VANVITELLI ROUNDTABLE/BUISNESS FORUM – FIFTH EDITION

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Federico Castiglioni, Istituto Affari Internazionali

Introduction

On Tuesday, April 8 at 2:45 PM, the Royal Palace of Caserta hosted the ministerial session and business forum of the fifth Vanvitelli/Van Wittel Roundtable, organized by the Institute of International Affairs (IAI) and the Clingendael Institute, in collaboration with the Ministries of Foreign Affairs and diplomatic missions of Italy and the Netherlands. The session featured the participation of Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation Antonio Tajani and Dutch Minister of Foreign Affairs Caspar Veldkamp as keynote speakers. The opening of the Business Forum established a framework for understanding the strategic partnership between Italy and the Netherlands within the broader context of European resilience. The discussion centered on three core dimensions: historical and cultural synergies, economic interdependencies, and policy recommendations for enhancing EU competitiveness. The day was organized in two roundtables. The first one, titled *Digital innovation in industry and agriculture*, focused on the entanglement between digitalization and agricultural production, which is recognized as a pressing issue for both economies. The second panel, named *Security and cyber dimension: a global approach,* devoted attention to the security challenges that Italy and the Netherlands are increasingly finding in their path.

The Buisness Forum was opened by the initial remarks of Fabrizio Lo Basso, Deputy Director General for the Promotion of Italy and Principal Director for Economic Internationalization; Michiel Sweers, Director General for Foreign Economic Relations of the Kingdom of the Netherlands; and Nicola Verola, Director General for Europe and International Trade Policy. Fabrizio Lobasso's remarks emphasized the longstanding cultural and economic ties between Italy and the Netherlands, underlining their shared traditions in trade, arts, and innovation. The two countries have historically functioned as commercial and intellectual hubs, with Venice and Amsterdam serving as nodal points in European networks. This historical foundation underpins contemporary cooperation in sectors such as agro-industry, semiconductor manufacturing, and sustainable development. The Milan-Rotterdam partnership was cited as a practical example of bilateral collaboration addressing shared challenges in urban sustainability and logistics.

The same attention to the historical-economic nexus was underscored by Minister Michiel Sweers, who provided an analysis of current economic linkages between Rome and Amsterdam and highlighted how the European dimension remains foundational for the prosperity and identity of both countries. Notwithstanding, the minister identified structural vulnerabilities that the following panels would have addressed, particularly in supply chain security and regulatory efficiency. His proposed strategy focused on maintaining open trade relations while reducing external dependencies in critical sectors, addressing the current tension between

market openness and European strategic autonomy, particularly in semiconductor supply chains and defense industrial capabilities. Lastly, Nicola Verola expanded on competitiveness challenges, referencing recent assessments in the Draghi and Letta reports. His intervention highlighted three critical obstacles: regulatory fragmentation, underdeveloped capital markets, and misaligned industrial policies. The analysis suggested that current EU approaches to green transition policies may inadvertently disadvantage European industries through premature technological mandates. Verola advocated for a recalibration of environmental regulations to account for industrial competitiveness, proposing technological neutrality as a guiding principle for policy formulation.

1. *Digital, innovation and agriculture*

The economic partnership between Italy and the Netherlands represents a critical axis within the European Union's internal market, characterized by both complementary strengths and shared vulnerabilities. Trade flows between the two nations consistently exceed €40 billion annually, with Italian machinery exports to the Netherlands balancing Dutch agricultural technology imports. This exchange creates mutual economic benefits but also exposes both economies to common external pressures that endanger strategic autonomy. The semiconductor sector exemplifies these challenges, as industry data reveals that over 90% of Europe's semiconductor supply originates outside the EU, primarily from Asian manufacturers. This dependence creates systemic risks that reverberate through both nations' industrial bases. The automotive sector provides a telling case study; production slowdowns in Turin's manufacturing plants frequently mirror disruptions in Eindhoven's high-tech hubs, with both tracing back to component shortages in Taiwanese fabrication plants.

Regulatory divergence compounds these supply chain vulnerabilities, imposing measurable costs on cross-border commerce. Comparative studies indicate that Italo-Dutch business operations face 7-12% higher compliance costs than equivalent domestic transactions. The chemical manufacturing sector demonstrates these consequences clearly, where identical production processes must navigate different environmental standards and safety protocols on either side of the Alps. This regulatory patchwork forces companies to maintain parallel compliance systems, reducing overall efficiency. Financial market fragmentation presents another structural barrier to deeper integration. The Netherlands' venture capital ecosystem provides €285 per capita in startup funding compared to Italy's €98, reflecting fundamentally different financial architectures. While Amsterdam has cultivated a robust network of institutional investors and fintech solutions, Milan's traditional banking system struggles to provide comparable risk capital. This disparity manifests clearly in the biotech sector, where Dutch startups complete funding rounds three times faster than Italian counterparts.

The translation of these economic realities into effective policy requires confronting complex implementation challenges. Italy's experience with Next Generation EU (PNRR) illustrates these difficulties, with current data showing only 42% absorption of allocated EU funds (as of April 2025). Major industrial projects face eighteen-month approval timelines on average, delayed by overlapping bureaucratic requirements. The energy sector particularly suffers from this fragmentation, with twenty-three separate regulatory regimes affecting cross-border infrastructure projects. In comparison, Netherlands has achieved 83% digitalization of allowance procedures, enabling eleven-week decision timelines for comparable industrial investments. This streamlined approach incorporates integrated impact assessments that simultaneously evaluate economic, environmental and social factors. The port of Rotterdam's expansion projects demonstrates this efficiency, where coordinated permitting shaved two years off typical development timelines. The smaller Next Generation EU allocations received by the Netherlands, translated in lesser administrative hurdles, explains only partially this success. As far as trade is concerned, the economic partnership between Italy and the Netherlands represents a critical axis within the European Union's internal market, characterized by both complementary strengths and shared vulnerabilities. Trade flows between the two nations consistently

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The semiconductor sector exemplifies these challenges with particular clarity. Industry data reveals that over 90% of Europe's semiconductor supply originates outside the EU, primarily from Asian manufacturers. This dependence creates systemic risks that reverberate through both nations' industrial bases. The automotive sector provides a telling case study: production slowdowns in Turin's manufacturing plants frequently mirror disruptions in Eindhoven's high-tech hubs, with both tracing back to component shortages in Taiwanese fabrication plants. Regulatory divergence compounds these supply chain vulnerabilities, imposing measurable costs on cross-border commerce. Comparative studies indicate that Italo-Dutch business operations face 7-12% higher compliance costs than equivalent domestic transactions. The chemical manufacturing sector demonstrates these consequences clearly, where identical production processes must navigate different environmental standards and safety protocols. This regulatory patchwork forces companies to maintain parallel compliance systems, reducing overall efficiency.

The Netherlands' leadership in semiconductor equipment manufacturing presents a paradox: while Dutch firms produce 28% of global semiconductor manufacturing equipment, they remain dependent on foreign suppliers for 67% of advanced components. This duality underscores the broader tension between specialization and self-sufficiency in high-tech industries. The European response to these shared challenged through the Critical Raw Materials Act demonstrates a structured approach to reducing external dependencies, with targets for domestic sourcing (15%), EU processing capacity (40%), and recycling rates (25%). However, implementation in both countries are slow. In Italy, particularly, the process faces significant difficulties, including limited rare earth deposits in Piedmont and bureaucratic delays averaging 22 months for environmental approvals on recycling facilities in Naples. These obstacles highlight the gap between strategic ambitions and practical execution. Against this backdrop, is it clear how digital transformation and agricultural modernization are today entangled. The Dutch advancements in semiconductors and digital technologies are moving agricultural productivity forward. Dutch precision farming systems showcase remarkable efficiency gains, with automated dairy operations achieving 17% higher yields alongside 23% lower input costs. Yet, these advancements rely on data infrastructure that 68% of Italian smallholdings currently lack. Pilot projects in Emilia-Romagna demonstrate possible solutions, but adoption remains slow due to 42% higher upfront costs compared to traditional equipment. The challenges extend to Italy's agritech manufacturing sector, where robotics producers face 9-14 month lead times for essential semiconductor components, which is far longer than the 3-4 month wait times for Asian competitors. This bottleneck has tangible consequences, as seen with Bologna-based AgriBot, which lost 32% of its market share to Korean rivals due to delivery delays.

The policy response to these challenges centers on institutional innovation and cross-border collaboration. The proposal for bilateral agritech hubs may draw lessons from successful German-Dutch renewable energy partnerships, adapting them to Mediterranean agricultural contexts. These hubs would feature shared testing facilities (reducing capital costs by 35-40%), streamlined certification protocols (cutting approval times by half), and integrated data platforms. Projections suggest they could boost Italian-Dutch agricultural technology trade by €1.2-1.8 billion annually within five years. Meanwhile, debates over Common Agricultural Policy (CAP) reforms reveal deeper tensions between environmental and productivity goals. Current subsidy structures allocate 42% of funds to environmental measures but only 15% to technological modernization. Negotiations are pushing for a rebalance, with proposals to increase tech adoption incentives to 25% while maintaining 35% for environmental commitments; a delicate compromise reflecting broader EU debates on sustainability. In the dialogue, an expected area of synergy emerged at the intersection of semiconductor and new technologies. Advanced packaging methods originally developed for microchips are now being adapted for agricultural sensor networks, with Dutch-Italian research teams achieving 40% reductions in

power consumption during field trials. These innovations could make precision farming more accessible to smaller Italian farms, potentially bridging the technology adoption gap. The session concluded with concrete action items, including the establishment of a bilateral semiconductor procurement consortium by mid-2025, harmonized drone regulations for agricultural use by the end of 2024, and a €750 million joint investment fund for agritech startups. Quarterly ministerial reviews may track progress, ensuring these measures translate into tangible competitive advantages.

2. *Security and cyber dimension: a global approach*

The contemporary European security landscape presents an unprecedented convergence of challenges that demand nothing less than a fundamental reconfiguration of strategic priorities and institutional architectures. As global power realigns, Europe finds itself navigating a perfect storm of technological disruption, geopolitical upheaval, and systemic vulnerabilities that cut across traditional boundaries between civilian and military domains. The discussions revealed a security ecosystem under mounting stress, mostly due, once again, to semiconductors. In fact, semiconductor shortages can simultaneously paralyze civilian production lines and weapons systems, where cyber intrusions achieve strategic effects once reserved for kinetic attacks, and where industrial policy has become inextricably intertwined with national survival. At the core of such Italian, Dutch and Europe predicament lies a paradox of fragmentation that undermines its collective security posture. While threats grow increasingly complex and interconnected, security responses remain divided along national lines, creating dangerous capability gaps and staggering inefficiencies. The emblematic case of eighteen parallel helicopter programs across EU member states (compared to America's three unified platforms) exemplifies this dysfunction, representing an annual drain of €4 billion in duplicative development and maintenance costs. The fragmentation extends beyond defense procurement to encompass diverse regulatory regimes, incompatible technical standards, and competing national requirements that collectively hamper Europe's ability to leverage its considerable economic weight as strategic advantage.

The cybersecurity domain has emerged as perhaps the most dynamic and consequential battleground, where traditional concepts of deterrence and defense are being rewritten in real time. European critical infrastructure now defies approximately 2300 significant cyberattacks monthly, with operational technology networks in energy and transportation systems proving particularly vulnerable targets. The fundamental asymmetry of digital conflict is a challenge, since securing every potential entry point cost ten times more than developing offensive capabilities. This challenge is exponentially compounded by the growing convergence of information and operational technologies, creating system complexities that defy conventional paradigms and demand fundamentally new approaches to resilience.

In this regard, the discussions underlined several critical pathways for strengthening European security. The artificial separation between civil and defense industrial bases must give way to more fluid, innovation-driven ecosystems that recognize the blurred lines between commercial and military technologies. The semiconductor sector exemplifies this imperative; once viewed through a purely economic lens, these components now form the central nervous system of both civilian infrastructure and advanced weapons systems. Europe's alarming 92% dependence on foreign suppliers for critical components represents an unacceptable strategic vulnerability that spans commercial and defense applications. A possible Italo-Dutch procurement may offer a promising model for how medium-sized European powers can pool resources to secure supply chains while fostering indigenous innovation capacity. Even current approaches to cybersecurity remain dangerously reactive and fragmented. While the Cyber Resilience Act provides an important regulatory foundation, Europe must complement these standards with dynamic, intelligence-driven defense mechanisms that anticipate rather than simply respond to threats.

Emerging solutions like hybrid digital twins—virtual replicas of physical systems enabling real-time threat modeling and vulnerability assessment—could revolutionize cyber defense paradigms. Similarly, the proposed €3 billion EU Cyber Defense Fund must prioritize next-generation capabilities including quantum encryption and AI-driven behavioral analysis to counter adversaries who increasingly operate below the threshold of detection. The Defense industrial sector presents both the starkest manifestation of Europe's fragmentation problem and perhaps its greatest opportunity for consolidation. The helicopter industry offers a tangible test case, where bilateral cooperation between Italian and Dutch manufacturers could establish a template for broader industrial rationalization. A "pioneer group" approach, may balance the imperative for standardization with political realities of national sovereignty. The success of such initiatives will be demonstrating clear enhancements to both capability and cost-efficiency that can overcome entrenched protectionist instincts. However, no technological solution can compensate for Europe's growing human capital crisis in critical security domains. The cybersecurity workforce, estimated at 300.000 professionals across the continent, demands urgent attention through expanded training pipelines and cross-border certification recognition. Equally pressing is the need to develop a new generation of defense procurement specialists capable of evaluating systems through both national and European strategic lenses.

Underpinning all these efforts must be institutional innovations that enable effective cross-border cooperation while respecting national prerogatives. The proposed quarterly ministerial reviews with public scorecards could inject needed accountability into cooperative initiatives, while new governance mechanisms are required to streamline decision-making for multinational projects. The success of pan-European programs like Galileo Second Generation demonstrates what becomes possible when political will aligns with technical expertise through appropriate institutional channels. The private sector's role in addressing these challenges emerged as a recurring theme throughout the discussions. Industry representatives highlighted how rapid digital transformation has exponentially expanded attack surfaces, particularly in operational technology networks underpinning energy and transportation systems. While 66% of European firms recognize artificial intelligence as crucial for cybersecurity, only 37% have deployed AI-driven defense solutions—an implementation gap stemming from both technical hurdles like legacy system incompatibility and regulatory fragmentation across member states. The Cyber Resilience Act's attempt to standardize security requirements faces resistance from manufacturers confronting €8-12 billion in estimated compliance costs, underscoring the need for balanced approaches that enhance security without stifling innovation.

The space domain has emerged as another critical frontier in the resilience debate, with modern economies becoming increasingly dependent on satellite infrastructure. Current estimates suggest 75% of military communications and 90% of financial transaction in Europe rely on space-based systems, creating vulnerabilities that adversaries are increasingly positioned to exploit. Initiatives like the Campania Aerospace District's quantum encryption prototypes point toward potential solutions, but chronic underinvestment remains a systemic obstacle. While U.S. space defense budgets grow at 15% annually, European allocations have managed only 4% increases since 2020, leaving critical capabilities underdeveloped. Concrete outcomes from the discussions included several landmark commitments: establishment of an EU Cyber Defense Fund with €3 billion initial capitalization; acceleration of satellite security programs through the Galileo Second Generation initiative; harmonization of defense procurement rules by 2026. These measures aim to address both immediate vulnerabilities and long-term strategic requirements, though their ultimate success will depend on sustained political commitment and private sector engagement.

The challenges confronting Europe are undeniably formidable, but the cost of inaction—a fragmented continent struggling to maintain relevance in an increasingly contested world order—is existential. As the United States accelerates its defense innovation pipeline and geopolitical tensions reshape global alliances, Europe cannot afford incremental half-measures. The emerging partnership between Italy and the Netherlands, combining Dutch technological prowess with Italian industrial depth, offers an example of what broader European cooperation might achieve at scale.

3. Reccomandations

The ministers Tajani and Veldkamp were the receipients for the policy reccomandations delivered during the Vanvitelli fifth edition – Buisness Forum. Minister Tajani took the floor, underlining how the US tariffs may endanger both Italian and Dutch economies. As a consequence, Rome and Amsterdam should improve competitiveness trough technology and the exploration of new markets, scaling up ambition by working together. This is one of the reasons why the Vanvitelli Dialogue is increasingly attentive to business dynamics and featuring a business forum to involve more structurally civil society. Minister Veldkamp, on his side, recalled the Draghi report and emphasized how meetings like the Vanvitelli are vital to nourish new ideas of intra-EU cooperation with the final goal to enhance competitiveness and technological readiness. Cutting the red tape, be flexible and invest more in innovation are the pillars for a prosperous future, and this this is true across industrial sectors, from agriculture to Defence. The minister mentioned semiconductors as a key field of Italian-Dutch cooperation, as well as Defence manufacturing.

After their speeches, the two ministers were the main recipients for the day's policy recommendations, presented by Nicoletta Pirozzi (IAI) and Rem Korteweg (Clingendael), together Lorenzo Bagnoli (Confindustria); Thomas Grosfeld (Vno-Ncw), Lorenzo Galanti (ICE Agency); and Regina Corradini D'Arienzo (SIMEST). All the recommendations culminated in a clear imperative: Europe must adopt an integrated, actionable strategy to strengthen its economic and technological sovereignty. To this end, a stronger partnership between Italy and the Netherlands is essential. On industrial and technological sovereignty, the establishment of an Italo-Dutch Semiconductor Procurement Consortium by mid-2025 would mark a decisive step toward reducing external dependencies. This initiative must be paired with accelerated permitting for mining and recycling projects. Simultaneously, agri-tech modernization demands immediate attention through the creation of bilateral innovation hubs in Emilia-Romagna and Rotterdam. These hubs would provide small farms with access to shared testing facilities and streamlined certification processes, reducing adoption costs by 35-40%. Complementary reforms to CAP subsidies should rebalance funding to allocate 25% of allocations directly to precision farming tools, while harmonized drone regulations for agricultural use would enable cross-border deployment of automated systems by the end of 2024.

In cybersecurity and defense, operationalizing the EU Cyber Defense Fund with €3 billion in initial capitalization must prioritize AI-driven threat detection and quantum encryption for critical infrastructure. Mandating compliance with the Cyber Resilience Act's standards for all public sector procurement would ensure baseline security protocols for IoT and industrial systems. A joint Italo-Dutch cyber range could serve as a testing ground for large-scale attack simulations, improving response coordination across sectors. Defense industrial policy requires even more radical consolidation: Italo-Dutch collaboration on helicopters and naval rotorcraft offers a logical starting point, supported by "European preference" rules allowing 15% cost premiums for EU-made systems in defense procurement. Expanding NATO's Defense Innovation Accelerator to Italy would further integrate Dutch semiconductor expertise with Italian aerospace capabilities, fostering dual-use technology development.