

## TRANSATLANTIC SYMPOSIUM 2021 SPECIAL EDITION

### *A Lasting Bond. Revisiting & Reinvigorating Italy-US Relations 160 Years since their Inception*

The relationship between Italy and the United States is characterised by deep societal bonds, strong economic ties and strategic alignment within and beyond the Atlantic Alliance.

When newly unified Italy notified the US government of its establishment in early 1861, there was not much of a diplomatic follow-up, as the United States was by then descending into the Civil War. The US government had nonetheless shown sympathy towards Italian unification in the preceding years, and that positive predisposition endured thereafter.

Bilateral relations became closer and more complex between the end of the 19th century and the early 20th century, when about four million Italians emigrated to the United States, thus creating a large basis for continuous cultural exchanges and societal connections.

The United States fought alongside Italy and the Entente in World War I, proving decisive in the eventual defeat of the Central Powers. The disagreements that surfaced in the postwar period did not prevent Rome and Washington from seeking dialogue, which for a time continued even during the Fascist era. The United States' intervention in World War II led to the defeat of Nazi-fascism in Italy (and Europe), while its continuous involvement afterwards contributed to Italy's political stabilisation and democratisation.

From the late 1940s onwards, US-Italian relations evolved into a strategic partnership, with Italy's geographical location along the West-East fault-line critical to efforts by the United States and the North Atlantic Treaty Organisation (NATO) to contain the Soviet Union and project power into the Mediterranean.

Since the end of the Cold War the US-Italian relationship has continued to evolve along a cooperative pattern. US military bases on Italian soil sustained US force projection into the Balkans in the 1990s and Africa and the Middle East afterwards. Italy's consistent contributions to United Nations, NATO and international military missions abroad, from Lebanon and Kosovo to Afghanistan and Iraq, have added further cooperative grounding to the bilateral relationship. Italy is also an active member of the G7 and the G20, main formats in which the United States organises Western consensus (in the G7) and engage the non-Western world (in the G20) for the definition of a global governance agenda.

Despite occasional disagreements, political and security cooperation between Italy and the United States has continued unabated for seven decades. However, it has gradually diminished in intensity since the early 2000s, with Italy finding it harder to coordinate with Washington on some critical issues of concern, ranging from the stabilisation of Libya to Italy's relations with Russia and China. The latter, in particular, have been the source of some concern in Washington, given Italy's strong energy ties to Russia and its 2019 decision to sign a memorandum of understanding in support of the Belt and Road Initiative, China's major infrastructure investment programme, of which the United States is wary because it fears it might win China more and more international influence. It is worth noticing that the United States and Italy have prevented either case from spoiling their friendship.

Largely mirroring the positive trend in political ties, the economic relationship between Italy and the US has expanded considerably in the last thirty years. Trade, which peaked just before the covid-19 pandemic broke out, is expected to rebound once restrictions to productive activities are gradually lifted. Direct investment has not been as dynamic, yet it remains at considerable levels. Industrial cooperation in such sensitive and capital-intensive sectors as automobile, defence, space and lately emerging technologies such as artificial intelligence has deepened. The United States also appreciates the fact that, in spite of its fragilities (or perhaps because of those), Italy is critical to the political and economic stability of the European Union, and the Eurozone especially.

The occasion of the 160th anniversary of diplomatic ties is an opportunity to take stock of the rich history of US-Italian relations as well as to assess the potential for continuous political, security and economic cooperation, both bilaterally and in larger frameworks such as NATO, the European Union and the United Nations.

The Istituto Affari Internazionali (IAI) intends to contribute to this effort with a series of studies that will work as generators of analyses as well as a platform on which to engage with policymakers from both Washington and Rome. This research and policy-relevant endeavour is part of IAI's long-standing initiative, the Transatlantic Symposium (see below), aimed at stimulating expert-policy maker exchanges on the main topics of the transatlantic agenda.

The project will consist of three components: research, public conference and communication (for further details, see below).

Research on US-Italian relations will be carried out partly through desk analysis of primary and secondary literature and partly through interviews with relevant stakeholders (officials, experts, representatives from the public sector). Public outreach will be structured around a half-day event with two sessions, possibly introduced (or concluded) by a speech from high-level officials, including Italy's Foreign Minister and the US Ambassador to Italy. Communication will be ensured through various tools, including live streaming of the conference, a podcast interview with scholars, publication of papers and dissemination of results through IAI's social media accounts.

The project's goals are a) revisit Italy-US relations to have a better grasp of the potential for cooperation, both bilaterally and in multilateral fora; b) raise and consolidate awareness in specialised audiences as well as the public at large of the continuous centrality for Italy of its relationship with the United States.

## Annex 1

### Transatlantic Symposium

Project manager: Riccardo Alcaro

The Transatlantic Symposium (formerly Transatlantic Security Symposium) is a policy-oriented project first launched by IAI in 2007-08 to establish a regular annual forum in Italy for a debate on the major topics of the transatlantic agenda.

The project has two main goals:

- providing analysis and assessment of the evolution of the transatlantic partnership;
- working out a set of policy recommendations for more effective cooperation between the United States and Europe.

The project also aims at stimulating the debate in Italy on foreign, security and defence issues, facilitating the interaction between the Italian security community and its counterparts in the United States and Europe, and helping to build a bridge between research and policy-makers.

Participants comprise **experts** from Europe and the United States, international organisations such as NATO and the EU, and third countries. A number of Italian analysts, officials, and representatives from the private sector are regularly invited to the events.

IAI has so far organised **twelve editions** of the Transatlantic Symposium, while the **thirteenth edition** is going to take place in the fall 2021:

- the first edition focused on different aspects of the *US-European security partnership* such as stability-oriented operations, counter-terrorism and defence industry cooperation;
- the second Symposium analysed the *relationships of the US and Europe with Russia*;
- the third edition explored the *nexus between European security and the transatlantic relationship*;
- the fourth edition attempted an assessment of the *West's policy response to the wave of Arab uprisings* that jolted countries in North Africa, the Middle East and the Gulf;
- the fifth edition concentrated on the *Potential and Challenges of EU-US relations with the Gulf Cooperation Council*;
- the sixth edition was dedicated to *Transatlantic Security in the Sabel and the Horn of Africa*;
- the seventh edition focused on *West-Russia Relations in Light of the Ukraine Crisis*;
- the eighth edition discussed *The Challenges to European Security* from a transatlantic perspective;
- the ninth edition looked at *European Security Governance and Transatlantic Relations* at a time of severe disturbances in Europe and its surrounding regions;
- the tenth edition investigated *Transatlantic Relations in an Age of Uncertainty*, that is, the uncertain direction of the US-European partnership during the Trump presidency, with a special focus on Russia, Iran and Turkey;
- the eleventh edition explored the scope and intensity of *The New Great Power Game. Transatlantic Relations and Multipolar Competition*, with a special focus on the geopolitical repositioning of the US, Europe, China and Russia as well as NATO;
- the twelfth edition delved into *The Aftermath. Rethinking Transatlantic Relations in light of the Covid-19 Pandemic*, while also taking stock of the 2020 presidential election in the US.

All conferences recorded a broad participation of senior experts from the US, Europe, Italy and other countries such as Russia, Ukraine, Georgia, Turkey, Egypt, Morocco, Israel, Saudi Arabia, Qatar, Iran, Ghana, Ethiopia, Syria etc. and succeeded in stimulating an open, frank and intense debate. Officials from EU member states, the EU and NATO have regularly attended the event – since the ninth edition the Symposium has regularly featured a roughly equivalent number of speakers from the policymaking world and from research.

The Transatlantic Symposium has relied on various **sources of funding**. The Compagnia di San Paolo and Italy's Ministry of Foreign Affairs and International Cooperation have generously supported *all editions* of the Symposium.

Among regular contributors are the Friedrich Ebert Stiftung (Rome office), which has sponsored all but two editions of the Symposium; the US Embassy to Italy and NATO Public Diplomacy Division, which have sponsored most of the editions; the Robert Bosch Stiftung (2011 and 2012 editions) and the German Marshall Fund of the US (2008 and 2009 edition).

Other institutions that have at least once supported the initiative include the Fritz Thyssen Stiftung (2010 edition); Italy's Ministry of Defence; the Washington-based Center for Strategic and International Studies (CSIS) (2008 edition).

The Center on the United States and Europe of the Brookings Institution in Washington co-organised the 2014 edition. The Johns Hopkins University's School for Advanced International Studies Bologna Center (SAIS-Bologna Center) joined IAI in co-organising the 2010 edition of the Symposium. The EU Institute of Security Studies (EUISS) gave a contribution to the organisation of the first two editions of the Symposium.

**TRANSATLANTIC SYMPOSIUM 2021**  
*Special edition*

***A Lasting Bond.  
Revisiting & Reinvigorating Italy-US  
Relations 160 Years since their Inception***

**CONFERENCE ROOM: SALA ALDO MORO  
MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION  
ROME, 13 DECEMBER 2021**

***In cooperation with***



  
Ministry of Foreign Affairs  
and International Cooperation



Strategic partner

**Fondazione  
Compagnia  
di San Paolo**

## **AGENDA**

### **9.00-9.15 – REGISTRATION OF PARTICIPANTS**

### **9.15-9.30 – WELCOME ADDRESS**

**Lucio Demichele**, Head, Policy Planning Unit, Ministry of Foreign Affairs and International Cooperation, Rome

**Ferdinando Nelli Feroci**, President, Istituto Affari Internazionali, Rome

### **9.30-10.00 – INTRODUCTORY REMARKS**

**Marina Sereni**, Vice-Minister of Foreign Affairs and International Cooperation

**Thomas D. Smitham**, Chargé d'Affaires ad interim, United States Embassy to Italy

### **10.00-11.15 – AN OVERVIEW OF ITALIAN-US RELATIONS: THE LEGACY OF THE PAST**

Chair

**Andrea Dessì**, Head, Italian Foreign Policy Programme, Istituto Affari Internazionali, Rome

Speakers

**Leopoldo Nuti**, Professor, History of International Relations, Roma Tre University, Rome

**Marla Stone**, Professor of Modern Italian History, Occidental College, Los Angeles (CA), and Andrew W. Mellon Professor of the Humanities, American Academy, Rome

**Stanislao G. Pugliese**, Professor of Modern European History, Hofstra University, Hempstead (NY)

### **11.15-11.30 – COFFEE BREAK**

### **11.30-12.45 - AN OVERVIEW OF ITALIAN-US RELATIONS: PROSPECTS FOR THE FUTURE**

Chair

**Riccardo Alcaro**, Research Coordinator and Head, Global Actors Programme, Istituto Affari Internazionali, Rome

Speakers

**Adriana Castagnoli**, Columnist, *Il Sole 24 Ore*

**Jason Davidson**, Professor, University of Mary Washington, Fredericksburg (VA)

### **12.45-13.00 – CONCLUDING REMARKS**

**Riccardo Alcaro**, Research Coordinator and Head, Global Actors Programme, Istituto Affari Internazionali, Rome

# The US–Italy Economic Relations in a Divided World

by Adriana Castagnoli



Ministry of Foreign Affairs  
and International Cooperation

## ABSTRACT

In 2021, bilateral trade returned to the sustained pace it had prior to the Covid pandemic. Direct investment also grew – crucially, not just Italian investment in the United States but the other way round too. While Italy's economic ties with Russia and China remain potential hotspots, Rome has never questioned its Atlantic orientation. Nevertheless, possible austerity policies following sanctions against Russia could spread social discontent that populist parties can exploit for consensus purposes in the 2023 general election, rekindling anti-Americanism rooted in different segments of Italian society.

*US-Italian bilateral relations | US economic policy | Italian economic policy | Foreign trade | FDI | Energy | Russia | China*

**keywords**



## The US–Italy Economic Relations in a Divided World

by Adriana Castagnoli\*

### Introduction

In recent years, US-Italian economic and technological relations have evolved to reflect a global scenario that has completely changed due to a rapid technological transition. A digital transformation process, further accelerated by the Covid-19 pandemic, is having a disruptive impact on all areas of human activity: cloud computing, big data and the internet of things, machine learning and deep learning, artificial intelligence (AI). In this context, according to the Embassy of Italy in Washington, the collaboration between Italy and the United States has been making use of more structured synergies between universities, research institutions and large companies, and extending to all emerging technological fields.<sup>1</sup>

Artificial intelligence and energy transition are going to be priority issues in the US-Italian collaboration, which is developing in strategic technological areas in which massive investments in human and infrastructural resources are being planned. Foreign direct investment (FDI) is crucial. According to the Bank of Italy, in 2019 the United States was the top extra-EU destination of Italy's outward direct investment. Its euro value was almost four-fold compared to Italy's outward direct investment in China or Russia. Italy's FDI in the United States has constantly increased since the global economy recovered from the great crash of 2008. More

<sup>1</sup> Italian Embassy in Washington: *ItalyUS160: Innovation – Technology*, <https://www.italyus160.org/topics/innovation-technology>.

\* Adriana Castagnoli is an historian and an economist, an author and a columnist for *Il Sole 24 Ore*.

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impressively, in 2019, looking at EU countries, only the Netherlands and Spain had been more directly receptive to Italian FDI. Outward FDI's top industry sectors include industrial equipment, software and IT services, food and beverages, metals, renewable energy and auto components.

On the other hand, according to the Bureau of Economic Analysis, Italy has been quite unattractive for a long time. In 2020 US FDI in Italy was as little as 7.6 per cent of US FDI in Germany and 11.1 per cent of that in France. Notwithstanding Italy's membership in the Group of Seven (G7) major economies in terms of GDP, it is not the best country for doing business in: political instability, excessive red tape, a sluggish and erratic judicial system, inefficient infrastructures and a tax system that discourages job creation were all dragging back foreign investors.<sup>2</sup>

Nevertheless, the Covid-19 pandemic may turn out to be a game-changer. The flow of the US trade in goods with Italy was very high in the first ten months of 2021. American FDI is coming to the Italian market in advanced technologies.<sup>3</sup> According to KPMG, in the first three-quarters of 2021 American mergers and acquisitions (M&A) were 46 compared to 32 in 2020 (+44 per cent).<sup>4</sup> The value of US M&A in Italy was 4.5 billion dollars, while that of Italian groups in the United States was 1.8 billion. Mergers and acquisitions are one of the main tools for Italian companies to expand their presence in the United States.<sup>5</sup>

Bilateral trade is consistent with medium- and high-tech products. Contrary to conventional wisdom, food and agricultural goods only accounted for 10 per cent of Italy's exports to the United States. Machinery, automotive, pharma and fashion are crucial productive sectors.<sup>6</sup> Medium and medium-large companies are strategic players. They are representatives of the Italian "fourth capitalism", which includes the well-known "Made in Italy" industry and a considerable number of highly

<sup>2</sup> Economist, "Mario Draghi Gives Italy Another Chance", in *The Economist*, 18 February 2021, <https://www.economist.com/leaders/2021/02/18/mario-draghi-gives-italy-another-chance>.

<sup>3</sup> In 2021, Exos Aerospace Systems & Technologies, a Texas-based company, reached an agreement to establish its first European base of operations in Northern Italy to build and fly reusable rockets. Hybridisation of knowledge and spillover effects could be on the way. Exos Aerospace relies heavily on NASA-developed technologies. Its "core strength" combines multiple proven technologies to provide "operational excellence".

<sup>4</sup> Carlo Festa, "Made in Italy nel radar dei big Usa: così in dieci anni affari per 50 miliardi", in *Il Sole 24 Ore*, 3 November 2021.

<sup>5</sup> DiaSorin, *DiaSorin Announces Completion of the Acquisition of Luminex Corporation*, 14 July 2021, [https://diasoringroup.com/sites/diasorincorp/files/allegati\\_pressrel/diasorin\\_completes\\_luminex\\_acquisition.pdf](https://diasoringroup.com/sites/diasorincorp/files/allegati_pressrel/diasorin_completes_luminex_acquisition.pdf); Nice Group, *Nice Strengthens Global Smart Home & Building Automation Leadership Position with Nortek Security & Control LLC Acquisition*, October 2021, <https://www.niceforyou.com/na/node/2906>; Ali Group, *Ali Group and Welbilt Announce Definitive Merger Agreement*, 14 July 2021, <https://www.aligroup.it/news/ali-group-and-welbilt-announce-definitive-merger-agreement>.

<sup>6</sup> Giovanna De Maio, "Why the US-Italy Relationship Matters", in *Atlantic Council Issue Briefs*, 30 September 2020, <https://www.atlanticcouncil.org/?p=302321>. According to the United States Census Bureau, in 2020, the value of Italian export was over 50 billion dollars compared to over 57 billion dollars in pre-pandemic 2019. See US Census Bureau website: *U.S. International Trade Data: Trade in Goods with Italy*, <https://www.census.gov/foreign-trade/balance/c4759.html>.

specialised suppliers of complex and often advanced products and components, grounded in technological innovation and focused on commercial niches.<sup>7</sup>

Italian export to the United States accounted for 9.5 per cent of total Italian export in 2019 and 9.7 per cent in 2020. The United States was the third top trade partner (after Germany and France) for Italian export. Imports from the United States accounted for 4.0 per cent in both years.

After the great crash of 2008–09, Italy registered an external surplus in advanced technology sectors. Italy was second in the world after China in iron and steel products; third after Germany and Japan in non-electronic machines; and fourth after the United States, France and Germany in the aerospace industry.<sup>8</sup> Italian manufacturers have been running a solid trade surplus with the United States for years. US exports to Italy concentrate in such high-value sectors as chemicals, oil and gas, transportation equipment, primary metal manufacturing, and computer and electronic products.

### 1. The Trump Administration

Although the overall transatlantic relationship worsened during the Donald J. Trump Administration (2017–21), Italy and the United States consistently preserved positive ties. Italy managed to avoid the bulk of US tariffs on European goods, and trade exchange between Rome and Washington kept an upward trajectory in several high-value sectors.

After the World Trade Organisation (WTO) ruled that the European aircraft maker Airbus had received state aid incompatible with the EU membership in the WTO, the Trump Administration was authorised to impose duties on the import of EU products. However, the tariffs on imports of Italian agri-food products remain unchanged. Tensions did rise in the automobile and digital sectors, however. The Trump Administration threatened tariffs on European cars. This would be detrimental for Italy, the third European car exporter to the United States (after Germany and the United Kingdom) and an essential producer of intermediary parts for many German cars. In January 2020, following France and other European countries, Italy adopted a 3 per cent domestic digital services tax. The new tax, which targeted Facebook, Google, Amazon and other companies centred on digital advertising and marketplaces, was not well received in Washington. The Trump Administration protested that US companies were being unjustly discriminated against, and threatened sanctions and an investigation into taxes on digital

<sup>7</sup> Fabrizio Onida, Giuseppe Berta and Mario Perugini, "Old and New Italian Manufacturing Multinational Firms", in Gianni Toniolo (ed.), *The Oxford Handbook of The Italian Economy since Unification*, Oxford/New York, Oxford University Press, 2013, p. 417-452.

<sup>8</sup> Marco Fortis, "Il Made in Italy sul podio mondiale", in *Il Sole 24 Ore*, 17 February 2014, <https://st.ilsole24ore.com/art/notizie/2014-02-17/il-made-italy-podio-mondiale-091701.shtml>.

commerce adopted or proposed. The introduction of tariffs by the United States and the inevitable EU retaliation, the growing mistrust in the current system of rules supervised by the WTO, and the consequential high level of tension and uncertainty would have discouraged the internationalisation of many firms, especially small and medium-sized ones, even without specific barriers targeting Italian export sectors.

Other potential hotspots in the US-Italian relationship during the Trump years were Italy's ties with Russia and China. It is worth noticing though that regardless of Italy's historical energy and economic relations with Russia and irrespective of its increasing interest in tightening links with China, Rome never really questioned its Atlantic orientation.

Nevertheless, anti-Americanism has been a long-standing component of Italian and European cultures for decades. It was an enduring expression of anti-modernism rooted in different sectors of Italian society, from the Communist party to Catholic circles. In the late 1960s, opposition to the American war in Vietnam animated new waves of anti-Americanism. This populist attitude continues among different political forces from the radical left to the hard right, mixing anti-globalisation, anti-Europeanism and "sovereignism" (a form of nativist, defensive nationalism). It is true that across Europe populists were climbing in the polls, even in traditionally tolerant and progressive countries like Sweden, Denmark and Germany. In Italy, the nationalist and Eurosceptic League entered government with the anti-establishment Five Star Movement (M5S) in the so-called "yellow-green" coalition led by Prime Minister Giuseppe Conte, which sought closer ties with both Moscow and Beijing during its short spell in power in 2018–19.

On the other side, the peculiar situation created by President Trump, a "populist" in the White House, who openly appreciated authoritarian leaders like Russian President Vladimir Putin, seemed to support the first Conte government's economic policy. The International Monetary Fund, the Organisation for Economic Co-operation and Development (OECD) and the European Commission all expressed concerns and doubts about the government's Economic and Financial Document, in October 2018. Nevertheless, President Trump tweeted that the Italian prime minister was working hard for the Italian economy and that he would succeed.<sup>9</sup> At the end of the same month, President Putin, welcoming Conte in Moscow, expressed his appreciation for the Italian economic strength.<sup>10</sup>

<sup>9</sup> Gianluca Di Donfrancesco, "Lagarde: 'L'Italia rispetti le regole, è un membro della UE'", in *Il Sole 24 Ore*, 11 October 2018, <https://www.ilsole24ore.com/art/lagarde-l-italia-rispetti-regole-e-membro-ue-AEEIPCLG>; Andrea Bonanni, "Conte, Trump e Putin, i nuovi alleati nemici della UE", in *Repubblica*, 25 October 2018, [https://www.repubblica.it/commenti/2018/10/25/news/conte\\_trump\\_e\\_putin\\_i\\_nuovi\\_alleati\\_nemici\\_della\\_ue-300774112](https://www.repubblica.it/commenti/2018/10/25/news/conte_trump_e_putin_i_nuovi_alleati_nemici_della_ue-300774112).

<sup>10</sup> "Conte da Putin: 'Sanzioni da superare'. Firmati 13 accordi commerciali Italia-Russia", in *La Stampa*, 25 October 2018, <https://www.lastampa.it/esteri/2018/10/25/news/conte-da-putin-sanzioni-da-superare-firmati-13-accordi-commerciali-italia-russia-1.34055077>.

This notwithstanding, President Trump claimed that Italy also had to make things right because of its big trade surplus with the United States.<sup>11</sup> On the sidelines of the Western leaders' meeting to mark the 70th birthday of the North Atlantic Treaty Organisation (NATO) in London in 2019, Trump brought up crucial economic issues such as China, 5G and sanctions against Iran; and put Prime Minister Conte on alert, as Italy had been provisionally exempted from embargo on Iran's oil.<sup>12</sup>

As both Trump's "America first" approach and Italian populism made the US–Italy relationship more unpredictable, caught as they were between trade wars, protectionism and tariffs, the Italian employers' organisation Confindustria sent a mission to the United States. Its purpose was to strengthen relations with the US officials, support the US–Italy industrial partnership and, above all, reassure the United States that Italy was a loyal partner who had invested more than 45 billion dollars in the United States and created over 120,000 jobs. Confindustria's team stood for 79,000 Italian firms from all manufacturing sectors (food, pharmaceutical, electronics, furniture, fashion, machinery and machine tools, yachting) and aimed to consistently improve Italian export to the United States.<sup>13</sup> Large multinationals like Enel, Leonardo, Stellantis and Ferrero, renowned representatives of the fashion industry like Ferragamo, and hundreds of medium-size enterprises active in different production sectors, as well as over 1,200 Italian companies are present and operating in the US market. Although power and ambiguity continued to mark the US–Italy relationship during the Trump Administration, Italy remained one of the most valuable US allies in Europe. It was (and is) an essential contributor to NATO and a critical player in the Mediterranean. It is widely believed that the current government in Rome led by such an authoritative figure as Mario Draghi has the potential to revive both intra-European and transatlantic relations.

## 2. In the spotlight: Italy, the G20 and the PNRR

The Draghi government, formed in February 2021, has been depicted as a "technocratic government" with broad political party support. The new cabinet had to deal internationally with several crucial economic and political issues. As holder of the G20 Presidency, Italy had to address climate change, the Covid-19 pandemic, international terrorism, the global economy and supply chains disruption. On 7 April 2021, the Finance Track, which gathers the G20 finance ministers and central bank governors, welcomed the proposal made by the Italian Presidency to re-establish the Sustainable Finance Study Group and agreed to turn it into the

<sup>11</sup> Giulia Pozzi, "Trump e Conte amici anti-establishment", in *La Voce di New York*, 30 July 2018, <https://lavocedinewyork.com/?p=109029>.

<sup>12</sup> Andrea Carli, "Dalla Cina sul 5G alla web tax, quando gli USA mettono in guardia l'Italia", in *Il Sole 24 Ore*, 5 December 2019, <https://www.ilsole24ore.com/art/dalla-cina-5g-web-tax-quando-usa-mettono-guardia-l-italia-ACTchy2>.

<sup>13</sup> Riccardo Barlaam, "Made in Italy, road show negli Usa", in *Il Sole 24 Ore*, 6 December 2019, p. 15.



Sustainable Finance Working Group (SFWG).<sup>14</sup>

Italy reasserted itself as a transatlantic player. Draghi's first speech as prime minister insisted on Italy belonging to the Euro-Atlantic community. Under the G20 Presidency, the previous yellow-green government's drift toward Beijing faded away, even though Draghi urged US President Joe Biden not to push competition with China to the extent that it prevents cooperation on crucial issues such as the climate crisis.<sup>15</sup>

Chinese President Xi Jinping and Russia's Putin joined the G20 Rome Summit in a conference call only. This distance reflected the exacerbation of US–China geopolitical competition on the backdrop of structural tensions between Western democracies and authoritarian countries.

Critically, the United States and the EU decided to lift the steel and aluminium tariffs imposed by the Trump Administration in 2018, as well as the EU's countermeasures on the side of the G20. It was a token of improved transatlantic relations with Biden's presidency. The United States and the EU also agreed to suspend the related WTO disputes they had initiated against each other (the WTO had also ruled that Airbus's US competitor Boeing had received illegal tax credits beside certain procurement contract subsidies and had thus authorised the EU to retaliate). Nevertheless, there was no advancement in reforming the WTO itself.

Progress was made to address the issue of European digital taxes. In June, the Biden Administration put forward the proposal of a global minimum (15 per cent) tax on large multinational corporations, which was later embraced by the G20. According to the proposal, large multinationals would no longer be able to exploit the different national fiscal regimes in order to dodge taxation and would be forced to pay a larger share of taxes in the countries where they make a profit and not just those in which they legally reside.<sup>16</sup> From a transatlantic perspective, the global minimum tax also was a digital tax "exit strategy" and thus prevented a US-European rift.<sup>17</sup> The proposal was eventually approved by the OECD/G20 Inclusive Framework, a

<sup>14</sup> Italian Ministry of Economy and Finance (MEF) website: *G20 Italy - The Finance Track*, <https://www.mef.gov.it/en/G20-Italy/finance-track.html>. "The SFWG aims to mobilize sustainable finance as a way of ensuring global growth and stability and promoting the transitions towards greener, more resilient and inclusive societies and economies. The Group is tasked to identify institutional and market barriers to sustainable finance and to develop options to overcome such barriers, and to contribute to a better alignment of the international financial system to the objectives of the 2030 Agenda and the Paris Agreement." See also Ettore Greco, "The Italian G20 Presidency: A Post-Summit Assessment", in *IAI Commentaries*, No. 21|55 (November 2021), <https://www.iai.it/en/node/14362>.

<sup>15</sup> Patrick Wintour, "G7 Backs Biden Infrastructure Plan to Rival China's Belt and Road Initiative", in *The Guardian*, 12 June 2021, <https://www.theguardian.com/p/hnxkt>.

<sup>16</sup> White House, *Readout of President Biden's Meeting with Prime Minister Mario Draghi of Italy*, 29 October 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/29/readout-of-president-bidens-meeting-with-prime-minister-mario-draghi-of-italy-2>.

<sup>17</sup> European Commission, *EU and US Agree to Start Discussion on a Global Arrangement on Sustainable Steel and Aluminium and Suspend Steel and Aluminium Trade Disputes*, 31 October 2021, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_5721](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_5721).

working group of 141 countries and jurisdictions, which made possible a global agreement in October 2021 and allowed the implementation process to get started.

Appreciating Draghi's leadership of the G20 during a year of overlapping global challenges, President Biden recognised the historic achievement of a global minimum tax and emphasised the importance of the US-EU partnership to set the rules of the 21st-century economy governance.

The Italian presidency also prearranged, for the first time, a G20 ministerial meeting on development cooperation. It focused on Africa, a crucial region for the EU and for Italy. This move meets President Biden's China strategy, which tries to create new diplomatic alliances in Africa and a Western alternative to China's Belt and Road Initiative (BRI), President Xi's programme of infrastructure projects that spans Eurasia, the Middle East and Africa.

As for the EU, the Draghi government focused on post-pandemic economic recovery and efficient application of the National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*, PNRR), a fund of approximately 200 billion euro provided to Italy by the European Union.

The Plan unfolds around three strategic axes of sustainability – digitisation and innovation, ecological transition, and social inclusion. It aims to help Italy recover from the economic and social damage caused by the pandemic crisis. The Plan also seeks to address the Italian economy's weaknesses.

Many of Italy's structural challenges – the significant divides across regions, age, gender and productivity, as well as high levels of public debt – have been compounded by the Covid-19 crisis. The key priority for the recovery is to enhance the public administration's effectiveness. This should include, in particular, public investment governance and improved co-ordination and implementation across different levels of government.<sup>18</sup>

Since the PNRR seeks to address the weaknesses of the Italian economy, its success could provide leverage for further integration of the EU, starting with the way Brussels manages economic crises,<sup>19</sup> and completing the banking and capital markets unions required for this outcome. Suppose Rome manages the country's structural reforms to improve efficiency, productivity, social wealth and wellbeing without incurring a new significant deficit. In that case, the Italian experience could strengthen the case for turning the Recovery and Resilience facility into a

<sup>18</sup> OECD, *Economic Policy Reforms 2021. Going for Growth: Shaping a Vibrant Recovery*, Paris, OECD, April 2021, p. 164, [https://www.oecd-ilibrary.org/sites/3c796721-en/1/3/3/25/index.html?itemId=/content/publication/3c796721-en&csp\\_=78ed739c2af32ef1a4a4222eb49f90a3](https://www.oecd-ilibrary.org/sites/3c796721-en/1/3/3/25/index.html?itemId=/content/publication/3c796721-en&csp_=78ed739c2af32ef1a4a4222eb49f90a3).

<sup>19</sup> Giovanna De Maio, "Europe's Unlikely Champion", in *Foreign Affairs*, 24 September 2021, <https://www.foreignaffairs.com/node/1127856>; Nicola Casarini, "Italy's China Card: Finance, Trade and Geopolitics", in *America's Global Role* (blog), 30 October 2020, <https://americas.chathamhouse.org/article/italy-china-card>.

permanent tool, helpful in other emergencies.

Also, the Global Gateway, a 300-billion-euro initiative launched in December 2021 to counter China's BRI and cohere with Biden's Build Back Better World initiative, could open room for Italian entrepreneurs in Africa. According to the European Commission, the vision of "A Globally Connected Europe" highlights the need for the EU to pursue a geostrategic and global approach to connectivity. The aim is to advance its economic, foreign and development policy and its security interests, namely promoting European values.

On the other hand, the Italian economic structure's limitations, constraints and vulnerabilities distinctly emerged with the outbreak of Putin's war against Ukraine.

Italy's energy dependence on foreign suppliers, especially Russian oil and gas producers, has been dragging on for decades. Since the 1960s, all US administrations have criticised European countries for their dependence on Russian energy supplies. Italy has always been on the frontline of the economic Cold War between East and West because state-owned energy giant Eni was looking for drilling in the Mediterranean, often offering more favourable terms to Arab developing countries (run by nationalist governments) once under colonial rule, and signing massive oil and gas supply agreements with the Kremlin.<sup>20</sup>

Recently, two controversial gas pipelines became paradigmatic of transatlantic tensions: South Stream and North Stream 2. South Stream was supposed to transport Russian gas through the Black Sea to Bulgaria bypassing Ukraine. It was launched by Eni and Gazprom in the framework of a strategic partnership signed in November 2006, following the first major interruption of Russian gas supplies through Ukraine in January of the same year. It ended up with definitive cancellation by President Putin after the EU adopted sanctions to retaliate against Russia's forced annexation of Crimea in 2014. Italian governments had backed the project both at the bilateral and the European level, but the Commission repeatedly expressed its doubts about the legal framework of South Stream. The South Stream case is indicative of both the significant economic relationship between Italian and Russian companies and the international weakness of Italy.

Indeed, the European doubts of a technical-legal nature against the pipeline (South Stream was considered to be in breach of the Third Energy Package, adopted in 2009), and the contemporary green-light to North Stream 2, which doubled a gas pipeline from Russia to Germany through the Baltic Sea (Nord Stream 1), fuelled the tensions between Italy and the EU institutions. Rome accused Brussels of having adopted a double standard.<sup>21</sup>

<sup>20</sup> Adriana Castagnoli, *La guerra fredda economica. Italia e Stati Uniti, 1947-1989*, Roma/Bari, Laterza, 2015.

<sup>21</sup> Giovanna De Maio and Nicolò Sartori, "Le relazioni tra Italia e Russia", in *Approfondimenti dell'Osservatorio di politica internazionale*, No. 144 (November 2018), <https://www.iai.it/en/node/9691>.



As for North Stream 2, in 2019 the Trump Administration was determined to use extraterritorial sanctions to stop future Russian supplies through that pipeline even though several European companies, such as the German Uniper and British Shell, were involved in the project.<sup>22</sup> In February, the EU agreed to toughen regulations on North Stream 2 but not back plans that might threaten its completion. In December, President Trump signed a law that would impose sanctions on any firm that helped Russia's state-owned gas company, Gazprom, finish the pipeline. The United States considered the project a security risk to Europe. Congress voted through the measures as part of the annual defence appropriation bill, which described the pipeline as a "tool of coercion" by Russia.

The Nord Stream 2 project angered the United States (as well Eastern European countries and Italy) to the extent that both Republican and Democratic lawmakers opposed it. The Trump Administration feared the pipeline would tighten Russia's grip over Europe's energy supply and reduce its European market share for US liquefied natural gas. President Trump said the pipeline, owned by Russia's Gazprom, would turn Germany into a "hostage of Russia". In the end, the EU Parliament, without the votes of the Italian populist government parties, passed a resolution that questioned Moscow's status as the EU's strategic partner in fear of increasing gas dependence on Russia. However, German Chancellor Angela Merkel was determined and kept defending the German-Russian North Stream 2 as a commercial project, notwithstanding Eastern European countries' opposition, until German authorities temporarily stopped it, officially for technical issues, in late 2021.<sup>23</sup>

By then, President Biden had already sought and obtained Germany's diplomatic cooperation by agreeing to waive sanctions on Nord Stream 2 on the condition Germany would act if Russia were to make political use of it (as has indeed happened). However, profound divisions among EU member states remained since the pipeline was a geopolitical weapon that Vladimir Putin would use to destabilise Ukraine and increase Russia's sphere of influence.

The case of the two controversial gas pipelines lays bare the lack of vision and the weakness in the international posture of most of the Italian political élites. This leaves Italy at the mercy of a multiplicity of conflicting local interests undermining its role in Europe. Exemplary of this is the political opposition to the Trans-Adriatic Pipeline (TAP), which delayed the building of a strategic pipeline for many years.<sup>24</sup>

<sup>22</sup> Sissi Bellomo, "L'ombra delle sanzioni sui nuovi gasdotti dalla Russia", in *Il Sole 24 Ore*, 13 March 2019, <https://www.ilsole24ore.com/art/l-ombra-sanzioni-usa-nuovi-gasdotti-russia-ABaXLIdB>.

<sup>23</sup> Celestina Dominelli, "Dal South Stream al Tap: le vie del gas tra progetti falliti e nuove rotte", in *Il Sole 24 Ore*, 10 May 2017, <https://www.ilsole24ore.com/art/dal-south-stream-tap-vie-gas-progetti-falliti-e-nuove-rotte-AEMRelJB>.

<sup>24</sup> Domenico Palmiotti, "Dopo la 'guerra' al Tap, la Puglia ora apre a energie alternative", in *Il Sole 24 Ore*, 10 March 2022, <https://www.ilsole24ore.com/art/dopo-guerra-tap-puglia-ora-apre-energie-alternative-AEPufDJB>.

TAP turned out to be crucial in promoting both diversification of supply sources and consolidation of the role of Italy as a European gas hub, especially following Russia's invasion of Ukraine.

### 3. What the United States does not want: Russian-Italian economic relations

As Liana Fix and Michael Kimmage argue, "In the surreal winter of 2021–22, the United States and Europe are once again contemplating a major Russian military intervention, this time in Europe itself. [...] The permanent state of escalation between Russia and Europe may stay cold from a military perspective. It is likely, though, to be economically hot."<sup>25</sup>

This economic impact of Russia's war in Ukraine, which materialised in late February 2022, is undoubtedly going to be relevant for Italy. After the Russian annexation of Crimea in 2014, Western sanctions were reversible and conditional. Russia became ruthless in trying to get one or several European states to back away from economic conflict by linking a relaxation in tensions to these countries' self-interest. Russia's strategy aimed to undermine cohesion and consensus in the EU and NATO.<sup>26</sup>

Italy was considered by Moscow to be one of the EU's politically vulnerable spots. Russia increasingly strengthened its economic and commercial ties with Italy up until the invasion of Ukraine. Trade exchange between the two countries consolidated, and onward and outward investment showed remarkable resilience.

Despite the political difficulties of the post-2014 years and the pandemic crisis, the Italian-Russian relationship remained strong. Many Italian small and medium-sized enterprises are relevant for the international supply chains from Germany to Russia. In 2019 Italian exports to Russia amounted to over 9 billion euro, the country's fifth supplier, with a market share of 4.4 per cent; total trade exceeded 22 billion euro. In the first 11 months of 2021, Italy exported over 7 billion euro worth of goods and imported 12.6 billion euro, mostly in gas and raw materials.<sup>27</sup> Russia supplies over 40 per cent of Italian demand for gas.

The wooing of Italian firms increased after the great crash of 2008–09. It was not just about fashion and luxury brands. The high technological know-how of Italian companies makes them extremely attractive to Russian producers. According to

<sup>25</sup> Liana Fix and Michael Kimmage, "What If Russia Wins?", in *Foreign Affairs*, 18 February 2022, <https://www.foreignaffairs.com/node/1128457>.

<sup>26</sup> Ibid.

<sup>27</sup> Giovanna Mancini, "Italia-Russia a rischio 20 miliardi di interscambio", in *Il Sole 24 Ore*, 22 February 2022, <https://www.ilsole24ore.com/art/imprese-italiane-rischio-scambi-l-ucraina-oltre-4-miliardi-AEQVtSFB>.

the Italian Embassy in Russia, Italy was Russia's fourth-largest trading partner worldwide. Italian exports to Russia reached record figures in 2013, totalling 10.8 billion euro. In 2014, sales of Italian goods and services to Russia fell by 15 per cent in the wake of the first Ukraine crisis, and 2015 showed no improvement.

In 2015, President Putin stated that

the relationship between Russia and Italy has, indeed, always been privileged, both in politics and the economy. [...] We are cooperating actively in the energy sector, in an array of fields. Italy is the third largest consumer of our energy resources. We also have many joint high technology projects: in the space and aircraft industries, and in many other sectors.<sup>28</sup>

In 2016 Italy was the guest of honour at the St. Petersburg Economic Forum. Three years later, in an interview on 4 July 2019, Putin reaffirmed that Italy was "one of the leading trading partners" for Russia, the fifth (in 2018) after China, Germany, the Netherlands and Belarus. Notwithstanding Italy's participation in anti-Russian sanctions and related Russian retaliation measures, bilateral trade and economic relations developed pretty successfully. This trade activity was founded upon 500 Italian business entities represented in Russia. In 2018, bilateral trade increased by 12.7 per cent, up to 26.9 billion dollars. Cumulative direct investment from Italy reached 4.7 billion dollars at the beginning of that year, while Russia's investment in Italy amounted to 2.7 billion. Giants such as Eni, Maire Tecnimont and Iveco actively invested in Russia.

Companies from both countries created a series of significant investment projects. Among them were several power stations in the Tver, Ekaterinburg and Stavropol regions managed by Enel; two joint ventures to produce tires in Voronezh and Kirov with Pirelli; and a plant in Chelyabinsk that manufactures pumps for the oil industry with Termomeccanica. Chelyabinsk was a strategic location for several joint ventures with Italian partners, including a steel production plant, energy apparatus, high voltage electric motors and cryogenic machinery manufacturers.

Among the significant Russian investments in Italy, there was Lukoil, in the refining and distribution of oil products in Sicily; and Rusal, which owned one of the largest alumina factories in Europe, located in Sardinia. Various projects were underway in Russia with Italian participation: wind energy plans with Enel; the construction of a chemical company in the Samara region; a methane processing factory in the Amur region with the participation of Maire Tecnimont; and a new Barilla pasta factory.

<sup>28</sup> Paolo Valentino, "Vladimir Putin, interview to the Italian newspaper Corriere della Sera", in *Corriere della Sera*, 6 June 2015, [http://www.corriere.it/english/15\\_giugno\\_07/vladimir-putin-interview-to-the-italian-newspaper-corriere-sera-44c5a66c-0d12-11e5-8612-1eda5b996824.shtml](http://www.corriere.it/english/15_giugno_07/vladimir-putin-interview-to-the-italian-newspaper-corriere-sera-44c5a66c-0d12-11e5-8612-1eda5b996824.shtml).

Because of its geopolitical implications, the most crucial Russian-Italian project outside the two countries was the Zohr field, in Egypt, where Eni and Rosneft worked side by side.<sup>29</sup>

At the St. Petersburg International Economic Forum 2018, Claudio Descalzi, CEO of Eni, talked about how energy infrastructures were crucial for Europe. In his opinion,

the strong message both from the Russian side and the European industrial world concerns Europe's need for infrastructures, not only to decarbonize as well to bring down gas prices. In so doing to regain competitiveness compared to American companies which benefit from much lower gas prices.<sup>30</sup>

Interaction between Russian and Italian businesses did not stop in 2020 in spite of the Covid-19 pandemic, and Rome was Russia's fifth-biggest trading partner again. In July 2021, Italy was a partner country of the INNOPROM fair in Ekaterinburg, the most prominent Russian event in applied industrial and technological innovation. It was the first time for a European country.<sup>31</sup> Over 50 companies and about 20 Italian start-ups, supported by the Italian Trade Agency and the Embassy of Italy, attended the event. The fair gathers all major industrial Russian groups in the metallurgy, mechanics and energy sectors, and others ranging from AI to industrial automation. Russia-Italy trade turnover rose by over 30 per cent in the first half of 2021. According to the Italian Ministry of Foreign Affairs, bilateral trade was up to 21.7 billion euro at the end of that year, close to the total trade of 2019 (worth 22 billion euro).<sup>32</sup> These figures show that Italian-Russian exchange was again on an upward trajectory after the Covid shock.

Western sanctions against Russia have pushed many European companies to reduce ties with that country. However, some big corporate names as energy companies and commodities traders are among those most deeply involved in Russia, given the country's vast reserves of raw materials. As another major crisis over Ukraine loomed in January 2022, Italian top business executives held a videoconference with President Putin (although some companies pulled out of the long-scheduled event following pressure from the Italian government). Once again, the Russian president hailed Italy as one of Russia's leading economic partners. He said the

<sup>29</sup> Fabrizio Dragosei and Paolo Valentino, "Putin: 'Pronti a dialogare con gli Usa. Contatti costanti con la Lega di Salvini'", in *Corriere della Sera*, 4 July 2019; Giovanna De Maio and Nicolò Sartori, "Le relazioni tra Italia e Russia", cit.

<sup>30</sup> St. Petersburg International Economic Forum, *Energy Panel* (video), 25 May 2018, <https://forums.spb.com/en/archive/2018/programme/56900>.

<sup>31</sup> Country partners in previous years were, among other nations, China, India, South Korea and Japan; Kazakhstan will be the country partner in 2022.

<sup>32</sup> Italian Ministry of Foreign Affairs and International Cooperation, *Osservatorio economico. Scheda di sintesi: Russia*, last updated 24 May 2022, [https://www.infomercatiesteri.it/public/osservatorio/schede-sintesi/federazione-russa\\_88.pdf](https://www.infomercatiesteri.it/public/osservatorio/schede-sintesi/federazione-russa_88.pdf).



trade value between the two countries had grown by 53.8 per cent in the first 11 months of last year. The volume of gas shipped to Italy by Russian state-owned gas giant Gazprom also rose.<sup>33</sup> "There are also good prospects for boosting Russian-Italian business partnership in other energy sectors", Putin told the meeting.<sup>34</sup>

From Washington's perspective in the uncertainty over the result of the Italian presidential elections, a month ahead of Russia's invasion of Ukraine, the Russian-Italian business meeting jeopardised trust. "In these times" – said Charles Kupchan, adviser for European affairs to president Barack Obama – "private companies which open up a direct dialogue [with Putin] does not help."

#### 4. Washington's concerns: China's investment in Italy

According to *Transatlantic Trends 2021*, between one-third and a half of Europeans no longer think the United States will be the leading global power in the post-pandemic world. Namely, just over half of the French (56 per cent), Germans (55 per cent) and Italians (51 per cent) see the United States as the most influential player. On the other hand, China has consolidated its standing as the second most influential global power in the eyes of the Germans (22 per cent), the French (28 per cent) and the Dutch (27 per cent). However, the Italians (32 per cent) were the most numerous, seeing China as the most influential global power.<sup>35</sup>

In August 2020, Chinese Foreign Minister Wang Yi visited Rome. Italy was the only G7 country that had signed a Memorandum of Understanding supporting the BRI during President Xi's state visit to Italy in the previous year. The populist yellow-green government led by Conte flaunted the MoU as crucial to strengthen Italian trade with China but other nations, namely France and Germany, got much bigger orders while refraining from endorsing the BRI. Neither Paris nor Berlin approved the rush of the Italian government. As Italy agreed to sign the MoU with Beijing, France's President Emmanuel Macron highlighted the need for a "geopolitical and

<sup>33</sup> Eleonora Micheli, "CNH: dietrofront dai massimi in Borsa, stop a cessione Iveco ai cinesi", in *Il Sole 24 Ore*, 19 April 2021, <https://www.ilsole24ore.com/art/cnh-dietrofront-massimi-borsa-stop-cessione-iveco-cinesi-AEW592B>; Gloria Methri, "Italy Repositions Ties with China amid Failed BRI Deal, Seeks Return to Western Alliances", in *Republic World*, 25 June 2021, <https://www.republicworld.com/world-news/china/italy-repositions-ties-with-china-amid-failed-bri-deal-seeks-return-to-western-alliances.html>; Francesca Ghiretti, "The Belt and Road in Italy: 2 Years Later", in *The Diplomat*, 23 March 2021, <https://thediplomat.com/2021/03/the-belt-and-road-in-italy-2-years-later>.

<sup>34</sup> Russian Presidency, Meeting with Representatives of Italian Business Community, Novo-Ogaryovo, 26 January 2022, <http://en.kremlin.ru/events/president/news/67638>. See also Giorgio Leali, "Putin Serenades Italy Inc. amid Ukraine Crisis", in *Politico*, 25 January 2022, <https://www.politico.eu/?p=1963875>. Russian participants included the ministers for economic development, energy, and finance. Igor Sechin, one of Mr. Putin's closest allies and the head of Russia's largest oil producer, state-controlled giant PJSC Rosneft, also attended, as did Dmitry Konov, chairman of the board of petrochemicals giant Sibur. Mr. Konov is co-chairman of the Italian-Russian business committee. The other co-chairman, Pirelli Chief Executive Marco Tronchetti Provera, also attended.

<sup>35</sup> German Marshall Fund and Bertelsmann Foundation, *Transatlantic Trends 2021. Transatlantic Opinion on Global Changes*, June 2021, p. 7, <https://www.gmfus.org/node/12408>.

strategic relationship” with China. Macron warned against “European naivety” toward Beijing underpinning bilateral agreements on the new Silk Road. Similarly, Berlin raised concerns through less public channels.<sup>36</sup>

In 2020, Chinese FDI in Europe came under greater scrutiny by EU member states that updated their FDI screening mechanisms in October. Member states have also moved to block several acquisitions by Chinese firms. In Italy, the “yellow-red” government, formed in September 2019 by the Five Star Movement and the centre-left pro-EU Democratic Party and still led by Prime Minister Conte, made it clear that Italy was a loyal partner of the EU and the Atlantic Alliance. Secretary of State Mike Pompeo’s visit to Rome in October was a signal to strengthen the US–Italy alliance. Hence, Italy would only develop bilateral relations with China in this multilateral framework.

Draghi openly re-established Italy’s international posture in line with Washington and Brussels. Although Rome’s attitude towards Beijing is collaborative, its boundaries and red lines lie in the transatlantic partnership and the EU.<sup>37</sup> By aligning its policies with US and EU priorities, Italy also clarified its position in the emerging technology issue. Several contracts and M&A with Chinese companies were halted in crucial high-tech industrial sectors: communications, industrial vehicles and production of microchips. The Draghi Administration used the government’s power to limit Beijing’s presence in Italy’s 5G infrastructure and to block the takeover of a semiconductor company. In addition, the suspension of talks over the potential sale of Italian truck-maker Iveco to China’s FAW Group benefited from coordination with France.<sup>38</sup>

According to Rhodium Group and Baker-McKenzie, headwinds to Chinese investment in Europe grew in 2021. Chinese FDI activity into Europe continued to fall in the first quarter of 2021, also remaining weak elsewhere, even as global M&A activity recovered and surged to a 10-year high of 1.08 trillion euro. China’s global FDI held steady in 2021, and Chinese outbound M&A reached 23.7 billion dollars, a slight decline compared to 2020. The eighth annual survey shows that Chinese FDI in Europe rose by 25 per cent to 12.8 billion dollars, whereas it fell by 34 per cent in North America to just 5.8 billion dollars. Europe saw the most M&A interest in 2021 with over 8.4 billion dollars’ worth of completed Chinese deals. Europe remains an attractive investment location for Beijing, namely Germany, the Netherlands and the United Kingdom. By contrast, Italy is less attractive.<sup>39</sup>

<sup>36</sup> Ludovica Meacci, “Italy Has Learned a Tough Lesson on China”, in *Foreign Policy*, 24 June 2021, <https://foreignpolicy.com/2021/06/24/italy-china-policy-belt-road>.

<sup>37</sup> Ivo H. Daalder, “The Return of Containment”, in *Foreign Affairs*, 1 March 2022, <https://www.foreignaffairs.com/node/1128598>.

<sup>38</sup> Eleonora Micheli, “CNH: dietrofront dai massimi in Borsa, stop a cessione Iveco ai cinesi”, cit.; Gloria Methri, “Italy Repositions Ties with China amid Failed BRI Deal, Seeks Return to Western Alliances”, cit.; Francesca Ghiretti, “The Belt and Road in Italy: 2 Years Later”, cit.

<sup>39</sup> Baker-McKenzie, *Chinese Outbound FDI Held Steady in 2021, As Global FDI Rebounded*, 26 January 2022, <https://www.bakermckenzie.com/en/newsroom/2022/01/chinese-outbound-fdi>.

On the other hand, Italy is China's fourth European trading partner after Germany, France and the Netherlands. In the first nine months of 2021, Italian exports to China grew by 31.5 per cent (11.45 billion euro), and imports from China by 28.3 per cent (28 billion euro). Machinery is the most important industrial sector, followed by clothing, fabrics, stockings, leather articles and chemical products.<sup>40</sup>

### 5. ...What lies ahead

Even while Draghi openly restored Italy's international posture in line with Washington and Brussels, Italy remained willing to work with autocratic regimes like China and Russia, although Draghi made clear there were red lines.

However, there are still elephants in the room. The suspended EU-China Comprehensive Agreement on Investment (CAI) is still possible even though some analysts say not before 2023.<sup>41</sup> Brussels and Beijing agreed on the deal in December 2020 after seven years of negotiations, but over objections from President-elect Biden. Tensions between Brussels and China led the European Parliament to freeze the deal. The United States, the EU, the United Kingdom and Canada imposed sanctions on Chinese officials for alleged human rights abuses in China's Xinjiang region. Beijing also approved retaliatory measures. Nevertheless, the CAI "has lopsided benefits for Europe, and that's going to keep the deal alive".<sup>42</sup>

From China's point of view, President Biden's approach to prioritising alliances and forming coalitions could affect Beijing's economic development and ability to access high technology. Therefore, the EU and President Xi could also play the CAI card in the near future to establish fair, competitive cooperation. Italy could be at the frontline as a crucial global trade partner, together with Germany and France. In 2020, imports from China accounted for 8.6 per cent of total Italian imports, the United States accounted for 4 per cent and Russia for 2.4 per cent. On the other hand, exports to China accounted for 2.9 per cent of total Italian exports, the United States accounted for 9.7 per cent and Russia for 1.6 per cent.<sup>43</sup>

held-steady-in-2021. Asia and North America were second and third with 5.4 billion US dollars and 4.7 billion. M&A in Latin America reached 3 billion US dollars in 2021, while acquisitions in Oceania and Africa totalled approximately 1.5 billion US dollars.

<sup>40</sup> Neil Thomas, "Ratification of EU-China Deal Is Still Possible, Says Eurasia Group Analyst" (video), in *CNBC*, 14 June 2021, <https://www.cnbc.com/video/2021/06/15/strong-chances-of-ratification-for-eu-china-trade-deal-says-analyst.html>.

<sup>41</sup> Neil Thomas, China analyst at Eurasia Group, quoted in Yen Nee Lee, "EU-China Investment Deal Is Still Possible, But Not Before 2023, Analyst Says", in *CNBC*, 15 June 2021, <https://www.cnbc.com/2021/06/15/eu-china-investment-deal-still-possible-but-not-before-2023-analyst.html>.

<sup>42</sup> Ibid.

<sup>43</sup> Italian Ministry of Foreign Affairs and International Cooperation, *Osservatorio economico. Statistiche relative all'import/export di merci dell'Italia*, last updated May 2022, <https://www.infomercatiesteri.it/osservatorio-economico-interscambio-commerciale-italiano-mondo.php>.



Can Western efforts at restoring order contrast Russian efforts at sowing disorder? Italy had repeatedly pushed for diplomatic discussions about a multilateral response to other international crises. Nevertheless, its economic interests as an export-driven economy do not always match its international political position and standing. The unsuitability of its political élites could leave Italy at the mercy of a multiplicity of conflicting local and global interests undermining Italy's international role.

As Rome cultivated long-standing relationships with both Beijing (the Italian government recognised the People's Republic of China in 1970 after informing President Nixon of the political initiative) and Russia, the Draghi Administration could be a crucial diplomatic player thanks to its reassertion of Italy's belonging to the West. Nevertheless, the war in Ukraine could affect political elections coming in 2023. Inflation, economic downturn and possible austerity policies following sanctions against Russia could spread new social discontent that populist parties can exploit for consensus purposes, rekindling anti-Americanism rooted in different sectors of Italian society.

As Ivo H. Daalder, President of the Chicago Council on Global Affairs and former US Ambassador to NATO, states, Russia's containment requires paying attention to China. Indeed, increasing the West's leverage over Beijing implies strengthening the political, economic and military ties between the advanced democracies in Asia, Europe and North America. In this regard, Russia's invasion of Ukraine is a turning point because democratic powers are once again called upon to defend a rules-based order that has been violently uprooted. According to Daalder, "Fortunately, the Western powers possess the innate strength necessary to contain Russia and outcompete China for influence across the globe. The only real question is whether they have the will and determination to do so in unison."<sup>44</sup>

*Updated 31 May 2022*

<sup>44</sup> Ivo H. Daalder, "The Return of Containment", cit.

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# An Overview of the Current State of US-Italian Political-Security Relations

by Dario Cristiani



Ministry of Foreign Affairs  
and International Cooperation

## ABSTRACT

The relationship between the United States and Italy has historically been strong, although there have been moments of misunderstanding and tension. The new phase of European (in)security triggered by Russian imperial and revisionist ambitions has pushed Italy to commit to increasing defence spending. Although Italy was able to satisfy the operational and technological requirements to operate in the transatlantic alliance even under the current spending levels, the allocation of a larger share of the GDP to defence will reinforce its readiness, while also creating deeper connection with the United States. Italy is increasing its contributions to international missions, both on the eastern front as a means to support NATO deterrence against Russia and in the south, especially in Iraq. The latter is part of a broader effort to increase Italy's status as a reliable partner in the logic of a greater transatlantic burden-sharing of tasks in the European neighbourhood.

*US-Italian bilateral relations | US military policy | Italy's military policy |  
Transatlantic relations | NATO | China*

**keywords**



# An Overview of the Current State of US-Italian Political-Security Relations

by Dario Cristiani\*

## Introduction

The year 2021 marked the 160th anniversary of the establishment of formal Italian-American diplomatic relations. In April 1861, the United States recognised the newly established Kingdom of Italy.

This was the beginning of a lasting and positive relationship, although there have been difficult moments too. The mass migration of Italians to the United States between the 19th and 20th century provoked occasional backlash, with diplomatic repercussions. Tensions between Rome and Washington grew in the interwar period, especially from the late 1930s on, and culminated in the Italian Fascist regime's decision to follow Nazi Germany's lead and declare war on the United States in December 1941.<sup>1</sup> During the Cold War, Washington did not appreciate the freedom that Italy sometimes took in its relations with the Soviet government, for instance when Italy's carmaker Fiat opened a plant in the Soviet Union in 1970. Another matter of contention was the diverging approaches of Italy and the United States in the Mediterranean in the 1980s, especially over Libya<sup>2</sup> and the Palestinian Liberation Organization.<sup>3</sup>

<sup>1</sup> Leopoldo Nuti and Daniele Fiorentino, "US-Italian Relations", in Leopoldo Nuti and Daniele Fiorentino (eds), *Oxford Research Encyclopedia of American History*, Oxford University Press, 31 March 2020.

<sup>2</sup> Paolo Soave, *Fra Reagan e Gheddafi. La politica estera italiana e l'escalation libico-americana degli anni '80*, Soveria Mannelli, Rubbettino, 2017.

<sup>3</sup> Mjriam Abu Samra, "Italian-Palestinian Relations: What Went Wrong?", in *Jadaliyya*, 30 August 2014, <https://www.jadaliyya.com/Details/31162>.

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Disagreements also extended to areas far away from Europe and the Mediterranean. Although Rome's recognition of the PRC anticipated the American détente with China that would become a reality a few years later,<sup>4</sup> the US government was wary of Italy's intentions, specifically of the then Minister of Foreign Affairs Pietro Nenni, to move ahead in establishing formal diplomatic ties with the People's Republic of China in 1970 (as it was considered untimely)<sup>5</sup> or, much more recently, when in March 2019 Rome decided to join the Belt and Road Initiative, Chinese President Xi Jinping's plan to fund infrastructure development in countries along trade routes between Asia and Europe.<sup>6</sup>

The last year has seen the relationship regain momentum, particularly after both countries experienced a change of leadership. President Joe Biden began his term on 20 January 2021 amid the global pandemic crisis and in the wake of the assault on Capitol Hill by a mob of supporters of former President Donald Trump. His primary aim was to bring back some sort of normality to Washington after the erratic tenure of his predecessor. Mario Draghi was sworn in as Italy's prime minister, replacing Giuseppe Conte, on 13 February of that same year. Draghi's main tasks were to pull Italy out of the pandemic crisis and complete the National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*, PNRR), with the support of a large but extraordinarily diverse and chaotic majority consisting of centre-left and centre-right mainstream parties as well as anti-establishment, nationalistic and populist forces.

Trump's transactional foreign policy<sup>7</sup> and sceptical approach to transatlantic relations<sup>8</sup> inevitably impacted Italy. The ruling coalitions between first (in 2018–19) the anti-establishment Five Star Movement (M5S), the nationalist and Eurosceptical League and then (2019–21) between the M5S and the centre-right Democratic Party (PD), both led by Prime Minister Giuseppe Conte, had two problems. The first was that Conte's and the M5S's soft approach to China and Russia created apprehension in Washington, and the second was that Conte was seen by the new Democratic administration as too close to Trump. This was exemplified by Conte's hesitation before congratulating Biden for his electoral victory. Under Draghi, ties between the two governments improved.

<sup>4</sup> Enrico Fardella, "A Significant Periphery of the Cold War: Italy-China Bilateral Relations, 1949–1989", in *Cold War History*, Vol. 17, No. 2 (2017), p. 181–197.

<sup>5</sup> Ennio Di Nolfo, "Le reazioni americane al riconoscimento italiano della Cina", in *Eunomia*, Vol. 1, No. 1 (2012), p. 11, <https://doi.org/10.1285/i22808949a1n1p9>.

<sup>6</sup> Chico Harlan, "A Defiant Italy Becomes the First G-7 Country to Sign on to China's Belt and Road Initiative", in *The Washington Post*, 23 March 2019, [https://www.washingtonpost.com/world/europe/defiant-italy-becomes-the-first-g7-country-to-sign-on-to-chinas-belt-and-road-initiative/2019/03/22/54a732d4-4bdf-11e9-8cfc-2c5d0999c21e\\_story.html](https://www.washingtonpost.com/world/europe/defiant-italy-becomes-the-first-g7-country-to-sign-on-to-chinas-belt-and-road-initiative/2019/03/22/54a732d4-4bdf-11e9-8cfc-2c5d0999c21e_story.html).

<sup>7</sup> Joseph S. Nye, "Trump's Transactional Myopia", in *Project Syndicate*, 4 February 2020, <https://prosyn.org/HBjog6T>.

<sup>8</sup> Kristian L. Nielsen and Anna Dimitrova, "Trump, Trust and the Transatlantic Relationship", in *Policy Studies*, Vol. 42, No. 5–6 (November 2021), p. 699–719.

In April 2021, Italy's Foreign Minister Luigi Di Maio was the first foreign dignitary to visit Washington after the new administration was sworn in.<sup>9</sup> In the following months, the two countries had several occasions to work together, from the ministerial meeting of the Global Coalition to Defeat ISIS to the G20 Summit in Rome. Observing political and diplomatic dynamics over the past months, the two countries have coordinated efforts on a number of issues. The convergence has been particularly significant in multilateral fora, something that likely would not have occurred with the previous leaders, as Trump was generally hostile to multilateral approaches. Rome and Washington worked together in the G20 and the COP26 climate change conference to push for the adoption of ambitious international targets for reduction of carbon emissions. During the G20 Rome Summit, the United States also announced the lifting of American steel and aluminium tariffs on Europe, and the European Union reciprocated by lifting its own counter-tariffs. The overall relationship is thus set to remain strong and stable in the foreseeable future. The convergence of views on the Russian military aggression in Ukraine is proof of this stability.

### 1. Strategic interests, security cooperation, defence procurement

Italy is a middle diplomatic power,<sup>10</sup> whose security is primarily affected by strategic and military developments in the European continent and the wider Mediterranean, including its appendixes – the Sahel, the Persian Gulf, the South Caucasus. However, from an economic perspective, Italy can be considered a global power: a member of the G7 since the 1970s; the second European manufacturing economy after Germany; and the third European Union member by GDP size, with commercial and trade interests that span across the globe.<sup>11</sup> Italy also has a relevant global position thanks to its soft power projection,<sup>12</sup> from being a major destination for global tourism to the attraction that Italy maintains in a number of cultural and economic domains, from food to art, fashion and lifestyle. This unique positioning leads Italy to be diplomatically active in areas of the world that do not represent an immediate geopolitical and security concern. Moreover, it contributes to explaining why Italy has such a deep connection with the United States, which has been historically resilient irrespective of the parties and personalities in power in Rome.

<sup>9</sup> "Italian Foreign Minister the First to Visit Biden's Washington", in *France 24*, 12 April 2021, <https://www.france24.com/en/live-news/20210412-italian-foreign-minister-the-first-to-visit-biden-s-washington>.

<sup>10</sup> Carlo M. Santoro, *La politica estera di una media potenza. L'Italia dall'Unità ad oggi*, Bologna, Il Mulino, 1991.

<sup>11</sup> Valerio Castronovo, *Storia economica d'Italia. Dall'Ottocento al 2020*, New ed., Torino, Einaudi, 2021.

<sup>12</sup> David Ellwood, "Italy: Soft Power Superpower? The New Official Projection of Italian Creativity", in *CDP Blog*, 16 February 2022, <https://uscpublicdiplomacy.org/node/91967>.

The United States remains, by all material means, the main global superpower. Despite all the fuss about American *declinism*,<sup>13</sup> the rise of China,<sup>14</sup> the return of Russia<sup>15</sup> and the emergence of a multipolar order, the United States has not lost primacy on a number of domains, the military one being the most relevant.<sup>16</sup> Washington still has an unmatched capacity for projecting power, as paradoxically demonstrated even by the chaotic withdrawal from Afghanistan:<sup>17</sup> although the actual dynamics of the withdrawal did not bode well for the image of the Americans in the eyes of allies and global public opinion, the United States was the only country that had the capacities to do something as logistically complicated as extricating over a hundred thousand people from a faraway theatre. Italy's twenty-year presence in Afghanistan was a function of its relationship with the United States: Afghanistan was never a priority in Italian foreign policy, but Italy decided to participate in the multinational coalition (from 2003 led by NATO) that went there after the ousting of the Taliban in late 2001 because of its commitment to Washington's campaign against the perpetrators of the 9/11 attacks and those who harboured them, namely al-Qaeda and the Taliban. As such, the end of the international mission in Afghanistan has been a quite relevant development for Italian-American relations. Italy, one of the European countries most involved in Afghanistan, inevitably suffered from the uncoordinated fashion in which the Biden Administration ordered the withdrawal. Rome was a major contributor to the evacuation efforts. It was the EU country that extracted the largest number of Afghans from the country and one of the most active across the entire spectrum of logistical activities needed to complete these operations. Italian diplomats also played an important role, for instance NATO's Senior Civilian Representative Stefano Pontecorvo.<sup>18</sup> Italy, in its capacity as holder of the G20 presidency for 2021, arranged an extraordinary meeting on Afghanistan,<sup>19</sup> which resulted in the EU pledging one billion euros in aid to Afghanistan and neighbouring countries,<sup>20</sup> a move that was seen as positive by the United States as it meant greater burden-sharing with European allies, one of America's historical obsessions.

<sup>13</sup> Tom McTague, "The Decline of the American World", in *The Atlantic*, 24 June 2020.

<sup>14</sup> Zhen Han and T.V. Paul, "China's Rise and Balance of Power Politics", in *The Chinese Journal of International Politics*, Vol. 13, No. 1 (Spring 2020), p. 1-26, <https://doi.org/10.1093/cjip/poz018>.

<sup>15</sup> Kathryn E. Stoner, *Russia Resurrected. Its Power and Purpose in a New Global Order*, New York, Oxford University Press, 2021.

<sup>16</sup> Andrea Gilli and Mauro Gilli, "Why China Has Not Caught Up Yet: Military-Technological Superiority and the Limits of Imitation, Reverse Engineering, and Cyber Espionage", in *International Security*, Vol. 43, No. 3 (Winter 2018/19), p. 141-189, [https://doi.org/10.1162/isec\\_a\\_00337](https://doi.org/10.1162/isec_a_00337).

<sup>17</sup> David Rohde, "Biden's Chaotic Withdrawal from Afghanistan Is Complete", in *The New Yorker*, 30 August 2021, <https://www.newyorker.com/news/daily-comment/bidens-chaotic-withdrawal-from-afghanistan-is-complete>.

<sup>18</sup> Elisabeth Braw, "NATO's Man in Kabul", in *Foreign Policy*, 16 September 2021, <https://foreignpolicy.com/2021/09/16/natos-man-in-kabul>.

<sup>19</sup> Italian Government, *G20 Extraordinary Leaders' Meeting on Afghanistan, Prime Minister Draghi's Closing Remarks*, 12 October 2021, <https://www.governo.it/en/node/18220>.

<sup>20</sup> European Commission, *Afghanistan: Commission Announces €1 Billion Afghan Support*, 12 October 2021, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_5208](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_5208).



Despite the problems experienced over Afghanistan, the alliance with the United States remains a crucial element in the security arrangements of Italy, and the Ukraine crisis has reinforced the relevance of NATO membership for Rome's security. Being a major exporting country, whose economy depends on the import of a number of raw materials (primarily energy-related) and on integration in a number of global supply chains, Italy is particularly sensitive to any shock that might affect global logistics and maritime security. From this point of view, the structural alliance with the United States, whose dominance over global shipping lanes makes it the cornerstone of the international architecture of maritime security, is fundamental for Italy to guarantee the security of its logistical chains.

At the same time, Italy's geographical position in the centre of the Mediterranean is a significant asset for the United States. It was crucial back in the days of the Cold War, when the strategic relevance of Italy was not only due to the presence on its territory of the biggest Communist party in Western Europe, but also to its position in the Mediterranean basin, which was a particularly sensitive area of confrontation with the Soviet bloc. The strategic value of Italy's position did not disappear with the end of the Cold War. On the contrary, it continued to be central to US and NATO operations in the Balkans and the Middle East. Italy still hosts the second-largest number of American troops in Europe (after Germany), around 15,000 military and civilian staff, according to the latest data from the US Department of Defense.<sup>21</sup> American analysts increasingly perceive Italy as the centre of US military activities in the Mediterranean. Naples is home to the American Sixth Fleet,<sup>22</sup> and there are a number of military bases that are particularly relevant for the American projection in the wider Mediterranean, such as Sigonella in Sicily and Aviano in Friuli (northeast Italy).

Besides geostrategic considerations, there has also been a significant American political and industrial attention in Italy's defence sector, particularly concerning aeronautics. In the post-Cold War period, defence industrial relations between Rome and Washington included two important elements: first, procurement programmes,<sup>23</sup> and second, the penetration of the US defence markets by Finmeccanica (now Leonardo), AgustaWestland and Fincantieri.<sup>24</sup> In this period, the procurement programme for the multi-role F35 aircraft was particularly relevant, given its military, industrial and political importance.<sup>25</sup> In Italy, the programme was mired in controversy as it soon became the target of widespread

<sup>21</sup> US Defense Manpower Data Center (DMDC) website: *DoD Personnel, Workforce Reports & Publications: Military Personnel*, <https://dwp.dmdc.osd.mil/dwp/app/dod-data-reports/workforce-reports>.

<sup>22</sup> See official website: <https://www.c6f.navy.mil>.

<sup>23</sup> C130J and C27J Spartan transport aircraft, the KC-767 tanker, the Medium Extended Air Defense System (MEADS) and, above all, the F-35 fighter aircraft.

<sup>24</sup> Alessandro Marrone and Alessandro R. Ungaro, "Relations between the United States of America and Italy in the Post-Cold War Period: A Defense-Industrial Perspective", in *Cahiers de la Méditerranée*, No. 88 (June 2014), p. 157-181 at p. 160, <https://doi.org/10.4000/cdlm.7542>.

<sup>25</sup> *Ibid.*, p. 163.



criticisms, particularly from anti-establishment and left-wing parties. There was a public opinion movement demanding that the programme be cancelled, in line with the historical pacifist approach shared by catholic and left-wing forces.<sup>26</sup> The M5S was the most vocal critic. In October 2019, when it was in power as the senior coalition partner, the party was still calling for a renegotiation of the agreement.<sup>27</sup> In the past, even the PD went vocal against the F35. Former PD secretary general Nicola Zingaretti said that the F35 choice was "unacceptable", and he posted on his Twitter account a picture of himself holding a poster stating "Stop F35".<sup>28</sup> In the previous legislative term, the PD voted a motion to halve the programme.<sup>29</sup> However, once Lorenzo Guerini became Minister of Defence in September 2019, he put an end to the debate on Italy's participation in the F35 programme almost immediately.<sup>30</sup>

The issue of defence expenditure has long remained a complicated issue in the relations between the United States and Italy. Since former US Secretary of Defense Bob Gates warned European allies about the risk of "collective military irrelevance" should the imbalanced burden-sharing within NATO remain,<sup>31</sup> the United States has made spending 2 per cent of the GDP on defence a standing request to NATO allies. Italy, for years, has stressed the need to look at military contributions within NATO in a different way. During his visit to Washington in October 2019, President of the Republic Sergio Mattarella highlighted how "Italy has always contributed intensely and effectively, to NATO missions and operations, significantly supporting the activities of the Alliance. Moreover, Italy is not only the second contributor of military personnel in NATO missions, but also the fifth NATO contributor."<sup>32</sup> At the end of January 2020, meeting Italian Defence Minister Guerini, former US Secretary of Defence Mark T. Esper praised "the expansive role that Italy did as a member of NATO",<sup>33</sup> making an explicit reference to the Italian role

<sup>26</sup> Carmine Saviano, "'Stop agli F35'. Da Saviano a Zanutelli, da Servillo a Rorhwacher l'appello ai parlamentari", in *Repubblica*, 10 September 2014, [https://www.repubblica.it/politica/2014/09/10/news/f35\\_-95439105](https://www.repubblica.it/politica/2014/09/10/news/f35_-95439105).

<sup>27</sup> "F35, Cinquestelle: 'Ridimensionare il programma di acquisti'. Conte: 'D'accordo con la rinegoziazione'", in *Repubblica*, 6 October 2019, [https://www.repubblica.it/politica/2019/10/06/news/f35\\_rinegoziazione\\_m5s\\_giuseppe\\_conte\\_usa-237855408](https://www.repubblica.it/politica/2019/10/06/news/f35_rinegoziazione_m5s_giuseppe_conte_usa-237855408).

<sup>28</sup> Nicola Zingaretti, "Rivedere la spesa su F35 è un impegno importante", Twitter @nzingaretti, 23 January 2013, <https://twitter.com/nzingaretti/status/293784016430178304>.

<sup>29</sup> Enrico Piovesana, "F35, sì a mozione Pd: Camera dimezza i fondi per i caccia: da 13 a 6,5 miliardi", in *Il Fatto Quotidiano*, 24 September 2014, <http://www.ilfattoquotidiano.it/2014/09/24/f35-la-camera-dimezza-i-fondi-per-i-cacciabombardieri-da-13-a-65-miliardi/1131605>.

<sup>30</sup> "F35, Guerini: dato avvio a fase 2 del programma", in *Reuters*, 28 November 2019, <https://www.reuters.com/article/f35-guerini-idITL8N28824Q>.

<sup>31</sup> "Gates Parting Shot Warns NATO Risks Irrelevance", in *Reuters*, 11 June 2011, <https://www.reuters.com/article/us-usa-nato-idUSTRE7591JK20110611>.

<sup>32</sup> Italian Presidency, *Statements to the press by the President of the Republic Sergio Mattarella at the End of the Talks with the President of the United States of America, Donald Trump*, 16 October 2019, <https://www.quirinale.it/elementi/40197>.

<sup>33</sup> US Department of Defense, *Secretary of Defense Dr. Mark T. Esper and Minister of Defense Lorenzo Guerini of Italy*, 31 January 2020, <https://www.defense.gov/Newsroom/Transcripts/Transcript/Article/2072124/secretary-of-defense-dr-mark-t-esper-and-minister-of-defense-lorenzo-guerini-of>.

in multinational missions, adding that “whether it’s burden sharing [...] in Iraq or Afghanistan, or even Africa, Italy leads with a very robust presence [...] of its forces”. However, Esper did point out that bringing defence expenditure to the 2 per cent threshold remained a fundamental objective. Guerini expressed his commitment to increase military spending, although he had been very clear that reaching the 2 per cent threshold in defence spending by 2024, as NATO members had committed to in the Alliance’s Wales summit in 2014, was “realistically unachievable”.<sup>34</sup> The idea was to bring Italy closer to the average of European countries and give it more credibility with a greater spending commitment – similarly to what Central and Eastern European countries have done in recent years.<sup>35</sup>

The current war in Ukraine is likely to have a ground-breaking effect on European approaches to defence. Minister Guerini said that, in line with the decisions taken by the new government in Germany to massively increase the military budget, Italy must increase its military spending from 25 to 38 billion euros (over the course of several years). Against this backdrop, the Italian armed forces have two major challenges. First, Italy needs to cope with weapons systems and logistics platforms that risk becoming obsolete due to rapid technological shifts and the pace of the cyber evolution. Second, Italy must reinforce its capacity to project military power abroad.<sup>36</sup> This should also increase Italy’s military integration within NATO and EU structures. Italy has been able to ensure a significant degree of coherence and interoperability with its allies even with its defence spending below the 2 per cent threshold. The Russian invasion of Ukraine has opened a new phase, and a rethinking of national priorities and expenditure on defence has suddenly ceased being taboo.

## 2. Italy’s Transatlantic engagement: The Eastern and Southern Flank

After months of military build-up, Russia launched a full-scale invasion of Ukraine on 24 February 2022. The strategic goals of this conflict were ostensibly to install a pro-Russian regime in Kyiv and force the country into recognising the Russian annexation of Crimea and the independence of the two self-proclaimed republics of Lugansk and Donetsk. However, according to what Russian President Vladimir Putin allegedly said in a phone conversation with French President Emmanuel Macron during the early days of the conflict, it seems that the actual, ultimate goal was to annex most of the country.<sup>37</sup> This military aggression has entirely changed

<sup>34</sup> “Guerini: l’Italia ‘non rispetterà l’impegno di investire il 2% del pil in spese militari’”, in *Il Messaggero*, 27 November 2019, [https://www.ilmessaggero.it/economia/news/difesa\\_spesa\\_militare\\_italia-4889827.html](https://www.ilmessaggero.it/economia/news/difesa_spesa_militare_italia-4889827.html).

<sup>35</sup> Emma Beswick, “EU Countries Increase Military Spend Due to ‘Perceived Russia Threat’: Report”, in *Euronews*, 26 July 2019, <https://www.euronews.com/2019/04/29/eu-countries-increase-military-spending-due-to-growing-perceptions-of-russia-threat-report>.

<sup>36</sup> Niccolò Carratelli, “Guerini: ‘L’Italia aumenti le spese militari, arrogante la lettera dei russi’”, in *La Stampa*, 3 March 2022.

<sup>37</sup> “Emmanuel Macron pense que ‘le pire est à venir’ et que le but de Vladimir Poutine est de ‘prendre

the strategic reality of Europe. Moreover, it has shown how the concerns of NATO eastern members, which pushed the Alliance to take a tougher approach towards Moscow after Russia's first invasion of Ukraine in 2014, were not groundless.

At the NATO Warsaw Summit in July 2016, NATO launched the Enhanced Forward Presence (EFP) initiative, a forward-deployed defence and deterrence military force in Central and Northern Europe, precisely in Poland, Latvia, Lithuania and Estonia. Through the EFP initiative, the Alliance deployed combat forces of around 1,000 troops in each of the four countries east of the former East-West German border for the first time, although it did so on a rotational rather than permanent basis so as to remain in compliance with a specific proviso of the 1997 NATO-Russia Founding Act.<sup>38</sup> This presence reversed a trend of gradual American military disengagement from Europe. The goal was to strengthen the deterrence posture of the Alliance on the eastern flank and reassure its easternmost members who were increasingly concerned about Russia's readiness to resort to force to achieve its foreign policy goals.

Italy decided to contribute, although stressing that it did so "not [as] part of a policy of aggression towards Russia, but one of reassurance and defense of our borders as an Atlantic alliance", as the then Italian Foreign Minister Paolo Gentiloni remarked.<sup>39</sup> At the Warsaw Summit, Rome was clear about the need to strike a balance between deterrence against Russia and contributing to Mediterranean security.<sup>40</sup> The Italian contingent was deployed to Latvia, at the Adazi military base,<sup>41</sup> 23 kilometres east of Riga and 300 km from the Russian border, leading an ultra-rapid action task force capable of intervening within five days in an emergency. Overall, the Italian deployment initially consisted of 160 units, later grown to 240. The contingent's tasks were to provide logistical support, administrative and health care in local outreach activities, while the bulk of the Italian Alpines carried out training activities jointly with the NATO forces, aimed at consolidating integration and interoperability.

Italy's participation in the Enhanced Air Policing (EAP) mission must be seen in the same light. Italy deployed high-tech Eurofighters and F35 fighter jets (plus 150 soldiers), which – along with aircraft of the German and Romanian air forces – are involved in air patrolling missions. In December 2021 Italy assumed command of

le contrôle de toute l'Ukraine", in *Franceinfo*, 3 March 2022, [https://www.francetvinfo.fr/monde/russie/vladimir-poutine/emmanuel-macron-pense-que-le-pire-est-a-venir-et-que-le-but-de-vladimir-poutine-est-de-prendre-le-controle-de-toute-l-ukraine\\_4990720.html](https://www.francetvinfo.fr/monde/russie/vladimir-poutine/emmanuel-macron-pense-que-le-pire-est-a-venir-et-que-le-but-de-vladimir-poutine-est-de-prendre-le-controle-de-toute-l-ukraine_4990720.html).

<sup>38</sup> John R. Deni, "NATO's Presence in the East: Necessary But Still Not Sufficient", in *War on the Rocks*, 27 June 2018, <https://warontherocks.com/?p=17723>.

<sup>39</sup> "Italy to Send 140 Troops to NATO Mission in Latvia", in *Reuters*, 14 October 2016, <http://reut.rs/2e3qZcW>.

<sup>40</sup> Stefano Stefanini, "NATO Warsaw Summit Special Series: Italy", in *NATOSource*, 20 June 2016, <https://www.atlanticcouncil.org/?p=97089>.

<sup>41</sup> The other contingents present at the base are Albania, Czech Republic, Poland, Slovakia, Slovenia and Spain.

the mission, before handing it to the British Royal Air Forces in April 2022. Italy's fighters were supposed to return to Italy, but they have remained.<sup>42</sup> Rome has been among the top contributors to NATO's Air Policing mission across Europe, not only for the EAP, but also for other NATO Air Policing missions, supporting air patrolling activities in Iceland, Bulgaria, Slovenia, North Macedonia and Montenegro.<sup>43</sup>

Italy started these missions in 2017–18. In June 2018, following the results of the Italian parliamentary elections of March that year and after months of intense negotiations, Italy experienced its first "openly populist" government as two Eurosceptical parties, the M5S and the League, joined forces in the so-called "yellow-green" government.<sup>44</sup> Foreign policy was one of the domains in which discontinuity was expected. When in the opposition, both parties had expressed foreign policy positions often in contradiction with Italy's traditional commitment to the EU and NATO, especially as regards their much more conciliatory approach to Russia. In the so-called "coalition contract" signed by the two parties, it was openly written that Italy wanted to lift sanctions against Russia.<sup>45</sup>

However, the yellow-green government did not reverse Italy's military commitments in eastern Europe, showing that discontinuity was more rhetorical than actual.<sup>46</sup> Italy's alignment with its Euro-Atlantic partners was only re-affirmed under the "yellow-red" M5S-PD coalition that ruled between 2019 and 2021 and the multi-partisan coalition (comprising M5S, the PD and the League along with other smaller parties) that has supported Draghi as prime minister since early 2021. As the tension in eastern Europe rose following Russian military build-up in late 2021 and early 2022, Italy announced its readiness to provide an additional one thousand troops for patrolling the eastern borders of the Alliance.<sup>47</sup> At the end of February, Minister Guerini confirmed the doubling of Italy's aerial presence in Romania, bringing to eight the number of fighters operating in the "Black Storm" Air Task Force that operates from the Mihail Kogălniceanu base in Constanta.<sup>48</sup>

<sup>42</sup> Marco Battaglia, "Nato, la Raf subentra all'AM in Romania. Ma i caccia italiani restano", in *Formiche*, 8 April 2022, <https://formiche.net/?p=1465996>.

<sup>43</sup> Elisabeth Braw, "Italy Is a Quiet Pillar of NATO's Aerial Policing", in *Defense One*, 20 February 2022, <https://www.defenseone.com/ideas/2022/02/italy-quiet-pillar-natos-aerial-policing/362230>.

<sup>44</sup> Monica Rubino, "Conte, il discorso della fiducia: 'Basta business dei migranti, Daspo per corrotti e corruttori'. E apre alla Russia", in *Repubblica*, 5 June 2018, [https://www.repubblica.it/politica/2018/06/05/news/cont\\_e\\_discorso\\_fiducia\\_senato-198193413](https://www.repubblica.it/politica/2018/06/05/news/cont_e_discorso_fiducia_senato-198193413).

<sup>45</sup> Marco Cremonesi, Dino Martirano e Lorenzo Salvia, "Contratto di governo, ecco l'ultima bozza: ricalcolo del debito e stop alle sanzioni contro la Russia", in *Corriere della Sera*, 16 May 2018, [https://www.corriere.it/politica/18\\_maggio\\_16/contratto-governo-lega-m5s-cosa-prevede-7f9b0aee-5930-11e8-a92f-c55317f6ffa7.shtml](https://www.corriere.it/politica/18_maggio_16/contratto-governo-lega-m5s-cosa-prevede-7f9b0aee-5930-11e8-a92f-c55317f6ffa7.shtml).

<sup>46</sup> Ferdinando Nelli Feroci, "La politica estera del Governo giallo-verde", in *Documenti IAI*, No. 19|04 (March 2019), <https://www.iai.it/en/node/10127>.

<sup>47</sup> Tommaso Ciriaco, "Ucraina, l'Italia pronta a inviare mille uomini per rafforzare il fianco Sud-Est dell'Europa", in *Repubblica*, 12 February 2022, [https://www.repubblica.it/esteri/2022/02/12/news/ucraina\\_italia\\_mille\\_uomini\\_nato-337540039](https://www.repubblica.it/esteri/2022/02/12/news/ucraina_italia_mille_uomini_nato-337540039).

<sup>48</sup> Italian Ministry of Defence, *Ucraina, Guerini: "da domani l'Italia potenzierà la propria presenza in Romania raddoppiando il numero dei mezzi aerei già operanti nell'attività di airpolicing"*, 26 February 2022, [https://www.difesa.it/Il\\_Ministro/Comunicati/Pagine/Guerini-da-domani-l-Italia-](https://www.difesa.it/Il_Ministro/Comunicati/Pagine/Guerini-da-domani-l-Italia-)



Italy is also taking on a number of military responsibilities in NATO's southern flank. It is becoming more and more involved in the Sahel, while it also maintains a non-combat military presence in Libya. In February 2021, NATO announced that Italy would take over the control of the NATO Mission Iraq from Denmark in 2022. As the US presence in Iraq is diminishing, Italy is to lead European efforts to fill the operational gaps that the reduced American presence creates, an effort that is crucial to preserve the sustainability of NATO's mission in Iraq.<sup>49</sup> Italy was already the second biggest contributor to this mission after the United States, but with the size of the NATO mission set to grow from 400 to 5,000 units, Italy has not only the command of the mission but also deploys the bulk of its military staff. This increased responsibility in Iraq is Italy's response to the American need for European allies to take more responsibility for their extended neighbourhood.

### 3. Italy and the US–China systemic confrontation

Russia's aggression towards Ukraine has forced the Biden Administration to recalibrate its approach towards Europe. Its swift and steady response to the invasion and the president's commitment to supporting European allies (including through an unprecedented degree of intelligence sharing) show that the United States remains committed, despite all the fuss about the Asian pivot, to intervening in the European security system when the need arises. Moreover, this approach has been a crucial factor in strengthening the EU's response to the invasion and pushing Europeans to work together in addressing the mounting threat. The war created some initial frictions between the United States and Italy, primarily due to an apparent lack of focus on the part of Rome when the crisis was escalating, although saying that Italy was missing in action is a bit of an exaggeration.<sup>50</sup> In fact, Prime Minister Draghi, Foreign Affairs Minister Luigi Di Maio and Defence Minister Guerini reiterated the position that Italy would support all the efforts of the allies in facing this challenge.<sup>51</sup> Still, Italy was hesitant to take a tough stance on Russia prior to the invasion, for reasons that range from the structural to the contingent.

As for the former, because of its geographical location and absence of massive historical interactions with Russia, Italy is less diplomatically involved in Eastern Europe than other continental countries, such as Germany, France and Poland. Moreover, Italy is one of the European countries most dependent on Russian gas.

potenzierà-la-propria-presenza-in-Romania.aspx.

<sup>49</sup> Paolo Napolitano, "What to Expect When You're Expecting NATO in Iraq", in *War on the Rocks*, 29 March 2021, <https://warontherocks.com/?p=24627>.

<sup>50</sup> Giovanna De Maio, "Draghi and Italy Have Been Missing in Action on the Russia-Ukraine Crisis", in *World Politics Review*, 2 February 2022, <https://www.worldpoliticsreview.com/articles/30291>.

<sup>51</sup> Tommaso Ciriaco, "Crisi ucraina: l'Italia invierà alpini e bersaglieri", in *Repubblica*, 13 February 2022, [https://www.repubblica.it/esteri/2022/02/13/news/crisi\\_ucraina\\_russia\\_italia\\_invia\\_soldati\\_alpini\\_bersaglieri\\_nato\\_est\\_europa-337650494](https://www.repubblica.it/esteri/2022/02/13/news/crisi_ucraina_russia_italia_invia_soldati_alpini_bersaglieri_nato_est_europa-337650494).



As for the contingent, at the end of January 2022 Italian politics was paralysed by the election of the new President of the Republic. In the days in which the tensions at the border of Ukraine were rising sharply, Draghi, who is usually not very active on media, kept an even lower profile. Moreover, because of concerns about the potential adverse effects of the crisis, particularly on energy prices, and the extremely diversified composition of the ruling coalition, the government's response to the unfolding crisis was relatively muted. However, once Russia invaded Ukraine, Italy aligned consistently with the United States, the rest of the EU and Ukraine as well. As Russia escalated its military operations in Ukraine and the United States and the EU were looking for effective ways to undermine the Kremlin's war machine, Draghi had a central role in defining the sanctions regime on Russia. He and US Treasury Secretary Jennet Yellen worked out a plan to freeze roughly half of Moscow's 643 billion dollars of foreign currency reserves.<sup>52</sup>

The Russian aggression in Ukraine confirmed the deep convergence existing between the two administrations in power in Rome and Washington. As Draghi visited Washington on 10 and 11 May 2022, he reiterated Italy's position that peace terms could not be forced upon Ukraine and that it would be helpful if the US president showed a willingness to talk to Putin when (and if) Russia agrees to downscale massively its presence in Ukraine.

However, in the United States there is still some apprehension. Public figures, including from parties of the current majority, as well as a significant part of the Italian public opinion, have embraced positions that are somehow in line with the narratives, the visions and the preferences that Moscow has expressed over the past weeks. Since the risk of a protracted conflict is becoming more and more real, the concern is that next year's general election will result in a government that is less committed to working alongside Italy's transatlantic and European partners in undermining the Russian imperial project in Ukraine than the current one.

The war bears significant costs in terms of high energy prices, logistical issues and reduced exports for a number of Italian sectors. These problems are likely to affect the outcome of the electoral campaign. While the past suggests that also openly populist and anti-establishment forces, once in power, avoid pushing for radical changes,<sup>53</sup> in a situation like the Ukraine war even small differences can have impact on the cohesion of the transatlantic front.

Looking at the Russian war in Ukraine from the perspective of Washington, the United States was somehow forced to take a leadership position in handling this conflict despite its actual preferences and priorities. While the Ukraine war

<sup>52</sup> Valentina Pop, Sam Fleming and James Politi, "Weaponisation of Finance: How the West Unleashed 'Shock and Awe' on Russia", in *Financial Times*, 6 April 2022, <https://www.ft.com/content/5b397d6b-bde4-4a8c-b9a4-080485d6c64a>.

<sup>53</sup> Giulio Pugliese, Francesca Ghiretti and Aurelio Insisa, "Italy's Embrace of the Belt and Road Initiative: Populist Foreign Policy and Political Marketing", in *International Affairs*, Vol. 98, No. 3 (May 2022), p. 1033-1051, <https://doi.org/10.1093/ia/iia039>.

has put relations with Russia into a sharper focus, for President Biden, China – and not Russia – remains America's greatest strategic competitor and rival. The Democratic administration has adopted an arguably tougher stance on China than the previous one, which inaugurated a rather confrontational course vis-à-vis Beijing.<sup>54</sup> However, Trump's approach to China was erratic, as shown on many occasions where he praised China and its leadership when contingencies fit his agenda.<sup>55</sup> Most importantly, Trump's China policy was eminently unilateral, pursued in isolation from US allies in both Europe and Asia. Moreover, there was a structural divide between the White House and the American foreign policy institutional apparatus, which undermined consistency and clarity in outlining policy priorities.

As noted above, Italy's relations with China became a contentious issue in US-Italian relations, especially after Italy became the first G7 country to formally join the Chinese Belt and Road Initiative (BRI), signing a Memorandum of Understanding (MoU) in support of it.<sup>56</sup> In the United States this decision created alarm particularly among those institutions – State Department, the Pentagon and Congress – that generally give continuity to the American foreign policy system. Although Italy never thought of the BRI as anything other than a commercial and investment opportunity, the optics of a leading US ally endorsing President Xi's flagship foreign policy initiative were not good for Rome. China's propaganda machine magnified the impression of an Italy veering away from its traditional alliances in Europe and across the Atlantic.<sup>57</sup> Despite all reassurances, Italy remained in the spotlight, and concerns reignited as Italy became the first country in Europe to be hit by the Covid-19 pandemic in late February 2020. The United States feared that China would make inroads into Italy.<sup>58</sup> As it was becoming clear that Beijing was using the health crisis in Italy to push its Covid-19 diplomacy, Trump ordered an assistance package for Italy.<sup>59</sup>

After Biden won the election, it became clear that the United States would adopt a more multilateral approach to China, and Italy had to work to defuse any ambiguity about where its foreign policy allegiance lay. From the Italian standpoint,

<sup>54</sup> Patricia Zengerle, "Biden Talks Tough on China in First Speech to Congress", in *Reuters*, 29 April 2021, <https://www.reuters.com/world/us/biden-talks-tough-china-first-speech-congress-2021-04-29>.

<sup>55</sup> Myah Ward, "15 Times Trump Praised China as Coronavirus Was Spreading across the Globe", in *Politico*, 15 April 2020, <https://www.politico.com/news/2020/04/15/trump-china-coronavirus-188736>.

<sup>56</sup> Italy and China, *Memorandum of Understanding Between the Government of the Italian Republic and the Government of the People's Republic of China on Cooperation within the Framework of the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative*, 22 March 2019, [http://www.governo.it/sites/governo.it/files/Memorandum\\_Italia-Cina\\_EN.pdf](http://www.governo.it/sites/governo.it/files/Memorandum_Italia-Cina_EN.pdf).

<sup>57</sup> Philippe Le Corre, "Italy, a Target Destination for China's Propaganda", in *Note de la FRS*, No. 23/2020 (April 2020), <https://www.frstrategie.org/en/node/3037>.

<sup>58</sup> Riccardo Alcaro, "COVID-19 Exposes Italy's Vulnerability to US-China Antagonism", in *IAI Commentaries*, No. 20|33 (May 2020), <https://www.iai.it/en/node/11617>.

<sup>59</sup> J. Edward Moreno, "Trump Orders 'Robust Assistance Package' for Italy", in *The Hill*, 11 April 2020, <https://thehill.com/?p=492339>.

something already started changing by late 2019, when Italy saw the end of the yellow-green populist government and the arrival of the new government centred on the M5S and the PD. This new government was considerably more balanced and traditional in its foreign policy approach. Although Di Maio, an advocate of the Italy's BRI membership, became minister of foreign affairs, he gradually shifted his approach, embracing Europeanism and Atlanticism.<sup>60</sup> Other members of the cabinet, first and foremost Minister of Defence Guerini and Minister of European Affairs Enzo Amendola (both PD members), were also considered staunchly Euro-Atlanticist and worked to give a starker Euro-Atlanticist imprint to the foreign policy approach of the new government. For instance, almost immediately after the new government was sworn in, Italy adopted new measures strengthening the government's scrutiny of foreign investment, a main preoccupation in Washington, especially as regards the possibility of European countries buying Chinese 5G technologies.<sup>61</sup>

Under Draghi, this approach became even more evident. Draghi used the government's scrutiny powers more extensively than his predecessor had done. He also openly said that he would be ready to reassess Italy's participation in the BRI.<sup>62</sup> While a withdrawal of Italy from the MoU in support of the BRI is unlikely, the prospects for Chinese companies acquiring controlling stakes in key sectors of Italy's economy, especially in the maritime sector, look pretty grim. In addition to this, the historical agreement on the EU Next Generation fund, the 800-billion-euro facility meant to revive the EU economy shattered by the Covid-19 pandemic, overshadowed whatever was promised under the BRI. Most of the BRI-related funds were still being negotiated and, in many cases, were merely theoretical, while the funds that Italy received from the EU to implement its PNRR (the recovery and resilience plan) were immediately available.

## Conclusion

Russia's invasion of Ukraine has opened a new phase in global and European security and, inevitably, in US-Italian relations. The new phase of European (in) security triggered by Russian imperial and revisionist ambitions has pushed Italy to commit to increasing defence spending, like many other countries in Europe. Although Italy was able to satisfy the operational and technological requirements to operate in the transatlantic alliance even under the current spending levels, the allocation of a larger share of the GDP to defence should reinforce its readiness,

<sup>60</sup> Francesco Bechis and Valeria Covato, "From Coronavirus to Mediterranean Tensions, Italy Has Stepped Up Its Diplomatic Game during Dramatic Year, Foreign Minister Says", in *New Atlanticist*, 10 September 2020, <https://www.atlanticcouncil.org/?p=295367>.

<sup>61</sup> "Italy Pledges to Strengthen National Security in 5G Networks", in *Reuters*, 24 September 2020, <https://reut.rs/3611ZxP>.

<sup>62</sup> "Italy to Assess Involvement in China's Belt and Road - Draghi", in *Ansa*, 14 June 2021, [https://www.ansa.it/english/news/politics/2021/06/14/italy-to-asses-involvement-in-chinas-belt-and-road-draghi\\_ddf3f456-7e0a-40ab-9f19-57b8fe30ae8a.html](https://www.ansa.it/english/news/politics/2021/06/14/italy-to-asses-involvement-in-chinas-belt-and-road-draghi_ddf3f456-7e0a-40ab-9f19-57b8fe30ae8a.html).

while also creating deeper connection with European and transatlantic allies. Italy is increasing its troops and resources contributions to international missions, both on the eastern front as a means to support NATO deterrence against Russia, for instance in Latvia and Romania, and in the south, for instance in Iraq. The latter is part of a broader effort to increase Italy's status as a reliable partner in the logic of a greater transatlantic burden-sharing of tasks in the European neighbourhood.

Although the Russian aggression in Ukraine has pushed the United States to "return to Europe" (it never actually left, but its leading role has been re-affirmed by the current war), for Washington the main systemic rival remains China. From this point of view, how Italy engages China remains a crucial element affecting its ties with Washington. The MoU in support of the BRI created problems and misunderstandings, but the past three years have shown that Italy did very little to substantiate US concerns.

The European post-pandemic response, resulting in the launch of the Next Generation EU fund, and the US leadership in countering the Russian threat have both strengthened the Italian commitment to its historical foreign policy pillars, a commitment that has clearly represented one of the crucial, characterising elements of the foreign policy approach of the government led by Mario Draghi since February 2021.

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# An Overview of US-Italian Relations: The Legacy of the Past

by Leopoldo Nuti



Ministry of Foreign Affairs  
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## ABSTRACT

At the end of World War II the United States became Italy's indispensable ally, and throughout the Cold War, US-Italian relations remained consistently strong, even accounting for some inevitable ups and downs. In the post-Cold War era, the relationship has remained strong in spite of a number of dramatic changes in both the international system and Italian domestic politics. The rise of populist movements on both sides of the Atlantic in recent years, however, might challenge the centrality of the United States in Italy's foreign policy.

*US-Italian bilateral relations | US foreign policy | Italian foreign policy*

**keywords**



## An Overview of US-Italian Relations: The Legacy of the Past

by Leopoldo Nuti\*

### Introduction

The United States became Italy's indispensable ally in the years that followed World War II. US assistance was crucial for the process of economic reconstruction and international rehabilitation that Italy was going through at the time. Washington had important reasons to be supportive of Italy, ranging from its interest in the broader political and economic stabilisation of Western Europe to the imperative to keep the Italian communists, who had a clear preference for the Soviet Union, at bay. Due to its geographical location on the East–West fault line and the strength of the Italian Communist Party, Italy was a primary strategical country for the US government, which sought and secured a strong partnership with Rome. In the post-Cold War era, the US-Italian relationship remained strong in spite of dramatic changes in the international system as well as in Italian domestic politics. The rise of populist movements on both sides of the Atlantic in recent years, however, might challenge the centrality of the United States in Italy's foreign policy.<sup>1</sup>

<sup>1</sup> This paper is based on a number of previous essays I have dedicated to the same topic, in particular: "The Richest and Farthest Master is Always Best: US–Italian Relations in Historical Perspective", in David M. Andrews (ed.), *The Atlantic Alliance Under Stress. US–European Relations After Iraq*, Cambridge, Cambridge University Press, 2005, p. 177-198, and more recently, with Daniele Fiorentino, "US-Italian Relations", in Mark Lawrence (ed.), *Oxford Research Encyclopaedia of American History*, published online on 31 March 2020.

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## 1. The forging of a special relationship: US-Italian relations from World War II to the Cold War

To understand the specificity of US-Italian relations during the Cold War, we must go back to the darkest hour in Italy's history, namely the armistice of 8 September 1943 – a watershed of fundamental importance – and to the traumas that followed it until the signature of the Peace Treaty on 10 February 1947. The series of unprecedented disasters that struck Italy during those years left the country not only in a state of utter powerlessness, but also in an extremely turbulent domestic situation that threatened to precipitate into chaos if not outright revolution. As often happens when existing institutions are entirely discredited by defeat in a war, a sizeable part of Italian society reacted to the catastrophic events of 1943 with the strong aspiration to sweep away the remnants of the old order and to carry out a thorough, radical renovation of the Italian political system. The sense of an impending revolution was strongest in the final months of the war and in its immediate aftermath, as well as in the period leading up to the dramatic elections of April 1948, the first under the new republican constitution crafted in 1946–47.<sup>2</sup>

This was the moment when the relationship between republican, democratic Italy and the United States began to be forged, gradually turning Washington from erstwhile enemy and occupying power into crucial ally and the most important point of reference for Italian foreign policy. For the United States, Italy provided a most useful testing ground not only for its World War II occupation policies, but more importantly, for its post-war foreign policy. As the first occupied country in Western Europe, Italy became the place where the United States for the first time was confronted with the multiform challenges of stabilising an occupied country, engineering its economic reconstruction, and providing a political framework that would guarantee against any backsliding into chaos.

With the outspoken support of the large Italian-American community, the Administrations of US presidents Franklin D. Roosevelt (1933–45) and Harry S Truman (1945–52) adopted a benevolent attitude towards Italy as early as late September 1944, when Roosevelt managed to persuade the reluctant British prime minister, Winston Churchill, to announce a conciliatory Allied policy towards Italy. Throughout the final phase of the war and its immediate aftermath, however, Washington's benign attitude towards Italy had limited impact, as Great Britain remained determined to play a significant role in post-war Italy, and Washington's policies had to be reconciled with the far tougher attitude of London. It wasn't until the adoption of a firm anti-Soviet attitude by President Truman that the US disposition towards Italy evolved into a coherent design for its stabilisation and its international rehabilitation. Anti-communism, as Italian historian Ennio Di Nolfo

<sup>2</sup> There is a vast body of literature on US-Italian relations during the final phase of World War II and the onset of the Cold War. For an introduction, see James Edward Miller, *The United States and Italy, 1940–1950. The Politics and Diplomacy of Stabilization*, Chapel Hill, University of North Carolina Press, 1986; Ennio Di Nolfo, *La guerra fredda e l'Italia (1941-1989)*, Firenze, Polistampa, 2010.

wrote many years ago, provided the glue that cemented what until then had been a loose set of well-meaning but rather incoherent policies.<sup>3</sup> From 1947 on, Italy became one of the battlegrounds of the Cold War. As such, it also became a key testing ground for the new US policy of containment.

A parallel, but gradual, process took place in Rome, as both the government and professional diplomats were slow to grasp and fully metabolise the transformation of the international system and the emergence of an entirely new bipolar structure. When they did, after absorbing the shock of the peace treaty, they began to perceive the relationship with the United States as one of the few tools available that Italy could use to eventually regain lost ground in the international order. Not only did the United States not regard Italy as a traditional enemy, but the warm feelings of the Italian-American community for the homeland also turned out to be a precious asset for an Italian foreign policy seeking to reverse the consequences of a punitive peace treaty.

This benevolent American disposition was all the more important as the other European powers still retained a much more hostile attitude towards Italy, as became clear during the peace conference in Paris. France, the United Kingdom, and the Soviet Union sought to extract concessions from a defeated Italy and to keep it in a state of prostration. At the plenary session of the peace conference in the summer of 1946, US Secretary of State James Byrnes gave a tangible sign of America's more friendly disposition by being the only foreign secretary to shake hands with the visibly troubled and painfully isolated Italian prime minister, Alcide De Gasperi.

Aside from this unique inclination to support Italy's rehabilitation, a number of other factors combined to make Washington the key point of reference for post-war Italian foreign policy. The United States emerged from the war as the wealthiest country on the planet by far, and very early on, Italy came to perceive US support as indispensable to Italy's economic recovery. As early as 1944, Prime Minister Ivanoe Bonomi had dispatched a delegation, led by the bankers Quinto Quintieri and Raffaele Mattioli, to the United States to explore how Italy might benefit from US economic support.<sup>4</sup> However, it took several years for US help to materialise, first through United Nations Relief and Rehabilitation Assistance, then with a major loan from the Export-Import Bank in January 1947, and finally with the enactment by the US Congress of the European Recovery Program, more commonly known

<sup>3</sup> Ennio Di Nolfo, "The United States and Italian Communism, 1942-1946. From World War II to the Cold War", in *The Journal of Italian History*, Vol. 1, No. 1 (1978), p. 74-94; Ennio Di Nolfo, "Stati Uniti e Italia tra la Seconda guerra mondiale e il sorgere della Guerra fredda", in *Italia e Stati Uniti dall'indipendenza americana a oggi (1776-1976). Atti del 1. Congresso internazionale di storia americana*, Genova, 26-29 maggio 1976, Genova, Tilgher, 1978, p. 123-135.

<sup>4</sup> On the Quintieri-Mattioli mission, see Egidio Ortona, *Anni d'America, Vol. I: La ricostruzione, 1944-1951*, Bologna, Il Mulino, 1984; Ilaria Tremolada, "The mission": Quintieri e Mattioli negli Stati Uniti per l'Italia (1944-1945)", in *Eunomia*, Vol. 4, No. 1 (2015), p. 117-144, <https://doi.org/10.1285/i22808949a4n1p117>.

as the Marshall Plan. The onset of the Cold War played a major role in promoting US economic assistance, which became a crucial tool to stabilise the Italian (and wider European) economy and society. Even after the critical phase of post-war reconstruction, the reliance on US economic assistance continued in more subtle ways, from American financial support for a joint military initiatives to subsidies to Italian political parties that continued until the late 1960s.

This leads to the second crucial factor in explaining the Italian interest in forging a strong bond with Washington: anti-communism. As the confrontation with the Soviet Union became the highest priority of US foreign policy, the strength of the Italian Communist Party (PCI) inevitably drew increasing attention from the Truman Administration, which redoubled its efforts to strengthen the more moderate political parties and prevent a communist takeover of the Italian government. The notorious – and effective – intervention by the Central Intelligence Agency in the Italian political elections of 1948 in support of anti-communist forces became the first of many covert operations that US intelligence would carry out to ensure favourable political outcomes in a large number of countries.<sup>5</sup> The moderate Italian coalitions run by the Christian Democratic party (DC) were keen to exploit this American concern to extract as many concessions as possible, from economic assistance to support for Italy's foreign policy goals. Rome and Washington did not always agree on the best possible tactics to handle Italy's communist problem, but their shared ideological orientation gave Italy's non-communist leadership a relatively strong hand in dealing with the US government.

Finally, it must be emphasised that from an Italian perspective, the establishment of a hegemonic US presence in Western Europe added another crucial factor in explaining the importance and the duration of the alignment between Rome and Washington. The creation of a US-led Western bloc had the consequence of placing *all* Western European countries – winners and losers alike – in a similar state of dependence on Washington. Under the tight rules of a bipolar world run by Washington and Moscow, there would be no room for a renewal of the struggle for supremacy in Europe among the other European countries – a game that Italy had played and lost with disastrous results. This was perhaps the single most significant contribution that US foreign policy offered to post-war Italy – the creation of a stable international environment based as much as possible on multilateral (albeit asymmetric) frameworks. While the Atlantic space was not an impeccably liberal rules-based order, it did offer Italian foreign policy a framework in which, first, intra-European rivalries would be muted and eventually replaced by the gradual emergence of a process of Western European cooperation (systematically prodded by the Truman administration) and, second, a number of multilateral institutions and organisations could be created and thrive.

<sup>5</sup> Kaeten Mistry, *The United States, Italy and the Origins of Cold War. Waging Political Warfare, 1945–1950*, Cambridge, Cambridge University Press, 2014.



The combination of all these factors, that came into play with the intensification of the Cold War eventually forged a bond that remained central to Italian foreign policy for the next forty years. The United States became simultaneously the supreme guarantor against any Soviet threat, the counterweight against the other resentful – if not outright hostile – Western European powers, and the central pillar of Western multilateralism. The United States was also a major force in Italy's domestic arena, supporting the (re)creation of a market economy and a pluralist democratic political system. No other country could play all these roles at the same time, and no other country could offer Italy such a swift rehabilitation process. By signing the North Atlantic Treaty in April 1949 (which later evolved into the North Atlantic Treaty Organisation, or NATO), Italy turned from a defeated country humiliated by a punitive peace treaty to an ally of its erstwhile enemies – and all this in little more than two years. The centrality of the relationship helps explain why, whenever there were any tensions between the United States and its Western European allies, Italy at first tries its best to mediate between them but, if push comes to shove, it inevitably chooses Washington over Paris. It repeatedly did so throughout the Cold War – most notably during the 1956 Suez crisis and at the time of the repeated Gaullist challenges to the Atlantic alliance in 1963 and 1966.

The Cold War relationship between Rome and Washington, however, should not be seen as one in which Rome obsequiously followed the more or less benevolent hegemon from across the Atlantic. It was a dialectical relationship in which Italy constantly probed the limits of its autonomy, tried to expand its room for manoeuvre, and strove to bend Washington's foreign policy to accommodate its own designs.<sup>6</sup> Inevitably, this led to a number of misunderstandings, frustrations, and tensions, particularly in the Mediterranean and in the Middle East, the region where Italy was keenest to extend its economic influence, sometimes running afoul of US projects there.<sup>7</sup> More disputes would follow at the time of the signing and ratification of the Nuclear Non-Proliferation Treaty, as the Italian diplomatic establishment perceived the agreement as a humiliating imposition that would forever freeze Italy (and other European countries) in a position of subalternity to the great powers.<sup>8</sup> In the 1980s, the different perspectives on how to deal with Middle Eastern issues degenerated into a serious crisis that, for a few tense moments, even risked turning into a confrontation between the Italian Carabinieri and the US Delta Force over the fate of a group of Palestinian militants who had hijacked the Italian cruiser Achille Lauro. It was the most serious dispute between

<sup>6</sup> For a similar view of Italy's foreign policy during the Cold War, see Ennio Di Nolfo, "La politica estera italiana negli anni ottanta. Relazione introduttiva", in Ennio Di Nolfo (ed.), *La politica estera italiana negli anni ottanta*, Manduria, Lacaita, 2003, p. 7.

<sup>7</sup> Alessandro Brogi, *L'Italia e l'egemonia americana nel Mediterraneo*, Scandicci, La nuova Italia, 1996.

<sup>8</sup> Leopoldo Nuti, "A Turning Point in Postwar Foreign Policy. Italy and the NPT Negotiations, 1967–1969", in Roland Popp, Liviu Horovitz and Andreas Wegner, (eds), *Negotiating the Nuclear Non-Proliferation Treaty. Origins of the Nuclear Order*, London/New York, Routledge, 2017, p. 75–96; Leopoldo Nuti, "Italy as a Hedging State? The Problematic Ratification of the Nonproliferation Treaty", in Joseph F. Pilat (ed.), *Nuclear Latency and Hedging: Concepts, History and Issues*, Washington, Wilson Center Press, 2019, p. 119–154, <https://www.wilsoncenter.org/book/nuclear-latency-and-hedging-concepts-history-and-issues>.



the two countries in the history of their post-war relationship, but perhaps what really matters is not that it happened but that it was contained and – above all – that any serious negative repercussions were avoided.<sup>9</sup> Bilateral relations were so important for both countries that neither wanted to jeopardise them any further.

The same can be said of the repeated clashes over how to deal with Italy's internal problems. The integration into the Western bloc generated an internal rift between the DC-led De Gasperi government and the communist and socialist left, which only began to heal in the early 1960s, but which also persisted, in a more subdued form, well into the 1970s. Washington and Rome almost always shared the same goals – generating economic growth in Italy and preventing the PCI from gaining a foothold in the government – but they often disagreed how best they could achieve that. Washington did exert a remarkable amount of influence over Italian politics, and it had no qualms about using a vast array of resources, from covert operations, which included secret funding for Italian political parties, to public diplomacy and cultural initiatives.

In this context, it was very rare for Italian politicians to dare to openly contradict the positions of the US government. Yet, at the same time, the solutions that the Italian political forces envisaged for their own country's internal dilemmas sometimes clashed with those that the United States preferred or encouraged them to adopt. Even in the 1950s, when the US sway in Italy was at its strongest and the US ambassador in Rome exerted a formidable influence on Italian politics, there were times when the Italian government refused to follow US suggestions on how best to curtail the power of the PCI. And throughout the long crisis of the 1970s, when a significant part of the DC was inclined to explore possible paths of cooperation with the communist party as a way out of the country's economic and social predicaments, the United States firmly opposed any such idea. Preventing the PCI from extending its influence over the Italian domestic system remained a matter of concern in Washington almost all the way to the end of the Cold War.

## 2. After the Cold War: A strong but no longer special relationship

The strongest rationale for the special US-Italian relationship, namely Italy's position as a "frontier" country in the East-West conflict (both internally and internationally), rapidly disappeared by the end of the 1980s. The gradual disintegration of the Warsaw Pact and the eventual dissolution of the Soviet Union marked a major turning point in the history of the international system. With the Soviet Union changing at break-neck speed under the leadership of Mikhail Gorbachev (1985–91), the PCI belatedly chose a new course and was no longer perceived as a latent threat to Italy's Western alignment. More importantly,

<sup>9</sup> Matteo Gerlini, *Il dirottamento dell'Achille Lauro e i suoi inattesi e sorprendenti risvolti*, Milan, Mondadori Education, 2016.

Washington quickly lost interest in Italian domestic politics. Suddenly, anti-communism was no longer a central part of the equation. The key consequence was that the United States stood aside and watched as the Italian political system began to unravel under a series of criminal investigations that disclosed the murky sources of financing of the Italian political parties. In the new post-Cold War world, the United States no longer had any particular interest in the stability of Italian political forces. If corruption was publicly revealed, eventually leading to the downfall of the Republican party system, so be it.

The disappearance of one of the central elements of the relationship, however, did not imply its demise. Both countries retained an interest in preserving a close alignment at a time of major, unpredictable changes in the international system – even if there were instances when, as in the past, they did not always see eye to eye. In 1990–91, for example, the Italian government was hesitant to support the US determination to use force to reverse the invasion of Kuwait by Saddam Hussein's Iraq. Italy repeatedly supported efforts to prevent a military confrontation. In the end, however, Italy did participate in the combat operations with eight Tornado aircraft and a naval group in the US-led coalition that against Iraq in 1991.<sup>10</sup>

A similar inclination to retain a strong connection with the United States was seen in the Maastricht negotiations for the transformation of the old European Economic Community into the European Union. As the debate moved towards the creation of a common foreign and security policy for the Union, a sharp contrast emerged between two significantly different visions – one supporting a more autonomous European foreign policy and another insisting that NATO remain at the centre of any future architecture of European security. Unsurprisingly, Italy tried to mediate between the two options, but after the George H.W. Bush Administration (1989–92) made clear its dislike of the first alternative, it quickly joined the United Kingdom in issuing a declaration that restated the two countries' strong interest in preserving NATO as the key European security organisation. As in the past, Italy expressed a preference for an integrated Europe closely aligned with the United States.<sup>11</sup>

Interestingly enough, this close alignment became the core of an increasingly bipartisan foreign policy, as none of the new Italian political forces that emerged from the collapse of the old party system believed that there would be any benefit to hostility towards the United States. On the contrary, alignment with Washington was central to both the centre-right coalition led by tycoon-turned-politician Silvio Berlusconi and the new centre-left coalition led by Romano Prodi. They wanted

<sup>10</sup> Antonio Varsori, *L'Italia e la fine della guerra fredda. La politica estera dei governi Andreotti (1989-1992)*, Bologna, Il Mulino, 2013; Luca Riccardi, *L'ultima politica estera. L'Italia e il Medio Oriente alla fine della prima repubblica*, Soveria Mannelli, Rubbettino, 2014.

<sup>11</sup> On the Dobbins demarche, see Kori Schake, "Nato after the Cold War, 1991–1995: Institutional Competition and the Collapse of the French Alternative", in *Contemporary European History*, Vol. 7, No. 3 (1998), p. 379–407. On the Italian reactions, Leopoldo Nuti, "Italy, German Unification and the End of the Cold War", in Frédéric Bozo et al. (eds), *Europe and the End of the Cold War. A Reappraisal*, London/New York, Routledge, 2008, p. 191–203.

the only remaining superpower to see them as legitimate interlocutors.

Berlusconi, throughout his multiple tenures as prime minister (1994–95, 2001–06, and 2008–11), made Atlanticism one of the hallmarks of his governments. The most glaring example was the ostentatious support for the controversial decision in 2003 by US President George W. Bush (2001–08) to invade Iraq.<sup>12</sup> While more intellectually and emotionally attuned to European integration, the post-Cold War centre-left Italian governments also displayed a similar interest in maintaining a close relationship with Washington. During the tensions that accompanied the Kosovo war in 1999, the government led by Massimo D'Alema (1998–2000) tried to balance the anti-war inclinations of its left-wing constituencies with the need to reassure the United States and other NATO allies of Italy's reliability. An Italian government led by a former PCI member could still be a trustworthy member of the Atlantic alliance – and indeed Italy played a crucial role in the military operations by providing the central logistical bases for the air campaign.<sup>13</sup> Thus, for both the left and the right, Washington remained the lodestar of Italian foreign policy, and a bipartisan consensus on the importance of this relationship took root. The most conspicuous difference was that the centre-left governments attached an equal importance to the construction of Europe, which Berlusconi viewed far less enthusiastically.<sup>14</sup>

As the US invasion of Iraq quickly morphed into a protracted insurgency, criticisms of US foreign policy grew in Italy, although Italian administrations continued to follow the parameters of the traditional alignment.<sup>15</sup> However, the warmth of the bilateral relationship increasingly reflected domestic trends in both countries, a dynamic that had been secondary (but not altogether insignificant) during the Cold War. Centre-left governments in Italy were more at ease with Democratic administrations in the United States, and Italian centre-right coalitions were more comfortable with Republicans. Even so, the second Prodi government (2006–08) could cooperate with the Bush Administration. When, in 2006, the Prodi coalition had to decide whether to continue participating in the NATO mission in Afghanistan, the Parliament voted in favour of doing so.<sup>16</sup> Similarly, despite a few awkward moments, the last Berlusconi government (2008–11) cultivated a good relationship with US President Barack Obama (2009–17). It is worth noting, however, that the US Administration increased reliance on Italian President Giorgio

<sup>12</sup> Emidio Diodato and Federico Niglia, *Berlusconi 'The Diplomat'. Populism and Foreign Policy in Italy*, Cham, Palgrave Macmillan, 2019, p. 115–120.

<sup>13</sup> Osvaldo Croci, "Forced Ally? Italy and 'Operation Allied Force'", in *Italian Politics*, Vol. 15 (2020), p. 33–50, <https://doi.org/10.3167/ip.2000.150105>.

<sup>14</sup> Emidio Diodato and Federico Niglia, *Berlusconi 'The Diplomat'*, cit., in particular chapter 6, "Italy and the EU in the Berlusconi Government", p. 143–268.

<sup>15</sup> "Bipartisanship started to leave the ground to politicization". Emidio Diodato and Federico Niglia, *Berlusconi 'The Diplomat'*, cit., p. 116.

<sup>16</sup> Jason W. Davidson, "Italy and the U.S.: Prestige, Peace and the Transatlantic Balance", in Maurizio Carbone (ed.), *Italy in the Post-Cold War Order. Adaptation, Bipartisanship, Visibility*, Lanham, Lexington Books, 2011, p. 143–160 at p. 153–154.

Napolitano to make sure that the country fell in line with policies set at the EU and NATO level, as was the case during the eurozone crisis of 2010–12 (which led to the downfall of Berlusconi) and NATO's intervention in the Libyan civil war in 2011 to support the rebellion against long-time autocratic ruler Muammar Qaddafi.<sup>17</sup>

As domestic politics have become increasingly polarised both in the United States and Italy – and indeed across the whole Western world – a new trend has emerged. The global financial crisis of 2008 and the failure of the American military adventures in the Middle East have eroded the foundations for a common vision of the international order. The largely bipartisan consensus has been at least partially replaced by the search for transnational alignments between US and Italian political parties promoting widely competing visions of what the international system should look like.

This trend was particularly evident during the presidency of Donald Trump (2017–20), who made no secret of his scorn for past US policies, both domestic and international. His provocative, unorthodox views pushed to the forefront of the US political scene a number of controversial figures who often attracted the attention of Italian politicians. For example, Trump's (short-lived) chief strategist and unofficial ideologue Steve Bannon, a right-wing firebrand, and the secretaries of Italy's right-wing parties, the League's Matteo Salvini and Fratelli d'Italia's Giorgia Meloni shared a strong intellectual proximity.<sup>18</sup> These links were particularly close during the short-lived period in which Italy was run by an unorthodox coalition between the League and the anti-establishment Five Star Movement (2018–19). Bannon even tried to turn the sixth-century abbey of Trisulti (not far from Rome) into the headquarters of the ultra-conservative Dignitatis Humanae Institute think tank.<sup>19</sup> A number of political figures in both governments openly floated very unusual ideas about restructuring the international order and the need to rethink the nature of national interests – ideas that, a few months earlier, would have been regarded as little more than bizarre ramblings by people on the fringes of the political establishment. What transpired during the Trump Administration was a potential transatlantic realignment along very different lines than those on which the relationship had been based for the previous seventy years.

The end of the Trump presidency and new government coalitions in Italy brought about a (possibly temporary) return to the traditional paradigms of Atlanticism,

<sup>17</sup> Giuseppe De Vergottini, "La gestione della sicurezza internazionale: un correttivo presidenziale", in *Rivista AIC*, No. 1/2012, particularly p. 15-16, <https://www.rivistaaic.it/it/rivista/ultimi-contributi-pubblicati/giuseppe-de-vergottini/la-gestione-della-sicurezza-internazionale-un-correttivo-presidenziale>.

<sup>18</sup> Giada Giorgi, "'Brother Salvini' ma non solo: gli amici italiani di Steve Bannon", in *Open*, 20 August 2020, <https://www.open.online/2020/08/20/steve-bannon-amici-italiani-salvini-meloni>.

<sup>19</sup> Tom Kingston, "Italy Throws Steve Bannon Out of Populist Academy", in *The Times*, 1 June 2019, <https://www.thetimes.co.uk/article/italy-throws-steve-bannon-out-of-populist-academy-68x7gg286>. For the Institute, see Dignitatis Humanae Institute, *Abbey of 6th Century Marian Apparition Now Under DHI Management*, 14 February 2018, <http://www.dignitashumanae.com/?p=4943>.



and both US President Joe Biden and Italian Prime Minister Mario Draghi have consistently presented their administrations as a return to normality. Nationalist forces and their attempts to redesign the foreign policies of both countries have been marginalised, but it is not clear how long this phase can last. It is far from certain whether the Biden Administration can win a second term. Perhaps more importantly, it is also uncertain whether Biden, even if re-elected, can resurrect the role of the United States as the central pillar of the international order while trying to adapt to a number of systemic shifts. Nor do we know what will happen in the notoriously unpredictable Italian political system when the current legislature's term ends in 2023.

### Conclusions

Both in Italy and the United States the notion of a rule-based international system, a historical feature of the US-Italian relationship, is increasingly perceived by political forces (especially on the right) as a *partisan vision*, to be countered with an alternative, more nationalistic one. It is hard to tell whether the transatlantic bond can survive the widespread rise of populist movements in the West, and whether current developments represent a different challenge from the ones that the US-European alliance has managed to survive in the past. Optimists point out that the history of the transatlantic alliance is the history of its crises, and that US-European relations have weathered – and overcome – a number of serious disputes, always emerging stronger than before. From this perspective, the current state of transatlantic unease is not any different from previous ones. Pessimists, on the other hand, stress the cumulative impact of a sequence of parallel tensions, including the socioeconomic consequences of the 2008 financial crisis; the emergence of several key challengers to the US-based international system, from China to Russia; and the transformation of domestic politics across the West. It is the sum of all these long-term processes, pessimists argue, that creates a “perfect storm” for the transatlantic relationship, potentially making this crisis qualitatively different from all the previous ones. After all, in history, institutions and structures seem permanent until, all of a sudden, they break down.<sup>20</sup> As the international system is moving in a new, more complex and uncertain direction, US-Italian relations remain strong, but they could also be powerfully affected by some of the tectonic shifts currently underway.

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<sup>20</sup> The debate in the scholarly literature is wide open. On the pessimist side, see Gordon Friedrichs, Sebastian Harnisch and Cameron G. Thies (eds), *The Politics of Resilience and Transatlantic Order. Enduring Crisis?*, London/New York, Routledge, 2019; Marianne Riddervold and Akasemi Newsome, “Transatlantic Relations in Times of Uncertainty: Crises and EU-US Relations”, in *Journal of European Integration*, Vol. 40, No. 5 (2018), p. 505-521, <https://doi.org/10.1080/07036337.2018.1488839>. A much more optimistic appraisal in Jussi M. Hanhimäki, *Pax Transatlantica. America and Europe in the Post-Cold War Era*, Oxford, Oxford University Press, 2021.



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