



# Italian Armed Forces under Pressure

by Valerio Briani

## Abstract

The Italian defence budget is decreasing again. According to an analysis produced by the Istituto Affari Internazionali (IAI), in 2010 Italy will spend around €17,6 billion, or 1.13 percent of GDP, for defence. More worryingly, the budget is seriously unbalanced; personnel costs still gobbles up over 65% of the funds available for the Defence Function, while lack of resources will prevent troops recruiting (thus deepening the unbalance between troops and officers). Funding for the education and training of personnel, and equipment maintenance and support, is also decreasing. If the political and military leadership will not deal with this situation, the country runs the risk of having a military instrument that is unable to perform its duties fully.

**Keywords:** *Italy / Italian defence budget / Italian military policy*

## Italian Armed Forces under Pressure

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The Italian defence budget is on the decrease again: new cuts are expected in 2010 and will further exacerbate the already existing imbalances in the distribution of resources. How long will the armed forces be able to operate effectively, also considering their growing engagement in international missions and operations of public safety at home?

It is not easy to quantify total Italian defence expenditures: the amount can vary considerably, depending on the items considered and the methodology followed. According to the latest government document - *Nota aggiuntiva allo stato di previsione per la Difesa per l'anno 2010* - published by the Ministry of Defence<sup>1</sup>, Italian defence spending for this year will amount to €20.36 billion. But according to the security and defence working team of the Istituto Affari Internazionali (IAI) of Rome, the actual amount of the resources available for defence in 2010 is substantially smaller. In the opinion of the IAI team (see *Economy of Defence: tables and graphs 2010*<sup>2</sup>), Italian defence spending will in fact be limited to €17.6 billion.

### Actual resources...

The definition of “defence spending” used by the IAI experts includes only those expenses which actually produce external security for the country: the so-called “Defence Function”, expenses for the military missions abroad, and investments for armament acquisition and development.

The Defence Function, an item in the *Nota aggiuntiva*, includes all costs related to Armed Forces operation, such as personnel costs, training, acquisition and maintenance of equipment, etc. Items not directly related to operation of the military, such as pensions or services for civil air traffic control, are excluded from the calculation.

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<sup>1</sup> Italian Ministry of Defence, *Nota aggiuntiva allo stato di previsione per la Difesa per l'anno 2010*, March 2010, <http://www.difesa.it/Approfondimenti/Nota-aggiuntiva/>.

<sup>2</sup> Valerio Briani, Alessandro Marrone, Anna Veclani, *Data on Defence Economics and Industry*, Rome, Istituto Affari Internazionali, March 2010, [http://www.iai.it/pdf/Economia\\_difesa/Tabelle-grafici-EN-2010.pdf](http://www.iai.it/pdf/Economia_difesa/Tabelle-grafici-EN-2010.pdf).

The funds allocated for the 2010 defence function amount to €14.2 billion, €60 million less than 2009. This confirms the diminishing trend begun in 2008, when the Defence Function received €15.4 billion.

The amount of €419 million has to be added to include the personnel costs of those Carabinieri units not involved in the field of public security, such as Carabinieri on missions abroad or performing military police tasks.

Regarding Italy's involvement in international missions, Law no. 30 of March 2010<sup>3</sup> has renewed the financing of military missions until June 2010 with an allocation of €706 million. This figure was calculated by stripping Law no. 30 of the costs of civilian missions, contributions to the activities of international organizations and development cooperation. Doubling the appropriations of Law no. 30 to cover all of 2010, the price tag for military missions in 2010 should reach €1.4 billion.

Finally, an estimation of the resources allocated for defence should also include the funding provided by the Ministry for Economic Development (MED) for industrial projects of national concern such as the Eurofighter, FREMM frigates and the Freccia armoured personnel carrier. MED contribution for 2010, based on multi-year loans, amount to just under €1.5 billion.

By adding up these sums, Italy's total defence allocations in 2010 amount to €17.6 billion, or 1.13 percent of GDP. Although lower than those of its main European partners, it still constitute a significant figure.

### **... and how they are spent**

Level of funding aside, a bigger problem seems to stem from resource distribution.

One positive sign is the 10% increase in investment spending compared with 2009, which will allow the country to maintain its commitment in international development programs.

A critical issue, however, is personnel costs. Even though staff spending will decrease to €9.3 billion, €219 million less than last year, this item still gobbles up over 65% of the funds available for the Defence Function, while a balanced allocation of resources would call for personnel costs to account for around 40% of the total. The current bloated figure does not leave enough funds for other items.

Moreover, the reduction in personnel costs for this year is due mostly to the drop in the number of volunteer troops, which will be cut back from over 88,000 to about 80,000 as there are simply no resources available for recruiting. Thus, Italy is getting farther from its goal of establishing a force of 190,000 people (in 2010 it will count around 179,000, down from 188,000 in 2008).

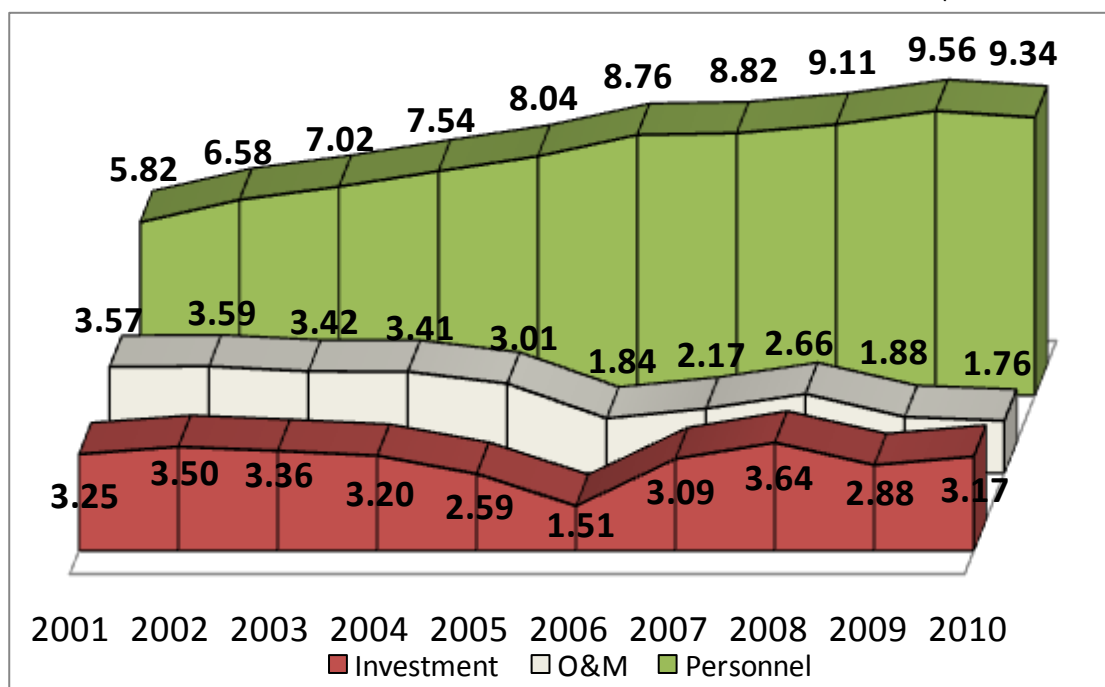
More importantly, the imbalance between troops and officers + petty officers will deepen. Officers, and especially warrant officers, are in excess of actual needs, a left-

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<sup>3</sup> Law No. 30, 5 March 2010, <http://www.parlamento.it/parlam/leggi/10030l.htm>.

over from Italy's large, conscription-based armed forces of the Cold War. If the ratio between officers + petty officers / troops was 1.1 in 2009, in 2010 it has risen to 1.19. This unbalanced force is clearly not conducive to a modern and efficient military force. From the financial point of view, moreover, the release of redundant staff would save around €2.5 billion – a sum that no military can afford to waste.

*Distribution of resources within the Defence Function, 2001-2010 (Billions Euro)*



Source: IAI data on defence economics and the defence industry

Finally, the funding for the education and training of personnel and equipment maintenance and support, is in an even more worrying situation. Already cut by 29% between 2008 and 2009, this item will suffer a further decrease of 6.8% in 2010. With respect to these allocations, the 2010 *Nota Aggiuntiva* affirms that "it is possible to meet, but not in an appropriate way, requirements in key areas of training and education ... in other areas related for example to vehicles and equipment maintenance ... a condition of underfunding remains and could be exacerbated ...".

### A bleak outlook for the future

Italian defence spending is unsatisfactory from both the quantitative and qualitative point of view: in short, Italy spends too little and poorly, so that even the *Nota Aggiuntiva* warns that the armed forces' operational capabilities could be jeopardized. It should be noted that, notwithstanding this dire financial and organizational situation, Italian armed forces are increasingly engaged in international missions and public security operations.

The outlook for the future does not seem positive. The defence minister recently stated

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that he is confident that Defence Function spending can be maintained at the current level, thus dropping the ambition to bring it up to 1.2% of GDP announced at the beginning of his mandate. Therefore, it seems impossible to hope for an improvement in terms of quantity; if all goes well, Italy will maintain the current, insufficient level of expenditure.

From a qualitative point of view, the government does not seem to be planning on introducing the special measures that would be needed to correct the serious imbalance in personnel. This is understandable, as releasing at least 30,000 people from service is going to be a very difficult endeavour. Yet, refusing to deal with the situation could generate even bigger problems. If the political and military leadership do not set it right, the country runs the risk of having a military instrument that is unable to perform its duties fully.

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More specifically, the main research sectors are: European institutions and policies; Italian foreign policy; trends in the global economy and internationalisation processes in Italy; the Mediterranean and the Middle East; defence economy and policy; and transatlantic relations. The IAI puts out an English-language quarterly (The International Spectator), an online webzine (AffariInternazionali), a series of research papers (IAI Quaderni) and an Italian foreign policy yearbook (La politica estera dell'Italia).

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