the Balkans. Making its territory particularly permeable to them is the deeply rooted presence of criminal organisations.

The advantages of participating in NATO are well known. In addition to guaranteeing allied support in case of war, the alliance is a powerful instrument for the standardisation of armed forces, a necessary prerequisite for any kind of further integration, be it political or operative. From an industrial point of view, keeping up to NATO standards is essential if Italy wants to maintain and strengthen its competitiveness on allied countries' markets. Politically and strategically, apart from upholding the all important transatlantic relationship, NATO is also crucial in keeping a country of enormous strategic importance like Turkey anchored to Europe (in spite of the opposition of certain European governments to its entry into the EU), providing leverage in dialoguing and cooperating with Russia.

Italy's participation in the European security and defence policy (ESDP) is equally important. Actually, European integration and cooperation are needed to maintain the bond of alliance within NATO. Furthermore, they allow Italy to take part in new and more complex forms of solidarity aimed at facing the risks and threats of the new strategic situation, which are not – or are only partially – covered by the NATO Treaty.

The European Union has proven to be a strong factor of stabilisation in Europe's periphery and in the former Warsaw Pact area, particularly the Balkans. The EU also has a fundamental role to play in the Mediterranean and the Middle East in implementing a wide-ranging neighbourhood and cooperation policy, given that the Atlantic Alliance, through its Mediterranean Dialogue, promotes cooperation in the region only in certain limited spheres.

The European Union has also taken on an ever more important role in crisis management. The so-called comprehensive approach combining military and civilian capabilities, which NATO has found to be essential for crisis management, calls for the activation of certain instruments that only the EU possesses.

Paper produced for the Istituto Affari Internazionali (IAI), 1 September 2009.

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Armed Forces 2008

	France	Germany	Italy	UK
Total active forces	352,711	244,324	292,983	160,280
Armed forces deployed abroad	12,265	6,733	7,549	12,924
armed forces deployed abroad as % of total armed forces	3.48	2.76	2.58	8.06

2. Italy's structural capabilities and weaknesses

Certain structural weaknesses make it more difficult for Italy to participate fully in the processes of strengthening taking place in both NATO and the ESDP, even though these processes could, in the long run, lead to important economic, political and security gains. Consequently, some corrective policies, particularly for industry – in research and development – and for the defence sector, must be put into place.

Structurally, the Italian defence system has the following characteristics:

- a. The armed forces are apparently well structured and balanced, but the lack of investments could well lead to reductions. In general, the meagre resources makes modernisation and adaptation of the military very difficult. There is, therefore, the very concrete risk that new imbalances and deficiencies may emerge.
- b. The defence industry, dominated by the Finmeccanica group, is modern and competitive, but is oversized with respect to the national resources devoted to investment in the defence and security sectors. Italy's defence industry therefore depends heavily on its ability to penetrate foreign markets, in particular those of the European Union and the United States, where it operates both with its own companies and through a network of alliances.
- c. The security sector is markedly oversized with approximately 425,000 people employed by national police forces alone (Carabinieri, National Police Force, Custom's Police, Penitentiary Police, Forest Service, Coast Guard). These include both civilian and military police forces that depend administratively on different ministries (Defence, Interior, Treasury, Justice, Agriculture, Merchant Marine), and sometimes on more than one at the same time.

Security personnel in EU countries

	Public	Private	Total
Austria	20,000	10,000	30,000
Belgium	39,000	12,673	51,673
Bulgaria	47,000	58,700	105,700
Czech Rep.	46,000	51,542	97,542
Denmark	14,000	5,250	19,250
Finland	7,500	10,000	17,500
France	250,000	159,000	409,000
Germany	250,000	173,000	426,500
Hungary	40,000	80,000	120,000
Ireland	12,265	10,500	22,765
Italy	425,000	49,166	474,166
Lux.	1,573	2,200	3,773
Netherlands	49,000	30,000	79,000
Portugal	46,000	28,000	74,000
Spain	223,000	83,000	306,000
Sweden	18,000	13,500	31,500
UK	141,398	250,000	391,398
Total	1,629,736	1,026,531	2,656,267

Source: Livre Blanc sur la Sécurité Privée, France, 2008

These structural characteristics contribute to determining the timeframe and the ways in which Italy can participate in alliances, integration processes and international cooperation in security and defence in general.

Quantitatively, Italy has managed to ensure a good level of participation in most international crisis management missions and in cooperation programs with its allies. Its participation in crisis management missions (with between 7,000 and 11,000 troops in recent years) puts it close to the top in rankings. Participation in multilateral forces operating in NATO and EU frameworks is also comparable to other major countries.

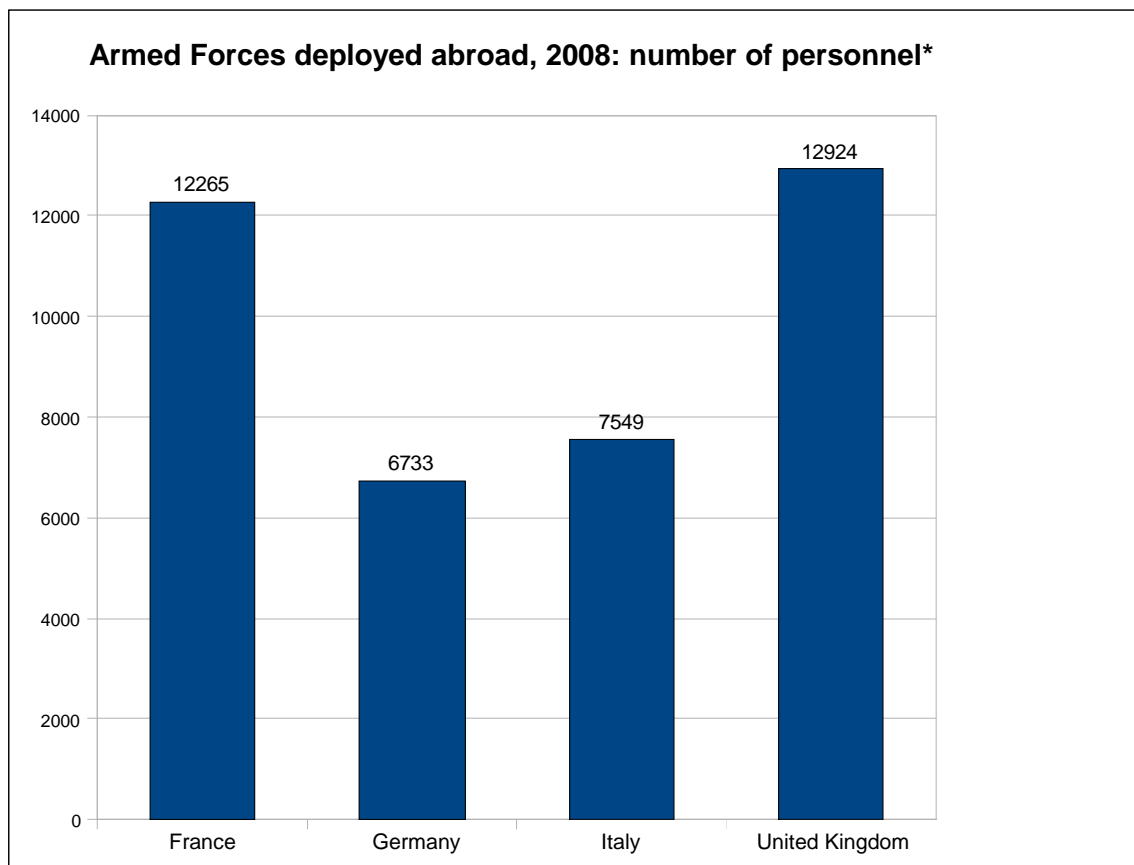
Qualitatively, however, Italy's participation has been average and has mainly been in medium- to low-level conflict missions (unlike, for example, the UK and France, but also Canada and the Netherlands). There have been some rare exceptions, such as during the first Gulf War (liberation of Kuwait) and the air operations against the Yugoslav Federation/Serbia in Kosovo.

Interestingly, this corresponds to the prevailing trend in Italian politics. There seems to be an apparently bipartisan tendency to participate in humanitarian and peacekeeping missions rather than openly declared war operations, unless they can clearly be seen as in defence of the territory and national interests of the country and set in the allied framework, preferably with an explicit mandate from the United Nations. Even there, though, the air force can be used more easily for offensive purposes (as in Kuwait and Kosovo) than ground or naval forces.

In principle, then, it seems that Italy's participation in NATO and the ESDP is in keeping with the country's general security interests and prevailing popular perceptions. Nevertheless, depending on the scenarios, the commitments towards NATO and the ESDP present both opportunities and problems.

Basically, as concerns the armed forces, Italy is definitely interested in all initiatives for cooperation and integration, both to ensure better and more effective defence of its national interests and to make up for the numerous operational shortcomings of its military instrument, due essentially to the low level of investment. On the other hand, however, Italy comes up against enormous difficulties when that cooperation or integration calls for significant spending increases, both in investment (to replace materials and to ensure the technological updating required to ensure full interoperability with more advanced armed forces) and in running costs (which generally have to be financed with special allocations).

The current level of force integration in NATO and the EU is based on strictly multilateral models by which each participating country has to shoulder the costs relative to its forces and operations. For Italy, this provides political and operational advantages, but not economic ones. On the contrary, it increases expenditures.



* figures updated to November 2008

Source: IISS Military Balance 2009-08-06

3. The Italian defence market's integration into Europe

In this decade, Italy has been particularly interested and has participated with determination in the integration of the European defence market. It has consistently been in favour of the various intergovernmental and community initiatives that have arisen.

In general, Italy pursues the following objectives in the defence industry sector:

- a. ensuring that Italy's armed forces can acquire the most effective means they require while containing costs;
- b. modernising and strengthening the industrial system so as to be able to cope with the new military requirements and be competitive internationally;
- c. using the European "bond" to overcome the inertia and corporative defences that slow down and sometimes impede change, already made more difficult by the complexity of the Italian legislative system.

As a result, community interventions have generally been favoured with respect to intergovernmental ones, since the former are always legally or, subordinately, politically more binding. In turn, community regulations have always been favoured with respect to directives. Thus, Italy's has worked to obtain, in order of priority, community regulations, community directives, common European positions, common European actions and, finally, intergovernmental initiatives.

Obviously, there is a substantial difference between European Union and intergovernmental interventions, above all in terms of the participating countries. In some cases, in particular, the 2000 Framework Agreement and the *Organisation Conjointe de Coopération en Matière d'Armement* (Occar) agreement of 1998, Italy had to agree to treaties outside of the EU framework in order to remain coupled to the group of countries spearheading European defence integration.

It is interesting to note that the various Italian actors have acted in very different ways. Pushing the hardest for integration have always been the upper echelons of the administration, above all the Foreign Ministry and the Ministry of Defence, as well as the Prime Minister's Office (PMO). They strongly believe that Europe represents a unique opportunity for Italy to achieve the transformations that are becoming more urgent daily.

The activities of the various administrations involved have been carried out in close and continuous interministerial cooperation, under the guidance of the PMO's department for coordination of production of armament materiel, headed by the prime minister's military advisor. The participants themselves consider this a very innovative approach that has resulted in a consistent and effective national stance much appreciated by Italy's main partners and the European institutions involved.

While at the beginning of the defence integration process – the end of the nineties – decision-making took place at the highest level of government, the government's role

has gradually been watered down to confirming initiatives proposed rather than providing real political guidance. Notable is the lack of attention with which the government followed the ratification of the Framework Agreement, which took three years, or the preparatory and initial stages of the discussion on the European directive on public contracts and the simplification of the terms and conditions for transfer of defence products within the Community.¹ True, this was affected by the many ministries having competencies in the matter which led, more recently, to decisions being brought to the attention of the undersecretary of state of the Prime Minister's Office for the necessary political guidelines. The defence market is, in fact, the competence of the Ministry of Defence as its main client, but also the Foreign Ministry as concerns foreign policy aspects, the Economic Development Ministry for industrial policy implications, the Ministry of the Economy for economic and customs aspects, the Ministry of the Interior as concerns public security, and the PMO's department for community policies as regards relations with European institutions and the department for information and security for the more sensitive security aspects, etc.

The Italian Parliament's involvement has been limited and occasional. With the exception of the ratification of the two treaties mentioned (Framework Agreement and Occar), the government has rarely provided adequate information and Parliament has rarely requested it. As a matter of fact, during ratification of the Framework Agreement, given the prevalence of the more radical pacifist positions concerned that the Italian system of export controls would be weakened, debate centred on the changes that defence market integration with the other five major European countries would bring to national legislation, rather than on the implicit advantages of the process. The outcome was particularly negative because Italy ratified the agreement two years after the other partner countries and somehow missed the magic "moment", always an important factor of success. It also increased fears rather than hopes about the consequences of this integration, reinforced cultural opposition to change and slowed down the process of strengthening and internationalising Italy's industry.

Then again, Italian companies have also had a contradictory attitude in recent years. While industrialists say they support the process of European integration in that it provides a unique opportunity to enter the continental market – a prerequisite for being able to compete/collaborate on a par with US companies – in practice, more conservative positions have often prevailed.

¹ The directive on public procurement was approved by the governments of the member states and the European Parliament in January 2009 and will have to be turned into national law within two years. The directive establishes a standard procedure for the procurement of defence products involving private negotiations within a framework of controlled competition. Sensitive products (those that imply, require or contain sensitive or protected information) also fall into the directive's field of application. A number of exceptions are envisaged: the directive will not be applied, for example, to programmes managed by international agencies like NATO or Occar. The directive on simplification of the terms and conditions for transfer of defence products within the Community was approved by the governments and the European Parliament in December 2008 and will have to be turned into national law within two years and applied within three. The directive provides for three different forms of authorisation of transfer of defence products: general, global and individual. The companies "certified" by the member states on the basis of common criteria will be able to dispatch and receive relatively easily and throughout Europe products that have either a general or global licence.

The positions of Italian defence companies have vacillated between two extremes that can be summarily described as follows:

- a. Europe is seen as a threat. The objective is to defend the national market from foreign competition, ensure levels of support for research and development (R&D) that are higher than those permitted at community level and obtain offsets for possible national acquisitions abroad.
- b. Europe is seen as an opportunity. As a result, the objective is to be able to access the other national European markets without barriers or discrimination, use community financing for R&D without having to hide behind the term “security” and operate on the European market with much simpler exchange controls so as to favour collaboration and transnational rationalisation.

One might think that only the less competitive companies would be interested in maintaining the status quo. Concerns, however, are widespread throughout the major European groups, and Italian ones are no exception. During the debate on the directive on public procurement of defence products, several attempts were made to dilute it so as to allow producer states to continue to assign their contracts to national companies.

This should not come as a surprise: giving priority to short-term objectives is part of the logic of industry. Indeed, the trend to transform large European companies into public companies or, in any case, to quote them on the stock market has accentuated this approach to the detriment of medium- to long-term strategies. One might be justified in entertaining some doubts about whether the large European groups have the capacity to work out a global strategy at all. Indeed, it is difficult to open up the national markets of the non-producer countries without opening up those of producer countries, to have simpler controls on intra-community transfers in the name of the single market while opposing more competition inside Europe, to block the proposals of the European Commission and at the same time ask for more allocations from European framework programmes to support technological research and development.

Fortunately, in the end, albeit with some difficulty, the position of those governments and administrations in favour of safeguarding the general interest won out, aware that a certain risk on the part of national suppliers would be inevitable but largely compensated by the advantages for the European armed forces as well as for the competitiveness of European industry on the globalising international market.

In the case of Italy, the government’s line, in addition to being based on the guidelines mentioned earlier, has been aimed at protecting transatlantic collaboration. Some European politicians and industrialists claim that the European defence market has to be strengthened before it can be opened up to American competitors. The long-term strategy of others is to consolidate the European market and still maintain barriers to US industry. They justify this stance by pointing to the protection that US industries enjoy in their national market, even if there has been a slight slackening of these protective measures towards Europeans in recent years (or at least before the recent crisis).

This problem emerged during the preparation of the directive on public procurement when some proposals were put forward to insert references, at least in the introductory part, to the need for EU member states to bear in mind the objective of strengthening Europe's technological and industrial base. Such positions were made particularly explicit during the debate in the European Parliament, but in the end were not taken up. In this case as well, Italy played a very active role, criticising these proposals and supporting, together with other northern European partners, the position of the European Commission and the Presidency of the European Council, which were against inserting any reference alluding to closures towards the US market.

Another new factor has emerged in these last two years that merits some reflection. For the first time, there have been systematic and informal consultations between the six major European countries (signatories of the Framework Agreement) on the initiatives under way in the various forums. This has made it possible to analyse problems together, to deal with respective concerns, to clarify most doubts, to work almost naturally towards common positions and, as a result, to play a guiding role for the countries less engaged in the field of defence and influence the European Commission. This has been an important experience since it has achieved a kind of cooperation that makes it possible to overcome many inevitable obstacles. For Italy, this outcome is particularly important because it has consolidated Italy's position as a reliable interlocutor for its larger partners, avoiding the risk of creating a small leading group from which it is excluded.

On the whole, the results achieved so far are in line with the national position worked out and updated over the years. It can actually be demonstrated that the initiatives developed in this sector by the European Union have over the years gradually moved closer to Italian positions. This has certainly been helped by the constant analysis, elaboration and proposals put forward at the national level, the consistency and continuity of Italy's intervention at the European level towards both European institutions and its main partners (bilaterally and multilaterally) and, finally, the effective interministerial coordination that has made it possible to express sufficiently clear and homogeneous positions in the various fields involved.

4. Future scenarios and Italian options

a. Italy has an interest in seeing NATO remain anchored to the European theatre. NATO's development into a "global Alliance" including countries outside of the Atlantic and European area, such as Australia and New Zealand, would accentuate the *à la carte* nature of Atlantic integration and would make sense only if the Alliance were used increasingly for crisis management operations, with or without a UN mandate. Inevitably, this would lead to the progressive marginalisation of the European theatre and, more generally, to a deep restructuring of the Alliance, in terms of both command and operational concepts and multilateral forces. This could create serious problems of adaptation for Italy and could well lead to a reduction in its role and importance.

b. Enlarging NATO to the Balkan countries will benefit Italy's security, while extending the Alliance further east will not produce any specific strategic advantages. In particular, another eastward expansion excluding Russia would render important

economic, energy and political relations with Russia more difficult and the overall security of the European continent more fragile. Militarily, in order to increase the Alliance's capacity to react to possible regional crises (Caucasus, Central Asia, etc.), eastward enlargement could generate an inclination to make the statutory commitments of Article 5 of the Washington Treaty less cogent, thereby diminishing its value in terms of defence and security. Such enlargements would also increase the differences in structure and membership between NATO and the EU and would make greater cooperation between them more difficult.

c. The continuation of the current situation, with ESDP substantially subordinate to NATO (and also to national actions) would not allow Italy to benefit from the possible advantages of scale and rationalisation that could derive from a more integrated European internal defence market and more European solidarity. In other words, while it would uphold a strategic-political situation that is basically favourable to Italian interests, it would keep the country under pressure with respect to the budget and the important investments required to modernise the armed forces, with the concrete risk that Italy would progressively lose weight within the Alliance. This scenario is, in fact, characterised by continued fragmentation, under- or non-use of the EU's existing military capacity (e.g. battlegroups) and further costs for national budgets (as well as a persistent lack of equal burden-sharing at the European level and among allies).

d. An interesting variation on the preceding scenario would be marked by no or slow growth of ESDP in the operational field (it would *de facto* remain subordinate to NATO and other national initiatives), but by strong progress in integration of the European defence market. This would allow for rationalisation of demand (investment in the defence sector) and also for an acceleration in the competitive rationalisation of European defence industries, making it easier to achieve economies of scale and, thus, probably a relative reduction in costs. Italy's problem in this case could be to ensure a sufficiently strong position for its national industries to keep them from being absorbed/dismantled by the larger groups operating on the continent. In other words, it is likely that the countries that contribute the most to common investment will have a relative advantage in deciding what orientation industrial rationalisation will take, all the more so if ESDP should not develop in the operational, institutional and political planes in the same way that it has on the economic and market spheres, leaving the national defence decision-making structures intact.

e. A multi-speed Europe of defence could be developed in different ways, and with different consequences. Italy is interested in being a part of the avant-garde group. Should this take place on a purely intergovernmental basis, substantially outside of the community framework, it might strongly resemble the Europe of defence *à la carte*, already mentioned, based on national initiatives that are more or less linked to NATO. This would not be very different from the current situation, even if it would, in certain cases, allow the group thus formed to have greater influence on allied decisions. It would not be possible for Italy to stay in this group without a substantial increase in defence spending.

f. Another hypothesis involves ratification of the Lisbon Treaty and the creation of a permanent structured cooperation in the field of defence. This solution would have the advantage of being strongly anchored in the European integration process and

therefore probably based on greater and more explicit solidarity among the participants of the “advanced nucleus”. This would make it possible to overcome – at least partly – the strictly national dimension of strategic and planning decisions. If such a development were to be accompanied by the formation of a single European defence market, this would make it easier for a country like Italy to take part in the necessary rationalisation on a par. If, however, European demand were to remain divided on a national basis, this would make the integration of operational forces more difficult and keep up the pressure on the Italian defence budget.

g. Apart from the European security and defence policy, Italy is also interested in more prospects for cooperation and integration in the broader field of security, if only because it is the European country with the most numerous police forces (in absolute terms and as a proportion of population) and because it has to deal with a geostrategic situation in which it is particularly exposed to growing asymmetrical threats (terrorism, organised crime, illegal immigration, pandemics, etc.).

Updated 1 September 2009



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