

Italy's Foreign Policy in 2023: Challenges and Perspectives

by Leo Goretti and Filippo Simonelli

ABSTRACT

This document provides an English summary of the 2023 edition of IAI's annual report on Italian foreign policy entitled: "Il governo Meloni alla prova", developed within the strategic partnership with the Fondazione Compagnia di San Paolo. The 2023 edition of the report features the contributions of a group of IAI researchers coordinated by the Italian Foreign Policy programme of the Institute. The report covers all the core areas of Italian foreign policy, from the relationship with the European Union and European allies to Italy's role within NATO and the country's policy towards its neighbourhood in the "enlarged Mediterranean". Other key issues include the relationship of the Italian government with the US and the People's Republic of China, the government's policy vis-à-vis the energy and climate crises, Italy's migration policy, the country's continued commitment to supporting Ukraine and subsequent developments in the Italian defence policy and its future posture. From this perspective, an in-depth focus is devoted to the aerospace industry, also as an area for international cooperation. Finally, specific attention is paid to the multilateral initiatives of the country in the year that led to Italy's G7 presidency of 2024, which includes priorities such as AI governance, development aid and the so-called "Mattei Plan for Africa".

Italian foreign policy

keywords

Italy's Foreign Policy in 2023: Challenges and Perspectives

by Leo Goretti and Filippo Simonelli*

2023 was the first full year in government for Italy's Prime Minister Giorgia Meloni. Overall, the foreign policy pursued by the Italian government was pragmatic and aligned with the country's traditional orientations, although more confrontational tones emerged from within the ruling coalition at times, especially on some reforms and policies under discussion at the EU level. The Meloni government confirmed the steady support for Ukraine against Russia's aggression and further strengthened its relations with the US; in parallel, it withdrew from the Memorandum of Understanding on the Belt and Road Initiative (BRI) that had been signed in 2019, although the decision was made public in a rather subdued way in order not to compromise the overall relationship with Beijing. Migration and energy partnerships were the two major concerns in relations with the MENA region, while the contours of the so-called "Mattei Plan for Africa" remained vague. Faced with the outbreak of the Israel-Palestine war after Hamas's terrorist attack on 7 October, the government adopted a low-profile approach, although the double abstention on the two UN General Assembly (UNGA) resolutions calling for a humanitarian truce in Gaza must be noted. The efforts for decarbonisation and the energy transition were overall limited, with the government emphasising the related social and economic costs and subsequent increasing political polarisation on the issue. The defence policy saw steady commitment to the transatlantic alliance and a renewed focus on the defence of the state as the principal objective of the country's armed forces, with the launch of significant modernisation plans, which however do not seem entirely supported by the defence budget. Finally, at the multilateral level, Giorgia Meloni called attention to the issues of "human trafficking" and the need for an ethics-driven governance of AI during her speech at the UNGA in September. AI, migration and development will be key themes on the agenda of the Italian presidency of the G7 in 2024, where a specific focus will be placed on Africa.

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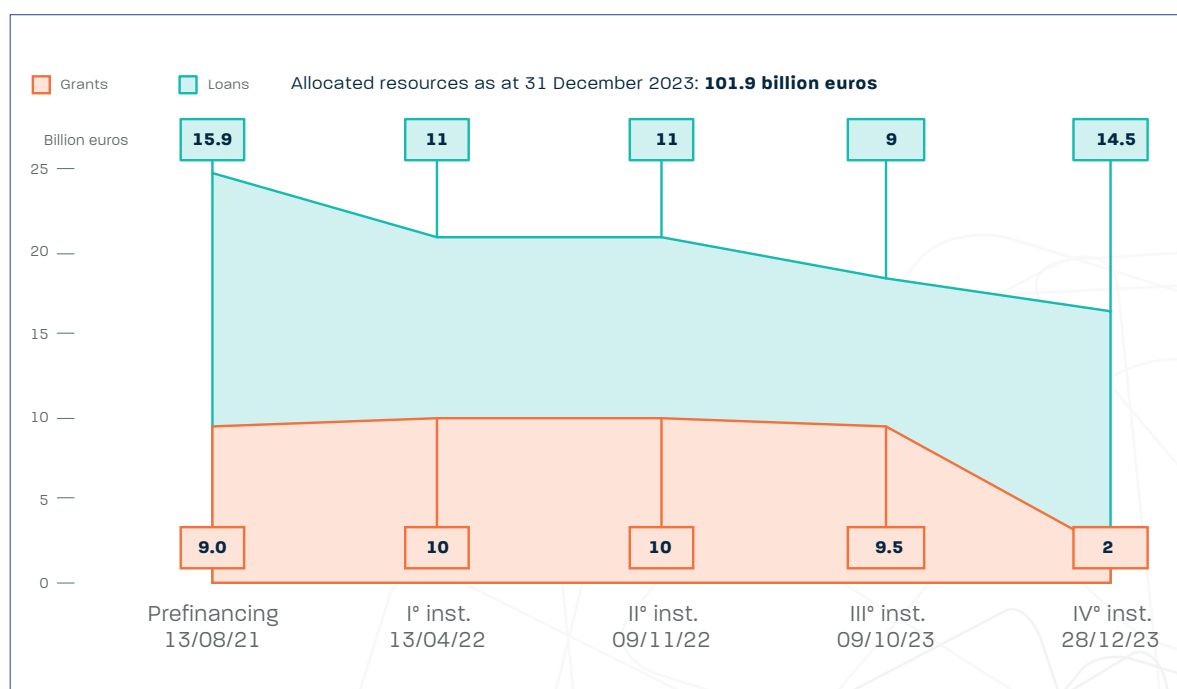
· This report summarises the research and findings of a larger report, co-authored by IAI researchers on Italian foreign policy in 2023 and developed within the strategic partnership with the Fondazione Compagnia di San Paolo. The full report in Italian is available at: <https://www.iai.it/en/node/18027>.

Navigating the relationship with European allies

In its relationship with European allies, the government adopted a “transactional” approach, whereby the watchword was advancing Italy’s perceived national interests within the framework of EU governance and rules. The bilateral relationships with two key countries such as France and Germany were overall positive, despite occasional divergence on specific policy items and reforms. Notably, in November, Italy and Germany signed a joint Action Plan covering fields such as energy, technology, climate protection, security, migration and cultural cooperation.

The Meloni government also continued a constructive engagement with EU institutions, first and foremost, the European Commission. The interaction was especially fruitful regarding Italy’s National Recovery and Resilience Plan: the revision of the plan proposed by Italy was eventually accepted by the Commission, and the third and fourth instalments of the Next Generation EU package were paid to Italy, increasing the overall amount received by the country to almost 102 billion euros.

Figure 1 | NRRP funds allocated to Italy



Source: Chamber of Deputies Research Department: *L’attuazione del PNRR*, <https://temi.camera.it/leg19/pnrr/pnrrItalia/OCD57-4/1-attuazione-del-pnrr.html>.

Another significant outcome was the joint effort by Meloni and EU Commission President von der Leyen that led to the Memorandum of Understanding signed with Tunisia’s President Kais Saied in July. The MoU, which was officially aimed at establishing a comprehensive partnership between the EU and Tunisia, was first

and foremost an attempt to curb the rising number of irregular arrivals of migrants to Italy via the Mediterranean route by externalising border management. The process that led to the signing of the MoU was, however, questioned by some EU member states, and concerns were raised about the human rights situation in Tunisia. Furthermore, although the number of arrivals to Italy decreased through fall 2023, the overall effectiveness of MoUs of this type in tackling irregular migration has yet to be tested in the long-term; the same holds also for a complementary bilateral agreement struck between Italy and Albania in November, under which up to 36,000 asylum seekers rescued by Italian ships a year will be temporarily moved to Albania where their applications will then be processed.

More generally, Italy supported the EU's New Pact on Asylum and Migration that was finalised in December. Even though Rome obtained a few symbolic concessions in the negotiation, on the whole the New Pact does not seem to fundamentally address the specific concerns of the so-called "countries of first arrival" such as Italy. Remarkably, Meloni's mediation efforts with the two governments of Hungary and Poland – in principle politically aligned with Italy's at the time – were unsuccessful.

The final outcome was also arguably suboptimal for Italy in another key process of reform at the EU level – that of the Growth and Stability Pact. The initial draft submitted by the Commission – which provided for greater flexibility in budget rules – was eventually revised in a stricter direction on Germany's initiative. While allowing for a three-year window before fully applying the new rules, meeting the targets set by the reformed Pact will represent a significant challenge for a country with such limited fiscal space as Italy. The Italian government, however, supported the reformed Pact. On the contrary, staunch opposition – including within the coalition parties – continued against the ratification of the reformed European Stability Mechanism, which was eventually rejected by the Italian Parliament in December. The rejection of a reform that had already been agreed upon by previous governments may dent the overall credibility of the country among European allies.

Finally, looking toward the European Parliament election in June 2024, Giorgia Meloni continued to work on the project of a centre-right coalition to form a majority in the next European Parliament. At the same time, however, the Italian Prime Minister did not rule out supporting a Commission relying on a parliamentary coalition similar to the incumbent, in another display of pragmatism.

Supporting Ukraine and strengthening the transatlantic bond

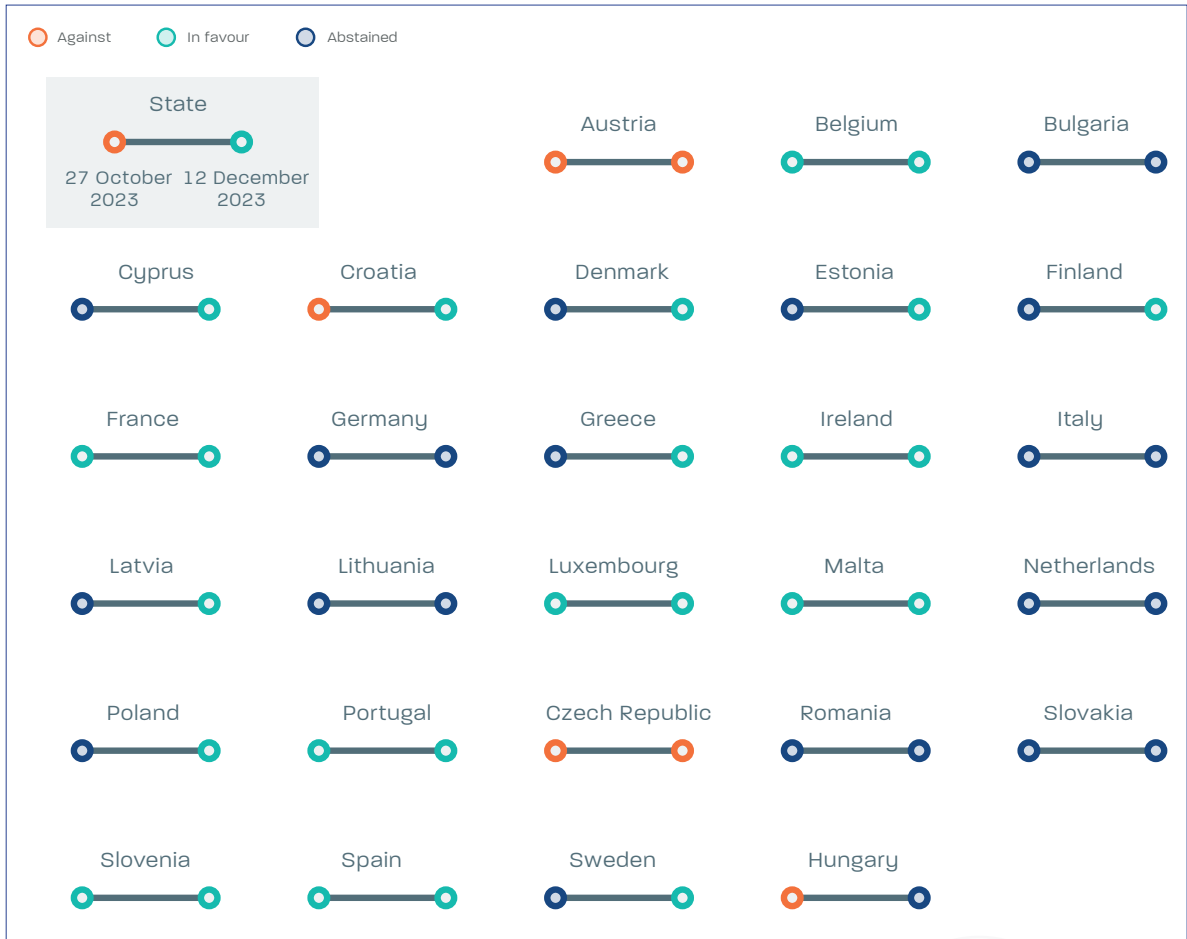
As in 2022, Italy's support for Kyiv in the Russia-Ukraine war was unwavering. Prime Minister Meloni, who visited Kyiv at the end of February, repeatedly reiterated Italy's backing for Ukraine's formula for a just peace as well as its commitment to providing political, military and financial assistance to Kyiv and to the sanctions against Moscow. In December, military assistance was also confirmed for 2024, with an eight package of aid reportedly in preparation. Especially notable was Italy's decision to provide Kyiv with the SAMP/T air-defence system. To be sure, the

overall allotment of resources made available bilaterally by Italy (which is estimated to be at about 1.32 billion euros in the period January 2022–October 2023) has been lower (both in relative and absolute terms) than that of other EU member states. The government's steadfastness in siding with Ukraine has nonetheless been remarkable from a political point of view and confirmed Italy's firm positioning within the Western and transatlantic bloc.

More generally, the Italian government further strengthened relations with the US through several ministerial meetings and, above all, Giorgia Meloni's visit to Washington in late July. Especially relevant was the renewed alignment between Rome and Washington in the so-called Indo-Pacific, as evidenced by Italy's withdrawal from the BRI in December. The Italian government embraced the idea of economic security put forward by the Biden administration, whereby industrial policy should aim to reduce dependence on third countries – first and foremost, China – for the provision of strategic resources, such as rare earths and other critical minerals. Furthermore, Italy fundamentally shared the US's position on the Israel-Gaza war, showing full solidarity with Israel after Hamas's terrorist attacks but also renewing the commitment to a two-state solution in the long term. Finally, the Italian government consulted with the US on the agenda of the G7 under Italian presidency in 2024, focused on governing new digital technologies and relations with African countries. At an economic level, bilateral trade – which had already reached an all-time record of almost 90 billion euros in 2022 – further increased in the first ten months of 2023, with Italy's export to the US growing by 4.2 per cent compared to the same period in 2022.

At the same time, the desire to preserve healthy economic relations with China too underlies the caution and low profile with which the Italian government handled the withdrawal from the BRI, which was made public in early December. The fact that Italy's five-year participation in the Chinese-led initiative failed to deliver the expected results (namely, boosting Chinese investment in Italy and Italian export to China) was mentioned as a reason for Italy to withdraw from the MoU and reframe the bilateral relationship as a "strategic partnership". From a strategic point of view, the withdrawal signalled Italy's firm alignment with its traditional allies in Washington and in Europe, among which Rome's decision to join the BRI in 2019 had raised more than a few eyebrows. In parallel, the Meloni government deepened its engagement with India, seen as a key partner in the Indo-Pacific region: in March, the bilateral relationship was elevated to the level of strategic partnership, with increased defence and energy cooperation.

Figure 2 | Votes of EU member states on the two Palestinian ceasefire resolutions



Source: UN Regional Information Center for Western Europe, *EU Overwhelmingly Votes at UN for Humanitarian Ceasefire in Gaza*, 13 December 2023, <https://unric.org/en/eu-overwhelmingly-votes-at-un-for-humanitarian-ceasefire-in-gaza>.

The Middle East, the Mattei Plan for Africa and energy

The policy of the Meloni government toward the “enlarged Mediterranean” has been driven by three major objectives: raising the profile of Italy as a country spearheading a new, “fairer” and non-patronising approach to African countries, curbing the number of arrivals of irregular migrants to Italy via the Mediterranean route, and boosting economic partnerships with regional governments, especially as far as energy deals are concerned. This approach was pursued primarily through government-to-government agreements and declarations, with limited involvement of civil societies. A paradigmatic example was the Memorandum of Understanding that the European Commission signed with Tunisia – mainly on Italy’s initiative – in July. While apparently leading to some short-term benefits in terms of reducing migration, doubts can be cast as to whether such kind of agreements are sustainable in the long run and can be conducive to positive developments at the local level.

The so-called Mattei Plan for Africa is an especially notable example of the government's approach to the region. After having been announced as one of the lynchpins of the government's foreign policy, it slowly started to take shape in 2023, beginning with the creation of an ad hoc governing body in autumn. The rationale behind the plan is multifaceted: the government wants to put itself at the forefront of European relations with Africa. In parallel, the plan sends a message to the government's constituency, as it is also framed as an attempt to address the root causes of irregular migration from Africa. Finally, the plan is also aimed at creating new investment and trade opportunities for Italian companies in Africa, starting from the energy sector.

In this area, in 2023, Italy deepened its policy of diversification of fossil fuels providers to further reduce its dependence on Russian gas. The government put forward the vision of turning Italy into an "energy hub" in the Mediterranean, connecting suppliers on the Southern shores to consumers in Central Europe. This vision, however, still primarily revolves around natural gas, calling into question its alignment with the decarbonisation goals set by the EU for 2030 and 2050. As Italy's Integrated National Energy and Climate Plan issued in June highlighted, meeting the latter will require substantial extra efforts in non-ETS sectors as well as boosting the installed renewable capacity. Through the year, however, increasing polarisation – also from within the ruling coalition – emerged about the energy and climate transition. The Italian government asked for a revision of some policies introduced at the EU level as part of the Fit for 55 package, such as the energy performance of buildings directive and the 2035 ban on new fossil fuel cars. Notably, in her speech at COP28 in Dubai, Meloni called for "an ecological transition, and not an ideological one" and remarked upon the relevance of technology neutrality.

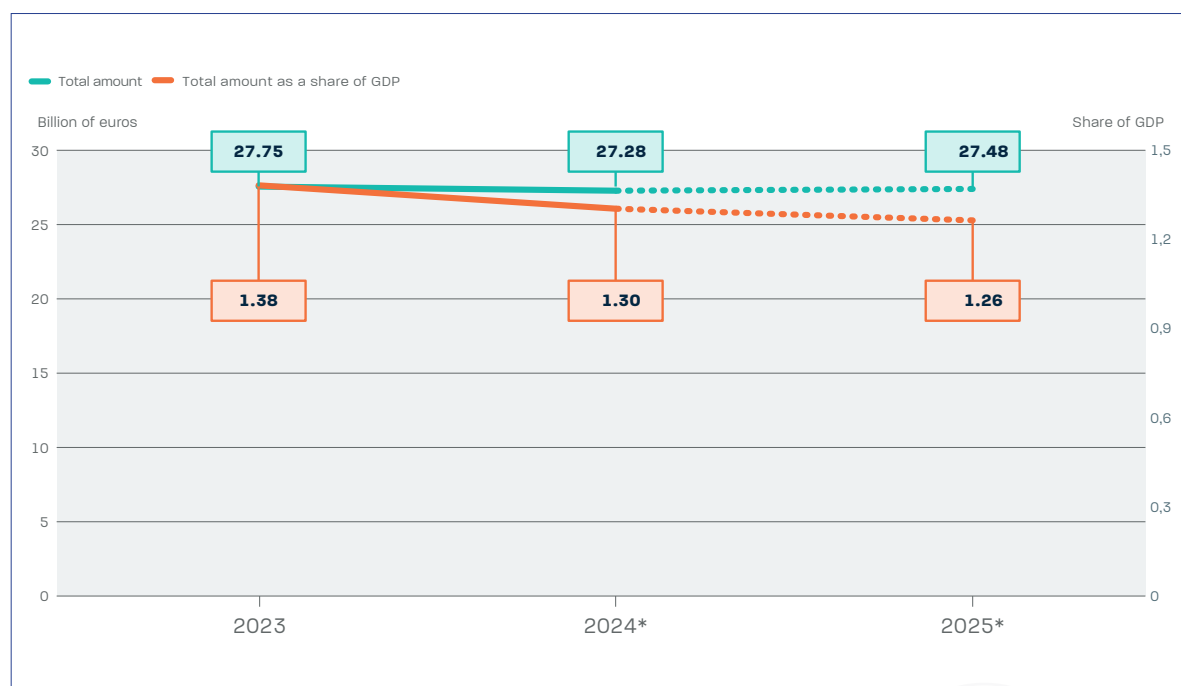
Defence policy between NATO and new priorities in the multilateral landscape

In the field of defence, Prime Minister Meloni stressed numerous times the importance of Italy's involvement in NATO. Within the framework of Allied missions, Italy continued to provide personnel and assets to the NATO multinational battlegroups in Hungary, Latvia and Bulgaria – leading the NATO contingent in the latter country – as well as in air policing operations on the Eastern flank. In total, Italy participates in nine allied missions, with a maximum allocation of 5,200 troops and funding of over 463 million euros. Notably, Admiral Giuseppe Cavo Dragone is set to become Chairman of the NATO Military Committee from January 2025.

From a domestic perspective, the Multi-year Planning Document (*Documento programmatico pluriennale*, DPP) adopted by the Ministry of Defence in October 2023 focuses on an "incisive action of renewal" of the Ministry's structure and a functional reorganisation of Italian Defence. Notably, greater attention is dedicated to research and technological innovation, which are the focus of some of Italy's

international partnerships, such as the one with Japan and the United Kingdom within the framework of the Global Combat Air Programme. In all, the long-term impact of the Russian invasion of Ukraine is a renewed focus on the defence of the state and related modernisation programmes for the Italian military – although Italy's defence spending is still substantially lower (1.38) than the NATO threshold of 2 per cent of GDP, and set to remain so in the next two years.

Figure 3 | Trend in Italian defence expenditure



Note: * projected values.

Source: Italian Ministry of Defence, *Documento programmatico pluriennale della Difesa per il triennio 2023-2025*, October 2023, <https://www.difesa.it/content/notaaggiuntiva/30714.html>.

Against this backdrop, aerospace research is gaining traction too. In continuity with its predecessor, the Meloni government is focusing on four key priority areas: satellite communications, enhanced Earth observation capabilities, access to space and the so-called “space factory”. Both bilateral and multilateral partnerships have been expanded, and range from Italy’s membership in the Artemis programme to its participation in the Combined Space Operations partnership, as well as to several bilateral partnerships, including those with African countries.

More generally, at the multilateral level, the Meloni government’s action has covered various aspects of the global agenda: from UN reform to peacekeeping missions to the management of migration flows and the regulation of artificial intelligence (AI), as highlighted by the Prime Minister in her speech at the UNGA in September. Migration management and AI governance, along with support for Ukraine and economic and food security, will also be key themes for the G7 under Italian presidency in 2024, where great attention will be paid to cooperation with

African countries and, more generally, the so-called "Global South". In defining these priorities, the Italian government has already started a dialogue with key interlocutors, such as the United Kingdom on AI issues – especially during the AI Safety Summit in Bletchley Park.

Finally, with regard to development aid, 2023 saw an increase in Italy's Official Development Assistance: according to OECD estimates, Italy allocated 0.32 per cent of its gross national income (GNI) to development aid, that is, approximately 6.1 billion euros. This is the highest amount recorded in the last 14 years and brought the country closer to the international target of allocating 0.7 per cent of GNI to ODA, although most of the increase is reportedly due to growing in-donor refugee costs.

updated 8 February 2024

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