

Europe of Defence in the New World (Dis)Order: Choices for Italy

by Ester Sabatino and Alessandro Marrone

ABSTRACT

The 2016 EU Global Strategy delineated the level of ambition of the Union, but four years later the EU still struggles to reach this level in the defence domain. The paper investigates how the current EU initiatives such as Permanent Structured Cooperation and European Defence Fund could help defining and reaching such a concept, to eventually realise an appropriate level strategic autonomy. In light of the principle of the "single set of forces", as well as due to synergies and commonalities between EU and NATO, the paper also inquires whether the old vertical "division of labour" discussed in the early 2000s is still a valid approach, or if the EU quest for a wider and stronger strategic autonomy could ultimately bring to a geographical division of responsibilities. However, such an occurrence implies a strong political willingness and commitment towards EU defence, that is now further shaken by the impact of COVID-19 particularly on military budget and capability development. In such a context, Italy needs to clearly position itself in a post-Brexit EU at 27, where the different stances on the level of strategic autonomy and on transatlantic relations need to be balanced in renewed ways – also in light of the new role played by the European Commission. In the end, a new and more solid "centre of gravity" for EU defence in Europe could be established, should Rome manage to fully enter the Franco-German driver for strategic autonomy.

*Strategic autonomy | European Union | NATO | European defence |
Defence industry | Coronavirus | Italy's defence policy*

keywords

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1. EU strategic autonomy in the world (dis)order

The unstable international situation and the growing hybrid character of threats brought the EU to rethink its own external projection and ambitions. A better consideration and definition of what the ambition is, and means to realise it, is a compelling need given the increasingly challenging international environment, worsened by the COVID-19 pandemic.

The 2016 European Union Global Strategy (EUGS) delineated the EU level of ambition in the international security and defence domains as the ability to engage in crisis management; support capacity building for partners; and protect the EU and its citizens. Yet it did not offer significantly detailed guidance on how the EU should concretely fulfil this ambition, to finally reach an “appropriate level” of “strategic autonomy”.¹

Difficulties to succeed in it can be related to different considerations. Firstly, the need for strategic autonomy is proportional to the divergent interests of the Union and its strategic partners and allies, namely NATO and the US. Indeed, in case the

¹ European External Action Service (EEAS), *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy*, June 2016, p. 19, <https://europa.eu/!Tr66qx>.

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US will decide to focus more on the Asia-Pacific at the expenses of strategic areas of interests for Europe, the EU member states should be in the position to satisfy their own needs for security by relying on their own capacities and expertise.

A second aspect to be considered, is that the current international environment is as fluid as the challenges to be countered are evolving. The constantly increasing employment of high-tech in defence systems and the growing hybrid character of threats, implies a constant review and reconsideration of the strategies and tools to be employed to counter them, while always having a look at more conventional challenges.²

What is, nevertheless, more relevant to understand the difficulties in defining the EU strategic autonomy is the lack of a common European strategic culture, that prevents the identification of clear political and security priorities at the EU level.³ The necessity to develop it has been one of the reasons France launched in 2018 the European Intervention Initiative (E2I), currently involving 11 other European countries,⁴ despite being considered from Rome and others an attempt by Paris to promote its own view of EU strategic autonomy and of operational priorities.

Conscious of such a lack and of the necessity to deliver results, the EU Council approved the Strategic Compass in June 2020.⁵ The two-year process aims at specifying and translating into defence capabilities EU security and defence priorities. The starting point for the Strategic Compass will be the Single Intelligence Analysis, an EU joint threat analysis: a novelty at the EU level. Indeed, each EU member state, in its own Strategic document or White book for defence, delineates the country's understanding of threats and, therefore, of the necessary capabilities.⁶ The lack of such a reflection at the EU level pre-empts the definition of military means required to satisfy the needs of the Union, and consequently the reaching of strategic autonomy. Once a shared document will be defined, the ambition of the Strategic Compass is to relate the Single Intelligence Analysis to military capability gaps and translate them into priorities by 2022.⁷

² «La menace est partout»: le gouvernement appelle les Français vivant à l'étranger à la prudence après l'attentat de Nice", in *Le Monde*, 30 October 2020, https://www.lemonde.fr/societe/article/2020/10/30/attentat-de-nice-un-homme-interpelle-soupconne-d-avoir-ete-en-contact-avec-l-assaillant_6057871_3224.html.

³ Raluca Csernaton, "EU Security and Defense Challenges: Toward a European Defense Winter?", in *Carnegie Articles*, 11 June 2020, <https://carnegieeurope.eu/publications/82032>.

⁴ France Diplomacy website: *European Defence*, updated July 2019, <https://www.diplomatie.gouv.fr/en/french-foreign-policy/europe/european-defence>.

⁵ Council of the European Union, *Council Conclusions on Security and Defence*, Brussels, 17 June 2020, <https://europa.eu/!dY79tK>.

⁶ Daniel Fiott, "Uncharted Territory? Towards a Common Threat Analysis and a Strategic Compass for EU Security and Defence", in *EUISS Briefs*, No. 16 (July 2020), <https://www.iss.europa.eu/node/2457>.

⁷ Claudia Major and Christian Mölling, "Europe, Germany and Defense: Priorities and Challenges of the German EU Presidency and the Way Ahead for European Defense", in *Notes de la FRS*, No. 63/20 (13 October 2020), <https://www.frstrategie.org/en/node/3812>.

To have effective results from it, a connection between the outcome of the Strategic Compass and other EU initiatives on defence like the Permanent Structured Cooperation (PeSCo) and the European Defence Fund (EDF) should be established, trying not to duplicate efforts, particularly between the Strategic Compass and the Capability Development Plan (CDP).

Since its launch, PeSCo did not deliver the expected results. Despite its relevance in promoting cooperation on defence at the EU level, the lack of prioritisation among the 47 ongoing projects, coupled with a relatively modest investment by several member states, brought to few developments and partial duplication of efforts. One of the twenty PeSCo commitments is to start projects to help overcome shortfalls identified under the CDP and the Coordinated Annual Review of Defence (CARD), yet there has been little coordination between the three elements. This is partly due to the fact that the former enjoys relatively little attention by member states' defence planners, while the latter is a voluntary effort without binding mechanisms.⁸ The recent discussion by EU defence ministers of the first, fully fledged CARD report may give further momentum to the initiative. The report identifies 55 opportunities for cooperation across all operational domains, particularly on next generation main battle tank, European patrol class surface ships, soldier systems, counter-UAS and space assets.⁹

Anyhow, PeSCo did bring to some positive results. For example, it contributed to reach an increased level of defence budgets and namely of investments in equipment.¹⁰ However, there is a necessity to better review objectives and countries' effective contribution to PeSCo projects before the launch of its second phase (2021-2025), to make significant progress in defining and committing to more binding requirements¹¹ and to reach more results in the equipment procurement and research and technology (R&T) activities.¹² The recent approval by the Council of the PeSCo Strategic Review 2020¹³ represents an important step forward in the right direction.

⁸ On the reasons for a missing prioritisation and for a proposal of prioritisation of efforts please see: Sven Biscop, "European Defence and PESCO: Don't Waste the Chance", in *EU IDEA Policy Papers*, No. 1 (5 May 2020), <https://euidea.eu/?p=1018>.

⁹ European Defence Agency (EDA), *Ministers Presented with New Opportunities for Joint Military Capabilities to Overcome Fragmented European Defence Landscape*, 20 November 2020, <https://www.eda.europa.eu/info-hub/press-centre/latest-press-releases/2020/11/20/ministers-presented-with-new-opportunities-for-joint-military-capabilities-to-overcome-fragmented-european-defence-landscape>.

¹⁰ Council of the Union, *Council Recommendation Assessing the Progress Made by the Participating Member States to Fulfil Commitments Undertaken in the Framework of Permanent Structured Cooperation (PESCO)*, Brussels, 6 May 2019, <https://data.consilium.europa.eu/doc/document/ST-8795-2019-INIT/en/pdf>.

¹¹ Ibid.

¹² Council of the European Union, *Council Conclusions on Security and Defence*, cit.

¹³ Council of the European Union, *Council Conclusions on the PESCO Strategic Review 2020*, Brussels, 20 November 2020, <https://data.consilium.europa.eu/doc/document/ST-13188-2020-INIT/en/pdf>.

The compelling need to reach an agreement on third countries and third country entities has been renewed by defence ministers of France, Germany, Italy and Spain before summer¹⁴ and finally found by the Council in November 2020. According to its conclusions, third-countries could join a PeSCo project after a unanimous decision of the project's members, provided their participation brings substantial added value to the project and does not lead to dependencies on that third state.¹⁵ Additional prerequisites attain to the sharing of EU integration values and to the respect of the good neighbourhood principle, suggesting an exclusion of Turkey, due also to the Cyprus issue.

A clear approach towards third countries' and entities' involvement in EU defence projects is relevant from several points of views, and for both PeSCo and EDF. Also, in such a discourse, considerations over the implications of a no-deal Brexit should be taken into account,¹⁶ as well as those related to the strengthening of the European Defence and Technological Industrial Base (EDTIB).

To this latter end, the European Commission can play an important role. For the first time, it is devoting part of the EU budget to co-finance research and development of military capabilities in Europe, via the EDF. This way, the Commission is trying to push and foster cooperation by leveraging on a best value for money in the defence industrial sector. The two test beds of the fund – the Preparatory Action on Defence Research (PADR) and the European Defence Industrial Development Programme (EDIDP) – have proven successful in terms of interest showed by entities that participated in the calls for proposals.¹⁷ This positive outcome demonstrates the importance given to such activities by both member states and the private sector, also reflecting their ability to cooperate in the defence industrial field. The newly created Directorate General for Defence Industry and Space (DG DEFIS) will be in charge of the implementation and management of the EDF. The Commission, together with other bodies and agencies of the EU, will need to ensure a proper and comprehensive coordination among member states on military development priorities that also reflect those identified under the CDP. This is going to be very important for the marketability of EDF technological outputs, since member states' militaries are the primary customers for future technologies and systems. Above all, it will be crucial for the ability of European armed forces to fulfil the tasks assigned across the spectrum of crises and conflicts.

¹⁴ Defence Ministers of France, Germany, Spain and Italy, "At the Heart of Our European Union", 29 May 2020, <https://www.gouvernement.fr/en/at-the-heart-of-our-european-union>.

¹⁵ Council of the European Union, *EU Defence Cooperation: Council Sets Conditions for Third-State Participation in PESCO Projects*, 5 November 2020, <https://europa.eu/!MQ86qV>.

¹⁶ On the potential negative effects of a no-deal Brexit on defence, please see: Michał Oleksiejuk, "The Impacts of Brexit on the Security and the Defence Industry in the European Union and the United Kingdom", in *Warsaw Institute Special Reports*, 20 April 2020, <https://warsawinstitute.org/?p=41062>.

¹⁷ Hélène Masson, *PADR-EDIDP: Statistical Summary of Call Results*, Presentation to the web conference "Commission européenne et industries de défense : état des lieux des programmes transitoires (PADR, PEDID) et prochaines étapes", 30 June 2020, <https://www.frstrategie.org/sites/default/files/documents/evenements/2020/2020-06-30/PADR-EDIDP.pdf>.

2. NATO transformation

The narrative on EU strategic autonomy needs to be included into a wider reflection involving NATO. Given the reasons the Alliance has been founded, and the largely shared memberships between the two organisations, the European and transatlantic dimensions cannot and should not be decoupled.

In the EUGS there are several references to the existing connection between a higher level of European strategic autonomy and NATO, as a way also to better serve the purpose of the Alliance.¹⁸ Moreover, this aim is in line with the constant US requests for a higher assumption of responsibility from the EU partners, widely criticised for not sufficiently taking charge of their own protection and for spending too little for their defence.¹⁹

Complementarity of efforts and output is also made necessary by the principle of “single set of forces”, as well as by largely sharing the same kind of threats, having the same Eastern and Southern borders.

It is not by accident that 2016 witnessed the simultaneous launch of the EUGS and of a more structured, concrete, and strategic partnership between the EU and NATO,²⁰ further widened and deepened in 2018.²¹

NATO-EU strategic partnership has experienced an unprecedented level of effort, translated into 74 concrete actions. As highlighted in the fifth progress report on the implementation of the common set of proposals,²² some efforts have proved more successful than others. Among the main achievements there are those related to strategic communication and modalities of addressing hostile information activities. These achievements, as well as those related to increased health preparedness have been of particular social and political relevance during the first wave of COVID-19, respectively to counter disinformation activities and to better coordinate medical support.

Further positive results of the strategic partnership relate to cyber defence and military mobility in Europe. This latter project is a positive example of coordination

¹⁸ EEAS, *Shared Vision, Common Action: A Stronger Europe*, cit.

¹⁹ Eileen Sullivan, “Trump Questions the Core of NATO: Mutual Defense, Including Montenegro”, in *The New York Times*, 18 July 2018, <https://nyti.ms/2JyE2yM>.

²⁰ EU and NATO, *Joint Declaration by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization*, Warsaw, 8 July 2016, https://www.nato.int/cps/en/natohq/official_texts_133163.htm.

²¹ EU and NATO, *Joint Declaration on EU-NATO Cooperation by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization*, Brussels, 10 July 2018, https://www.nato.int/cps/en/natohq/official_texts_156626.htm.

²² EU and NATO, *Fifth Progress Report on the Implementation of the Common Set of Proposals Endorsed by EU and NATO Councils on 6 December 2016 and 5 December 2017*, 16 June 2020, <https://www.consilium.europa.eu/media/44445/200616-progress-report-nr5-eu-nato-eng.pdf>.

of interests and efforts among the two organisations. Military mobility is, indeed, also an EU priority that has been translated into a PeSCo project in 2018²³ and that will be receiving specific funding from the Commission,²⁴ through a reduced budget of 1.5 billion euro over 2021-2027.

Despite the relevance of such advancements, strategic dialogue between the two organisations is an indispensable element for bilateral cooperation, and to ensure coherence of efforts on the development of defence capabilities. Nonetheless, political divergences and tensions over the Atlantic and with Turkey, as well as a lack of coordination inside NATO have been part of the 2019 chronicle.²⁵ The resulting tensions, together with considerations on the changed and increased hybrid character of threats, brought the Alliance to call for a forward-looking reflection to be presented to its member states in 2021.²⁶ The resulting NATO 2030 process²⁷ aims at providing the necessary politico-strategic considerations to ensure NATO remains ready for future challenges. After 10 years from the release of the Lisbon document, the NATO 2030 process will most probably lead to a new Strategic Concept of the Alliance. The evolving challenges allies are called to face also imply a deeper and wider cooperation with partner and like-minded countries. The aggressive multipolarity²⁸ characterising the current international environment requires NATO member states to be better equipped and coordinated, to act both inside and outside the Alliance.

Whatever the outcome, the reflection process will have the benefit of inaugurating a more focused dialogue on current challenges and instruments necessary to overcome them, thus reinforcing articles 3 and 4 of the Washington Treaty.²⁹ Against this backdrop, the current EU initiatives in the defence field should be considered also as a way to increase the resilience of NATO European members and therefore of the whole Alliance. For instance, the aforementioned military mobility project will augment the resilience of certain critical infrastructures. Above all, better integration of the armed forces capability requirements to perform missions

²³ PeSCo website: *Military Mobility*, <https://pesco.europa.eu/project/military-mobility>.

²⁴ Tania Latici, "Military Mobility. Infrastructure for the Defence of Europe", in *EPRS Briefings*, February 2020, [https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI\(2020\)646188](https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2020)646188).

²⁵ See for example: "Emmanuel Macron Warns Europe: NATO Is Becoming Brain-Dead", in *The Economist*, 7 November 2019, <https://www.economist.com/europe/2019/11/07/emmanuel-macron-warns-europe-nato-is-becoming-brain-dead>; Judith Mischke, "Merkel Praises Importance of NATO", in *Politico*, 27 November 2019, <https://www.politico.eu/article/angela-merkel-praises-importance-of-nato>.

²⁶ NATO, *London Declaration Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in London 3-4 December 2019*, 4 December 2019, https://www.nato.int/cps/en/natohq/official_texts_171584.htm.

²⁷ NATO website: *NATO 2030*, <https://www.nato.int/cps/en/natohq/176155.htm>.

²⁸ Alessandro Marrone and Karolina Muti, "NATO's Future: Euro-Atlantic Alliance in a Peacetime War", in *IAI Papers*, No. 20|28 (October 2020), p. 2, <https://www.iai.it/en/node/12251>.

²⁹ NATO, *The North Atlantic Treaty*, Washington, 4 April 1949, https://www.nato.int/cps/en/natolive/official_texts_17120.htm.

and operations under both the EU and NATO aegis, as well as a better industrial capacity in Europe, will presumably bring the EU to an increased level of autonomy in the performance of operations, allowing other partners and allies to focus on their respective strategic interests.

The willingness of the EU member states to increase their strategic autonomy, also in light of the shifting strategic interests of the historical security provider in Europe to other world-areas, could be a sign that the old “division of labour”³⁰ between NATO and the EU is going to be overcome. In that early concept, the Alliance had to ensure all its “muscular capacity” to run robust, high-end military operations, whilst the EU was more suited to carry out capacity building and stabilisation missions. Given the changing priorities inside NATO, rather than having a vertical division of labour it could be more effective to have a geographical division of efforts, in which both NATO and the EU strongly support each other. In this case, the Union should be able to perform also hard power operations in its neighbourhood with the necessary support from the US for those capabilities whereby Europe’s technological gap is significant. This means that the European pillar inside NATO should be considerably enforced, and that should probably include not only the ability to reply and counter threats, but also a strong EU political position and capacity to use military force. This way, the US can free resources to be focused on the Asia-Pacific. However, collective defence and deterrence must be ensured through an appropriate NATO posture across the conventional-nuclear continuum. As a matter of fact, this geographical division of labour would also enhance an effective external projection of the Union, that would become a more active and effective player in the international arena, also for what concerns the external promotion of a rules-based international order. Nonetheless, reaching such an ambitious level of autonomy requires deep-rooted political will and economic investment, that, nonetheless, seem still to falter.³¹

3. COVID-19 impact on EU defence and strategic autonomy

The disruption caused by the pandemic added further difficulties to the reaching of EU strategic autonomy. The heavy economic downturn³² resulting from various waves and forms of lockdown is hitting EU countries harder than the latest financial crisis, and its repercussions are going to affect European citizens and governments for years.

³⁰ Richard G. Whitman, “NATO, the EU and ESDP: An Emerging Division of Labour?”, in *Contemporary Security Policy*, Vol. 25, No. 3 (2004), p. 430-451.

³¹ Annegret Kramp-Karrenbauer, “Europe Still Needs America”, in *Politico*, 2 November 2020, <https://www.politico.eu/article/europe-still-needs-america>.

³² Eurostat, *Government Finance Statistics - Quarterly Data*, Data extracted on 22 October 2020, https://ec.europa.eu/eurostat/statistics-explained/index.php/Government_finance_statistics_-_quarterly_data; Eurostat, *GDP and Main Components (Output, Expenditure and Income) (NAMQ_10_GDP)*, <https://ec.europa.eu/eurostat/databrowser/bookmark/c28969ea-adf4-489d-b96a-3924d990ecaf?lang=en>.

The pandemic had, so far, several effects on the defence and security sectors at the EU level.

Firstly, the economic repercussions have been important in terms of magnitude of cuts to the new Union defence spending. In the MFF 2021–2027, the initially foreseen 13-billion-euro budget to be dedicated to EDF was dramatically reduced to little more than 7 billion euro. Similarly, the European Peace Facility received 5 billion euro of off-budget allocation, and the improvement of military mobility 1.5 billion euro, despite the initial proposals for both cost items were more than twice these financial envelopes.³³ With such numbers, the expected investments firepower of the EDF is significantly reduced, and could be further diminished if national allocations are taken into account. A general decreased military spending, particularly for investments could be a plausible result of the pandemic. So far this has not materialised in Italy, where the overall defence expenditure is roughly stable over 2020–2021, with a slight increase in 2021, and the percentage devoted to investments is set to grow from 18.4 per cent in 2020 to 22.3 per cent in 2022.³⁴

Yet, considering the 2008 financial crisis as a benchmark, the mid-term results of the current crisis could be worse than those of the previous one, and the defence sector might suffer accordingly. After the 2008 crisis that registered a -4.5 per cent of GDP in the EU, it took almost a decade for defence expenditures to reach again the same level of 2008 expenses.³⁵ The current crisis is estimated, so far, to have -11 percentage point of repercussions on EU GDP,³⁶ but estimations could be worse due to the persistence of the virus and renewed lockdowns in some EU countries.

Although not directly related to the EU budget, PeSCo could suffer from the economic crisis too, due to likely decreased defence budgets at national level. Nonetheless, the binding nature of PeSCo commitments might delay such an occurrence: financial allocation dedicated to specific PeSCo projects for the next year(s) have been already identified, but it is plausible to foresee cuts in budgets also for these projects in the next future. In such a case, a way not to excessively reduce commitment over PeSCo projects could be to harness funding for those projects that could be exploited also for civilian needs.³⁷ Moreover, some investments in defence technologies may get access to the EU Recovery Fund. For example, Italy is going to present to the EU a number of defence-related projects for a total of

³³ European Council, *Special Meeting of the European Council (17, 18, 19, 20 and 21 July 2020) – Conclusions* (EUCO10/20), Brussels, 21 July 2020, <https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>.

³⁴ Ottavia Credi and Alessandro Marrone, “La Difesa riporta l’attenzione sugli investimenti”, in *AffarInternazionali*, 30 October 2020, <https://www.affarinternazionali.it/?p=85076>.

³⁵ Pierre Morcos, “Toward a New ‘Lost Decade’? Covid-19 and Defense Spending in Europe”, in *CSIS Briefs*, October 2020, <https://www.csis.org/node/58498>.

³⁶ Eurostat, *Government Finance Statistics - Quarterly Data*, cit.

³⁷ Elena Lazarou and Tania Latici, “PESCO: Ahead of the Strategic Review”, in *EPRS Briefings*, 16 September 2020, p. 10, [https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI\(2020\)652051](https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2020)652051).

more than 4.5 billion euro.³⁸

Optimists could argue that the financial constraints resulting from COVID-19 might foster deeper and more effective cooperation among EU member states: economic costs of non-cooperation in defence³⁹ are well-known, and a better coordination might bring to a lesser economic loss. However, the budget cuts experienced after the latest financial crisis did not bring to a pool and share of investments and capabilities, but rather to protect national procurement programmes and related industrial returns. Pessimists points towards this possible outcome of the post-pandemic budgetary austerity.⁴⁰

Secondly, the pandemic highlighted some trends and speeded them up. In reaching strategic autonomy, technology plays a central. More than in the past, the COVID-19 brings societies to increasingly rely on high-level technology and intelligent systems to perform several tasks and provide services in all aspects of everyday life. This also interests the defence sector, that employs technological development and advancement in all phases of defence planning and execution.⁴¹ EU countries will need to find ways to catch up with other world major players in the technology field, like the US and China, in order not to increase the already existing gaps in several fields.⁴² In doing so, Europeans will have to consider economic constraints of major EU industries heavily investing in Research and Development (R&D)⁴³ to foster a better resilience of digital infrastructures,⁴⁴ improve security of supply, and reduce external dependencies, particularly on electronics, rare earth elements, semi-conductors and medical equipment.⁴⁵ Indeed, the level of globalisation and interdependence of supply chains proved to be not resilient enough to shocks like COVID-19,⁴⁶ highlighting the necessity to rethink supply

³⁸ Pietro Batacchi, "Recovery Fund, i progetti della Difesa", in *Portale difesa*, 14 September 2020, https://www.portaledifesa.it/index~phppag,3_id,3775.html.

³⁹ Blanca Ballester, "The Cost of Non-Europe in Common Security and Defence Policy", in *EPRS Studies*, December 2013, [https://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL-JOIN_ET\(2013\)494466](https://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL-JOIN_ET(2013)494466).

⁴⁰ Alessandro Marrone and Ottavia Credi, "COVID-19: Which Effects on Defence Policies in Europe?", in *Documenti IAI*, No. 20|09 (April 2020), <https://www.iai.it/en/node/11538>.

⁴¹ Philip Boucher et al., "Disruption by Technology. Impacts on Politics, Economics and Society", in *EPRS In-Depth Analysis*, September 2020, p. 5, [https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_IDA\(2020\)652079](https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_IDA(2020)652079).

⁴² See for example, Simona R. Soare, "Digital Divide? Transatlantic Defence Cooperation on AI", in *EUISS Briefs*, No. 3 (March 2020), p. 4, <https://www.iss.europa.eu/node/2415>.

⁴³ As an example, due to COVID-19 Safran had to cut funding for R&D by 30 per cent. See: Safran, *Safran on Track to Deliver Its Full-Year Guidance*, 30 October 2020, <https://www.safran-group.com/node/34332>.

⁴⁴ European Commission, *On the EU Security Union Strategy* (COM/2020/605), 24 July 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0605>.

⁴⁵ Giovanna De Maio, "NATO's Response to COVID-19: Lessons for Resilience and Readiness", in *Brookings Reports*, October 2020, <https://brook.gs/3jCGKpd>; see also: Claudiu C. Pavel and Evangelos Tzimas, "Raw Materials in the European Defence Industry", in *JRC Science for Policy Reports*, 2016, <https://doi.org/10.2790/0444>.

⁴⁶ See, among others, Valerie Insinna, "Some F-35 Suppliers Are Having Trouble Delivering Parts on

chains and production lines that would better be released from technology and components from potential adversaries or under the control of competitors.

A possible further impact of COVID-19 might be a changed threat perception over Europe in terms of sectors that could be considered to be more important, and regarding the identification of competitors. Given the burdens European societies are experiencing, national priorities could be defined according to considerations not fully taking into account defence.⁴⁷ In this process, social perception of threats plays a role, and it is particularly fragile and volatile when under prolonged stress. The first wave of COVID-19 showed that in these extraordinary circumstances social perception can be manipulated more easily thanks to disinformation campaign and propaganda⁴⁸ and both the EU and NATO need to adequately address this challenge.

4. Choices for Italy

Italy continues to be a promoter and supporter of the European integration project and of a stronger EU. This is also reflected on the effective engagement of the country in PeSCo and EDF projects related to an increased level of European strategic autonomy.

In the first framework, Italy actively participates in 26 projects leading 9 of them.⁴⁹ Concerning EDF precursor programmes, the number of Italian entities that answered the call for proposals for both PADR and EDIDP was among the highest over Europe,⁵⁰ second only to France.

Moreover, during the negotiation phase of EDF, Italy promoted to have at least three entities from three different member states to activate the projects, in order to widen the European participation beyond purely bilateral projects. Rome has also been keen to allow the participation of third states and entities in projects' consortium within both EDF and PeSCo, mainly to keep the UK engaged in EU defence initiatives – once again, a pro-European stance in the wider sense, coupled with important Anglo-Italian relations at military and industrial level.

Schedule, and Turkey's Departure Could Make that Worse", in *Defense News*, 12 May 2020, <https://www.defensenews.com/air/2020/05/12/some-f-35-suppliers-are-having-trouble-delivering-parts-on-schedule-and-turkeys-departure-could-make-that-worse>.

⁴⁷ Doug Berenson, Dominik Kimla and Alix Leboulanger, "Defense Spending and COVID-19: Implications on Government Finance and National Security", in *Avascent Perspectives*, 15 April 2020, <https://www.avascent.com/?p=32491>.

⁴⁸ European Commission, *Tackling COVID-19 Disinformation - Getting the Facts Right* (JOIN/2020/8), 10 June 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020JC0008>.

⁴⁹ Council of the European Union, *PESCO Projects – Overview*, 12 November 2019, <https://www.consilium.europa.eu/media/41333/pesco-projects-12-nov-2019.pdf>.

⁵⁰ H el ene Masson, *PADR-EDIDP: Statistical Summary of Call Results*, cit.

In supporting European defence, Rome has traditionally paid attention not to build it in opposition to NATO, but rather in synergy with it, and the reasons for this balanced approach to European defence are here to stay. On the one hand, the strong bilateral relations with Washington, perceived as both the ultimate guarantee of European security and a useful counterbalance to the Franco-German driver for EU integration. On the other hand, the awareness that a single set of forces cannot afford a divergence of NATO and EU requirements, particularly due to the fact that the Italian armed forces are deeply embedded in the Alliance's integrated military command. On top of that, being one of the few European host countries of US tactical nuclear weapon adds a further layer of transatlantic interdependence to national security. Finally, at the political level, the discourse on European defence has been useful to ease pacifist opposition to military investments and deployments, and so far has been little affected by the Euro-scepticism. In other words, for several reasons the Italian support to EU defence initiatives like PeSCo⁵¹ and EDF⁵² is deeply rooted, widespread across the political spectrum and the defence policy community. Such an overall posture lets Italy be close to Germany, and places both Rome and Berlin in a middle-ground position between more Atlanticist countries like Poland and lesser ones like France.

Despite this positive, proactive and balanced attitude towards European defence, COVID-19 is possibly affecting the country's capacity to deliver results in the next years. Over the last 10 months the Italian Ministry of Defence (MoD) has remained committed on European defence, as showed also by the increased military deployment abroad, decided during the first wave of the pandemic.⁵³

The severity of both the pandemic's second wave and subsequent lockdown remain to be seen, as the virus effects on Italy's ability to run defence (and foreign) policy with respect to partners and competitors. In any case, the main problem lies in the economic effects of the lockdown, and in their cascade effects on sovereign debt and thus defence spending.

Actually, the Italian defence budget did already remain well below the 2 per cent NATO threshold over the last five years.⁵⁴ Moreover, it continues to be unbalanced in favour of personnel costs while depriving the investments on equipment, R&T, and operational readiness. Against this backdrop, the severe economic situation might bring the country back to stationary defence budgets with even lower levels of investment. Despite some improvements, according to the latest Pluriannual

⁵¹ Alessandro Marrone, "PeSCo – The Italian Perspective", in *ARES Group Policy Papers*, No. 30 (September 2018), <http://www.iris-france.org/notes/pesco-the-italian-perspective>.

⁵² Alessandro Marrone, "National Expectations Regarding the European Defence Fund: The Italian Perspective", in *ARES Group Comments*, No. 42 (October 2019), <https://www.iris-france.org/notes/national-expectations-regarding-the-european-defence-fund-the-italian-perspective>.

⁵³ Ottavia Credi and Alessandro Marrone, "Più missioni internazionali (e più Africa) per l'Italia", in *AffarInternazionali*, 17 June 2020, <https://www.affarinternazionali.it/?p=82326>.

⁵⁴ NATO, *Defence Expenditure of NATO Countries (2013-2020)*, 21 October 2020, https://www.nato.int/cps/en/natohq/news_178975.htm.

Programmatic Document (*Documento programmatico pluriennale*, DPP),⁵⁵ the 2020 defence budget will devote only 18.4 per cent of resources to investments, below, again, of the international repartition indication of 50 per cent for the personnel and 25 percentage points respectively for operational costs and investments.⁵⁶ The situation could even worsen, should Law 244/2012 ("*Legge Di Paola*") be revised. This law established a maximum ceiling to personnel hiring in the armed forces to be implemented by 2024. Yet, as underlined in the DPP 2020-2022 and further declared by the latest Supreme Defence Council conclusions,⁵⁷ there is the necessity to review and better adapt the law to the worsened international situation, suggesting a derogation to the identified ceiling.

The defence budget is set to remain relatively stable in 2021 and 2022, but further cuts cannot be excluded over the next years, should the economic situation worsen and/or austerity measures be undertaken to reduce the sovereign debt vis-à-vis financial market pressure. As mentioned before, the percentage devoted to investments is set to grow in the next years, but once again these plans are not written in stones since Italy lacks a multiannual defence investments law adopted for instance in France, and may be negatively affected by domestic politics changes in the next two years.

Moreover, with few exceptions Italian investments in R&T have suffered particularly in the past decade and have been dependant on specific capability development projects, thus preventing a positive spill-over effect and contamination of innovation over various capabilities.⁵⁸ In the long-term, this could become a problem for the Italian Defence and Technological Industrial Base (DTIB), which needs to compete with industrial counterparts benefitting from higher investments on military technology. Unfortunately, the pandemic draws away political capital from a potential effort to reform innovation policy or other aspects of defence, and no strategic review or far-reaching reforms are likely to take place within this Parliament's tenure.

The level, quality, stability, promptness and efficiency of Italian budget is key for Italy's contribution to both EDF and PeSCo. On the first front, most part of the Fund grants are co-funding of member states' investment. Should Italy fail to ensure timely and robust national funds for the proposal presented by national industries,

⁵⁵ Italian Ministry of Defence, *Documento programmatico pluriennale della Difesa per il triennio 2020-2022 - 2020 Edition*, October 2020, <http://www.difesa.it/Content/Documents/DPP/DPP%202020-2022.pdf>.

⁵⁶ Ottavia Credi and Alessandro Marrone, "La Difesa riporta l'attenzione sugli investimenti", cit.

⁵⁷ Italian Presidency, *Il Presidente Mattarella ha presieduto il Consiglio Supremo di Difesa*, 27 October 2020, <https://www.quirinale.it/elementi/50939>. See also: Italian Chamber of Deputies, "Documento programmatico pluriennale per la Difesa per il triennio 2020-2022 - Doc. CCXXXIV, n. 3", in *Documentazione e ricerche Dossier*, No. 123 (2 November 2020), <http://documenti.camera.it/leg18/dossier/testi/DI0296.htm>.

⁵⁸ Alessandro Marrone and Andrea Gilli, "Defence Innovation: New Models And Procurement Implications: The Italian Case", in *ARES Policy Papers*, No. 74 (22 October 2020), <https://www.iris-france.org/notes/defence-innovation-new-models-and-procurement-implications-the-italian-case>.

these proposals will have definitively poor chances to get selected. On the PeSCo front, there is a growing orientation towards the selection of projects that are robust from a budgetary point of view, and the possible expulsion from the PeSCo format or projects not delivering results in a reasonable timeline. Once again, should Italy fail to ensure robust, stable and timely budgets to the projects it participates in or leads, including EUROMALE, the European patrol corvette, the projects on space systems, etc., it risks to let its role fade. Budgetary deficiencies may hamper also European defence cooperation currently out from the EU framework, but crucial for the European strategic autonomy in a broad sense. A case in point is the Tempest programme with UK and Sweden, whereby in September 2020 Italian industries have reached an agreement with their counterparts, but the MoD has not put on the table the necessary resources to co-finance the project.⁵⁹

Beyond the important budgetary and investment issues, Italy has to face a more politico-strategic choice on EU defence integration and the quest for strategic autonomy. As a matter of fact, Brexit has removed the UK pro-Atlantic balance to France and, to a lesser extent, the intergovernmental brake to an enhanced Commission role on defence market and industry. This has allowed an acceleration of EU defence initiatives which is likely to continue in the mid-term. An acceleration towards a direction slightly more divergent from US and NATO. The intra-EU debates on participation of third countries and entities to both PeSCo and, above all, EDF reflected this trend. Belgium, France, Spain and other countries, as well as the European Parliament and the Commission, considered these decisions in light of a greater autonomy from, and competition with, the US. The Baltic States, Poland, Sweden and others were keen not to escalate the confrontation with Washington. Similar debates will likely take place in the next future, as military-industrial programmes move forward and the quest for strategic autonomy takes place. Italy has to take stock of the changing balance within the Union and tailor its traditionally balanced approach to EU defence and NATO accordingly.

At the same time, the US disengagement from North Africa and the Middle East (MENA) is likely to take place also with a democratic president, since the will to retrench after the military overstretch of the last two decades is widely shared by politicians and public opinion.⁶⁰ This presents a specific challenge for Italy, since Rome has traditionally looked at the American leadership for political, diplomatic and military actions in the “Enlarged Mediterranean” region aimed to manage crisis and/or stabilise areas. Deprived of such leadership, Italy has to find alternatives to protect and promote national interests in a troubled region becoming increasingly penetrated by geopolitical competition among Russia,⁶¹ China, Turkey and other

⁵⁹ Michele Nones, “Tempest: chi tardi arriva, male alloggia”, in *AffarInternazionali*, 14 October 2020, <https://www.affarinternazionali.it/?p=84762>.

⁶⁰ Alessandro Marrone and Karolina Muti, “NATO’s Future: Euro-Atlantic Alliance in a Peacetime War”, cit.

⁶¹ Dario Cristiani, “Framing Russia’s Mediterranean Return: Stages, Roots and Logics”, in *IAI Commentaries*, No. 20|59 (August 2020), <https://www.iai.it/en/node/11979>.

regional powers. The only alternative for Rome is to look at greater cooperation with France, Germany and other European countries willing and able to contribute to the stability of Europe Southern neighbourhood. It is not by chance that Rome supported and welcome the 2020 Berlin Conference on Libya⁶² and the subsequent greater EU involvement through operation EUNAVFORMED Irini. Such a greater European responsibility and cooperation on the Enlarged Mediterranean region could and should take place within EU, through NATO, as well as via a partnership between the Union and the Alliance in addressing their shared Southern flank.

The acceleration of EU defence initiative through the Franco-German driver and a greater role for the Commission, coupled with the US ongoing disengagement from MENA, point towards a higher degree of European strategic autonomy and greater regional security responsibilities for EU member states. In this context, Italy should adjust its approach to strategic autonomy alongside the following lines of actions. First, to push for NATO-EU cooperation on a variety of dossiers, from the Southern neighbourhood to hybrid threats, to cyber and maritime domains, technological innovation, resilience, etc.⁶³ Second, within NATO and towards the US, to make the case for European defence initiatives like EDF and PeSCo to be synergic with the Alliance. Third, in the EU context, advancing a pragmatic approach to EU capacity- and institutions-building in order to avoid unnecessary tensions with the US.⁶⁴

On top of that, a step change is probably required towards France, Germany and EU institutions. A political, enduring priority should be assigned to entering in a stable way in the Franco-German driver for EU defence and strategic autonomy. In an ideal world, this could take the ambitious form of trilateral treaty which would overcome the French approach based on a net of bilateral treaties signed by Paris, which of course places France in a leading position. Even without reaching such a stage of trilateral cooperation, an effort should be regularly undertaken across the board of capability development, industrial policy, operational deployments, diplomatic actions. This would imply painful negotiations and compromises, with balanced and fair renounces to specific interests, i.e. military or industrial ones, to find together the strength and cohesion to advance common European interests. The Strategic Compass exercise could be an incubator of such convergence. Indeed, through the involvement of national intelligence services, diplomatic bodies and military officials, alongside with EU institutions and agencies, it should be exploited to have a convergence of threat assessments and defence postures on key geographical or thematic dossiers. The E2I, although not being formally in the EU framework, could represent another venue to exploit. The meeting held on September 2020 discussed operation EUNAVFORMED Irini, the situation in Libya,

⁶² Alessandro Marrone, "Security Policy in the Southern Neighbourhood – A View from Rome", in *FES Perspective. Peace and Security*, March 2020, <http://library.fes.de/pdf-files/bueros/rom/16768-20200421.pdf>.

⁶³ Alessandro Marrone and Karolina Muti, "NATO's Future: Euro-Atlantic Alliance in a Peacetime War", cit., p. 16.

⁶⁴ Ibid.

Mali and Lebanon, the fight against terrorism in Africa and the situation in the Eastern Mediterranean.⁶⁵ In addressing such challenging dossiers, Rome should systematically undertake an early dialogue with Paris and Berlin. Last but not least, the simultaneous participation of France, Germany and Italy in each PeSCo project launched by one of these countries should be regularly sought, to establish, overtime, an ensemble of capability development cooperation which would bring several advantages: (i) increase commonality and thus efficiency and effectiveness among the militaries representing the bulk of CSDP missions; (ii) create multiple networks and cooperation praxis among the three MoDs; (iii) make it easier to find, as a whole, the necessary industrial compromises and compensations. In the end, a stable core group made by the three largest economies and military powers of the EU would likely become, by default, the centre of gravity to aggregate like-minded countries on specific dossiers thus facilitating the subsequent decisions in consensus-based bodies such as the European Council. Moreover, the combined action of Germany and Italy would probably balance French scepticism towards NATO, US and transatlantic relations – somehow reaffirmed by President Macron also after the Biden's election⁶⁶ – thus resulting in an EU position likely to get the support of pro-Atlanticist countries like Poland, the Baltics and alike. The building-up of such core group will not be easy, as previous attempts in the aftermath of the 2016 Brexit referendum already failed.⁶⁷ Moreover, the too frequent turnover of Italian governments does constantly weaken the Italian foreign and defence policy including on the strategic autonomy dossier.

Yet, the alternatives for Italy do not seem easier nor better. In fact, a wait and see attitude towards European strategic autonomy would de facto leave the leadership of EU defence to the Franco-German driver, with Paris in the driving seat. This risks to increase the transatlantic drift, divide Europeans between those supporting an extreme level of strategic autonomy and those, particularly in Eastern Europe, rejecting the entire process in order not to put at risk the NATO security umbrella vis-à-vis Russia. The result would be a fractured and weakened Europe within a divided West, becoming not a player, but rather a playing field for the competition among real great powers.

Betting only on a re-launch of the transatlantic partnership and NATO would be risky too. A Biden administration would not represent a return to the past periods of higher transatlantic cohesion under Barack Obama or Bill Clinton administrations. Indeed, a democratic administration would in any case (i) try to militarily disengage as much as possible from MENA (ii) pressure Europeans to

⁶⁵ Italian Ministry of Defence, *Riunione dei Ministri della European Intervention Initiative*, 25 September 2020, https://www.difesa.it/Primo_Piano/Pagine/Riunione_Ministri_European_Intervention_Initiative.aspx.

⁶⁶ Emmanuel Marcon, "The Macron Doctrine. A Conversation with the French President", in *Le Grand Continent*, 16 November 2020, <https://geopolitique.eu/en/?p=4>.

⁶⁷ That year witnessed the Ventotene summit between Italian Prime Minister Matteo Renzi, French President François Hollande and German Chancellor Angela Merkel, as well as the preliminary talks on the Quirinale Treaty between Italy and France then launched in 2017 and never realised.

increase defence spending and take more responsibilities for the security of the Old Continent and its neighbourhood (iii) take a stronger position against China and support US containment strategy.

In the end, the definition of strategic autonomy, and the quest for it, goes beyond the gradual, pragmatic improvements of newly created tools such as EDF and PeSCo. They touch upon the geopolitics of Europe, the European influence on the Southern neighbourhood, the transatlantic Alliance, and the relations between EU and Russia, China, Turkey. In this sense, Italy will have to make choices truly strategic for its national security and interests.

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