Building on the Past, Facing the Future. Italian and European Responsibilities in World Affairs

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Table of Contents

Introduction

It seemed appropriate, for a think tank like the Istituto Affari Internazionali (IAI), to celebrate the 50th anniversary of its foundation by writing a reflection paper that looks to the future. So we gave some of our researchers the task of proposing brief critical analyses on four fields of research in which the Institute has traditionally invested its resources: the European Union, transatlantic relations, the Mediterranean and Italy's role in Europe and the world.

Of course, these are not the only topics covered by the IAI in its research work. Over the years, many other subjects and research projects covering much of the sphere of international relations have been added. However, the four sectors on which this paper focuses are in keeping with our Institute's research goals. They have made a decisive contribution to defining its profile both in Italy and at the international level.

The European Union, first of all. For an Institute designed and founded by Altiero Spinelli, its first director, European integration has, since the outset, been the central topic and leitmotif of our research. It is a theme on which we intend to continue developing our analyses of the present and our strategies for the future, with an awareness of the difficulties the EU is experiencing today, both internally and on its borders. The whole world is returning to the old, but never completely abandoned, concept of the "balance of power."

Will the EU be one of the poles/actors of the new equilibria or will it go back to discussing the balance of power within its own borders too? The answer to this question inevitably involves a revisiting of the integration process, where the challenges to be faced are enormous. They range from the primacy of the consensus rule in key spheres such as foreign and defence policy to the apparent renationalisation of policy; from the growing public distrust of the European institutions to the EU's inability to provide adequate responses to the social and economic needs of the population of its 28 Member States.

The scenarios we present here propose different solutions for the future development of the Union: from the minimalist option of "intergovernmental integration" to the functionalist one of "differentiated integration," to a multi-layered concept of integration strongly characterised by a supranational and democratic unified central core. It is vital, therefore, to take as our starting point the economic, political, social and security requirements of a future system of EU

governance where the principal terms of reference must be the government, values and goals of the EU.

Any reflection on the international role of the EU must include a rethinking of its relations with the United States to the west and Russia to the east, from a global perspective that is not multipolar in the strict sense but which constitutes a model/premise for a multi-dimensional multilateral order that includes regional as well as global, economic and security elements. Transatlantic relations are still characterised by an underlying asymmetry, with the US continuing to play a leadership role, albeit with different features with respect to a past in which links with the EU were a priority.

Future scenarios will largely depend, therefore, on the positions that prevail in Washington: in other words, on whether the future administration will continue along the lines drawn out by President Obama or choose a policy approach more focused on power. Europe's response will also depend on the degree of "actorness" that it has managed in the meantime to acquire and on its ability to equip itself with a new global strategy in the light of a consolidation of relations with the US in the NATO context. It will also depend, possibly, on reaching an agreement on the Transatlantic Trade and Investment Partnership (TTIP) that fosters the circulation of goods, services, capital, people and ideas between the two shores of the Atlantic, while safeguarding European standards.

Europe, however, cannot look only to the west. To the east, it must grasp the challenge of deciding on the status of its relations with a Russia that is becoming increasingly removed from western interests and values (European Neighbourhood Policy, Euro-Asian Community, new European security architecture) and with the big rising powers of Asia: India and, above all, China.

The IAI's third major strand of study is the Mediterranean, with respect to which the European Union aims to develop a strategy that takes the complexity of the region into account. Attempts to foster the creation of a regional governance system have failed in the face of worsening political crises, local conflicts and inter-state rivalries.

How can the EU reconstruct regional and sub-regional security architectures? How, acting together, can it manage the crises in the regions on its doorstep to the south and east? What relationships should it establish with the other global and regional actors? In this case too, different scenarios have been proposed, from the pessimistic one of an inward-looking Union retreating back within its own borders, to that of freezing euro-Mediterranean cooperation at its current levels, to that of a new and more inclusive and flexible approach to the Mediterranean. Here too, the scenarios will largely depend on the efficacy and credibility of the policies of the

European Union and on its ability to launch new initiatives in the sphere of policy and institutional renewal.

In this radically changing international and European framework, what are the tasks of a country like Italy, located in a central geo-strategic position between Europe, the Balkans, the Middle East and the Mediterranean? How can the three principal axes along which Italy's foreign policy has developed – contribution to European integration, committed membership of the Atlantic Alliance, consideration of the Mediterranean, Middle East and Africa – be renewed strategically? Which instruments? Which resources? On these topics, the IAI has since the early 1970s developed a series of annual reports on Italian foreign policy, as well as a yearbook and sectorial studies and numerous seminars and conferences.

One of the principal strands of the Institute's philosophy, that was already present in the introduction to its statute of association in 1965, was that of "deprovincialising" Italy's foreign policy on the basis of the principle that in European and international fora, merely being present is not enough: the ability to put forward proposals, promote initiatives and build alliances is also vital. Something that is not exactly simple, given that this capacity is closely linked to the credibility of domestic policy, the authoritativeness of political and administrative personnel, the choice of partners with which to establish alliances and, lastly, the means and resources available. We seek to provide answers to these needs and questions in the last section of this paper, with which we close the circle of the four major strands of the past and future work of the IAI.

It is on the basis of this reasoning and this underlying "philosophy" that the Institute intends to pursue its research activity, both by engaging in debate with partner institutes in Europe and elsewhere in the world and by promoting projects and research jointly with them. We intend in this way to contribute to best effect to the dissemination of a truly internationalist culture in our country. A mission which the IAI has sought to develop with constancy and determination in its first 50 years and which it intends to take forward and build upon in the future.

1.
GOVERNING THE EUROPEAN UNION:
THE CHALLENGE OF DIFFERENTIATED INTEGRATION

The phantom of disintegration threatens the community of European states, clothed in various hues: domestic spectres called Grexit and Brexit, separatist and radical-populist movements in rapid ascent, multitudes of migrants on its borders. And yet until a decade ago, the idea that the process of European integration was irreversible was deeply rooted in the minds of most European leaders and citizens. There was a widespread conviction that the Westphalian system of nation states was no longer fit to manage a contemporary reality that is increasingly globalised, complex and interdependent. Great confidence was placed in the equalising role of the European welfare system and in its long-term sustainability, as well as in the historic achievements of breaking down borders and adopting the single currency that had laid the foundations for a European *demos*.

1.1 The challenges

In recent years, a series of strategic challenges have arisen that question these assumptions and pose existential threats of an institutional, political and social nature for the European Union.

• *Institutions: unanimity without consensus*. The objective of the institutional reform implemented through the Lisbon Treaty was to make the Union more democratic, more efficient and better able to take decisions. The strengthening of the High Representative/Vice President of the European Commission (who is also chair of the Foreign Affairs Council and head of the European External Action Service) through the right of initiative and coordinating role in the Union's external action is a move in this direction. So too are the elimination of the pillar structure introduced by the Maastricht Treaty, which has made the European Parliament the Union's co-legislator, and the expansion of the sphere of application of the qualified majority voting, for example in immigration matters.

The undeniable reinforcement of the Community institutions and procedures implemented by the Treaty has opened up new opportunities for cooperation at the EU level, without, however, hampering the intergovernmental dynamics in key sectors of economic and financial, foreign and security, and migration and asylum

policy. The need to find consensus among 28 members makes it extremely difficult to take decisions in Brussels that go beyond the lowest common denominator. The effects this produces are dysfunctional, especially in those sectors that are vital to the endurance of the Union.

While the economic and financial crisis stimulated European responses such as the European Stability Mechanism, the increased powers of the European Central Bank and the Banking Union, it also strengthened intergovernmental institutions such as the European Council and the Eurogroup and weakened the role of the European Commission as the driving force of integration.

The introduction of the *Spitzenkandidat* mechanism for the selection of the President of the European Commission is a potential stimulus to the creation of a true European legislature based on a closer relationship of trust between the legislative (European Parliament) and executive (European Commission) branches. This, however, is strongly affected by the lack of authentic European political parties and the tendency of members of the European Parliament to answer only to national public opinion.

- *Policies: re-nationalisation and anti-Europeanism*. The primacy of the intergovernmental method in a number of key sectors has been accompanied by a progressive re-nationalisation of policies. In the face of overwhelming crises and the demand for timely decisions, the European states have reacted not by aspiring to more Europe, but by implementing policies that are purely national or, at best, leaving it to groups of countries willing and able to formulate a European response. The demand for leadership has been taken up by Germany in particular, which in a couple of years has been transformed from a reluctant hegemon (*The Economist*, 2013) to a leader with true – and often highly assertive – driving force, to the extent of arousing fears that it might act as an actual dominant power ready for *Alleingang* (unilateral action) to pursue its interests.

In the Greek crisis, a political ramification of the economic and financial crisis, the game was played out almost entirely between the German and Greek capitals, with the intervention of second leads like France and Italy at various stages. The Commission, which in fact aspired to a leading role, was severely weakened both by Germany's willingness to contemplate a possible Grexit, and by the decision of the Greek leader, Tsipras, to hold a national referendum on the rescue plan.

Similarly, the migration issue has laid bare the underlying contradiction between a vision based on solidarity and one based on nationalism. This has caused fractures in the European community, with frontiers closed, border controls reinstated, and the rejection of an equitable redistribution of quotas and burdens. Outside Europe's borders, the dominant role played by national interests and capability

has obstructed the definition of an EU strategy in Libya, in Ukraine, in Syria and throughout the Union's neighbours.

The populist movements and euro-sceptic parties whose numbers are growing in Member States, and which strongly influenced the political debate in the most recent European Parliament elections, are the main supporters of this trend. They acted and spoke as free riders in the pre-election period, but are now having to examine and address the costs of re-nationalisation and the lack of a European response. This development may well be accentuated by the next challenge on Europe's path: the renegotiation of Britain's membership and the prospect of a referendum in the United Kingdom in 2016-17.

• *Society: inequality and disaffection*. But the challenge posing the greatest threat to the foundations of the European construction seems to be the loss of social cohesion and the progressive distancing of citizens from the European project. The integration model that had promised growing prosperity for the peoples of the Union has produced distortions, with an increase in inequality both within and between Member States. Most notably, Europe no longer seems able to offer encouraging prospects to the youngest members of the population, as shown by the average percentage of youth unemployment, at 28 per cent, with the rate in some cases – Croatia, Greece, Italy, Spain – exceeding 40 per cent.

The crisis of the European development model places a heavy burden on the EU's internal resilience, as well as its ability to maintain and strengthen its international presence. The percentage of European citizens who have a positive image of the Union has been falling for 10 years: from 50 percent in 2006 to 39 percent in autumn 2014 (before the Greek crisis). In the regional and international context, Europe has been under the illusion that it could "lead by example," even in managing crucial changes like the "Arab Spring" or challenges like the new Russian activism in the east. But the open conflicts on the Union's doorstep and their repercussions on European security have shown the inefficacy of this approach. In the last analysis, the European social model, which guarantees a high level of social protection and citizenship rights for all, no longer seems to be sustainable, but Europe has not yet found alternative forms of self-construction and - representation.

1.2 The scenarios

What destiny lies ahead, therefore, for the European Union? The strategic challenges sketched out above and the reaction of Member States and institutions give rise to two plausible scenarios in which intergovernmental dynamics prevail, to the detriment of greater unity. They are differentiated by the degree of

integration, but both appear inadequate to overcome the crisis the Union is currently experiencing. Against both of these, we can set a third scenario that proposes a new European model.

• *Intergovernmental integration*. The opposition of some Member States – the United Kingdom, the Baltic countries and some states in eastern Europe, such as the Czech Republic, Hungary and Poland – to a stronger supranational dimension of the Union could be married with French and German policies more focused on promoting national interests and a *primi inter pares* role in European fora. This convergence of interests could play a favourable role in strengthening the institutions and intergovernmental mechanisms within the Union.

In the euro area, this would mean placing economic governance entirely in the hands of the European Council, the Economic and Financial Affairs Council (ECOFIN) and the Eurogroup, while continuing with the implementation of coordination and safeguard mechanisms modelled on the Fiscal Compact model and the European Stability Mechanism. The strengthened role of the European Central Bank in defining the euro area's monetary policy would be challenged and in any case, in the absence of progress towards fiscal union and closer economic union, would not be sufficient to prevent future crises in Member States experiencing difficulties. At the same time, the lack of a common economic and fiscal policy and the incomplete status of the Banking Union would prove to be insurmountable obstacles to the management of macroeconomic imbalances and the fragility of the national financial systems.

If the intergovernmental approach prevailed, this could only result in the consolidation of the unanimity rule for those policies to which, after the Lisbon Treaty, qualified majority voting does not apply. In foreign and security policy, this would translate into a weakening of the pro-active and coordinating role of the High Representative, in favour of leading groups within the European Council and Foreign Affairs Council, and of the European External Action Service (EEAS), in favour of national diplomacies. Incentives to implement Permanent Structured Cooperation in the defence sector would be lacking, while EU interventions in crisis and conflict situations would increasingly be limited and primarily civilian in nature, to respond to strategic national interests and the preferences of national public opinion.

For those policies that underwent "communitarisation" in the most recent Treaty reforms, the conflict between intergovernmental and Community bodies would be accentuated. In migration and asylum policy in particular, the antagonism between the European Council and the Justice and Home Affairs Council, on the one hand, and the Commission, on the other, would increase, with the risk of short-circuiting

the positions of the different institutions, for example in matters of EU asylum policy and obligatory quotas to manage migrant flows.

An evolution of this type does not imply further deepening of the integration process, in that it favours an EU of 28 and even further enlargement. The slowdown in the drive to strengthen supranational institutions and mechanisms could pave the way for a favourable vote in the referendum in the United Kingdom after its membership is renegotiated.

In this context, it is easy to envisage an intensification of the re-nationalisation process, to the detriment of coordinated actions at the EU level. The national dimension would acquire an even greater weight in the system of democratic legitimisation. In particular, the role of controlling the executive bodies, that hold lead responsibility for European policies, would mainly be performed by national parliaments. The dominant role of national issues that already characterises European elections would be reinforced by the lack of European parties and pan-European election mechanisms. Links with national interest groups would end up exerting a decisive influence on members of the European Parliament, which would weaken the role that the Assembly in Strasbourg has traditionally played in driving forward the supranational integration process. The renewed centrality of national policies and interests would also lend strength to euro-sceptic and nationalist parties, to the detriment of more pro-European parties.

In the absence of adequate harmonisation and compensation mechanisms, inequalities between Member States would increase, with a possible intensification of intra-European migration and growing tensions in the distribution of European funds.

• *Differentiated integration: the functionalist option*. The need to overcome Member States' vetoes on the implementation of common European policies could encourage the consolidation of a differentiated integration process. This would make it possible, as happens in other sectors, to entrust the adoption and implementation of common initiatives to groups of Member States on the basis of specific areas of interest. This process could be implemented through a number of mechanisms: multi-speed, variable geometry or *à la carte*.

For example, Member States' desire to limit the impact of new economic and financial crises could lay the foundations for a strengthening of the euro area. The aim here would be to lessen the current asymmetry between a centralised and supranational monetary union on the one hand and, on the other, the decentralisation of fiscal and budgetary policies at the national level. This could be implemented through greater recourse to the power of initiative and control functions of the European Commission, the completion of the Banking Union and

the Economic and Monetary Union, and the creation of a stabilisation fund to manage financial assistance measures, in place of the current Troika.

Differentiated integration could translate into the creation of interest groups among Member States for the implementation of more integrated policies in various sectors. In foreign and security policy, this could take the form of the creation of groups of countries willing and able to follow up on specific initiatives, for example to conduct military missions and launch joint projects in the defence sector, as envisaged by Article 44 of the Treaty on European Union.

For the policies most closely affected by "communitarisation" processes, such as migration and asylum policies, differentiated integration could signify enhanced agreements in specific sectors between the most exposed Member States, for example to: (1) create regional hubs for the identification and distribution of migrants; (2) set up binding mechanisms for a quota system, with adequate compensation at the European level (exploiting the flexibility of the Stability and Growth Pact through the European funds); and (3) jointly manage sea and land borders, including with the involvement of non-member countries in the Balkans, and Turkey.

Under this scenario too, the United Kingdom could stay in the EU thanks to the attraction exerted by the advantages of the single market (the UK's exports to the countries of the Union amount to 14 per cent of its GDP) and the possibility of working around the commitment to an "ever closer Union", which London has never really digested in full.

An architecture of this type would require new forms of democratic legitimacy. The existing double level of parliamentary control – European and national – would be accompanied by a necessary strengthening of the parliamentary legitimisation of the different cores of integration. In the case of the euro area, this could be achieved by granting greater powers to the national parliaments of the euro countries and creating a sub-committee of the European Parliament for the euro area, or an inter-parliamentary conference for Economic and Monetary Union.

This type of scenario would entail bigger differences in levels of integration between Member States, which would not be offset by common management mechanisms entrusted to supranational institutions. This would generate a degree of complexity that would be difficult to reconcile with a unified project for the development of European integration, with inevitable negative consequences for the maintenance of a common European identity and for the Union's international presence.

• ***Differentiated integration: the federalist option***. In previous scenarios, only partial adjustments would have been made to the "business as usual" regime. This would accentuate the risk, inherent to the lack of a common political goal, of a progressive weakening, if not the disintegration, of the Union. In the face of the existential threats outlined above, corrective adjustments need to be made to the institutional framework and the management of EU policy, to supplement and in part compensate for the intergovernmental trend and tendency towards fragmentation currently being witnessed.

Differentiated integration will generate a degree of complexity that will be difficult to manage unless it is done in the framework of a supranationally and democratically strengthened Union. That road can only be followed under two conditions: (1) a stronger role for the institutions in managing and coordinating interest groups; (2) the retention of the common goal of an "ever closer Union." Only in this way will it be possible to ensure that the various projects remain open to accession by all Member States and that the initiatives initially launched outside the scope of the Treaties can be integrated in the *acquis communautaire*.

In the case of the euro area, one goal could be to create a Treasury Ministry that would transfer competencies from the national to the European level and act as a fiscal counterparty to the European Central Bank. However, it is not hard to imagine that significant differences would persist between Member States as to the role that a government of the euro area should play ("guardian of the rules" for the rigorous block centred around Germany; "responsible for growth" for Italy, France and others). An additional budget could even be introduced for the euro area, for example by giving the common institutions a form of autonomous tax-raising capacity in the context of reviewing the EU's own resources system.

Intergovernmental mechanisms created in response to the economic and financial crisis, such as the Fiscal Compact and the European Stability Mechanism, could be integrated in the context of the Treaties. A deeper political integration of the euro area might lead most of the EU Member States who have not yet joined to speed up their accession process, thus transforming the euro area into the main core of the Union.

The fear of marginalisation in a Union dominated by the qualified majority of the euro area Member States, together with the need to respect the principle of an "ever closer Union," would increase the probability of a Brexit.

In security and defence policy, Permanent Structured Cooperation would be implemented, as envisaged by the Treaties currently in force, and the High Representative's guidance powers would be reinvigorated with the promotion and coordination of specific differentiated integration initiatives. Similar functions of

initiative and coordination for the other strategic policies of the Union, such as migration and asylum, energy, the environment, space and transport, would be performed by the Commission and the High Representative.

The Union would be governed through a more functional relationship between the European Parliament and the Commission, by institutionalising the *Spitzenkandidat* process and creating a European party system that would compete in truly supranational elections. Institutions that showed more responsibility towards citizens would also help loosen the grip of populist and euro-sceptic forces.

Interventions at the institutional and political level would have to include action to recreate a European *demos* through common citizenship policies (employment, immigration, etc.), especially actions addressed to the younger generations. A new degree of participation by citizens, with the strengthening of instruments such as the European Citizens' Initiative, the reinforcement of European social policies on issues like working time, parental leave, and non-discrimination rules would also be needed.

The realisation of this scenario would require explicit determination on the part of Europe's leadership to change pace. The Union would still have a common goal but would leave room for more advanced initiatives not bound by the need to achieve unanimity among the 28. Governments could promote their national interests by participating in the various core areas of integration; however these would, as they are in principle inclusive in nature, be open to a progressive "communitarisation."

The democratic legitimacy of a complex system of integration is the biggest challenge, as it requires the creation of a true government of the Union based on a closer and more linear relationship of trust between the legislative (European Parliament) and executive (European Commission) branches and on the creation of a genuinely European election system. However, only a re-visiting of the concept of European citizenship, based on participation and rights, can ensure the sustainability of the European project and the strengthening of its legitimisation in today's international context.

Differentiation in the framework of a permanent and governed integration process seems to be the most appropriate option to address the existential challenges faced by the European Union. "These are the changes needed to create a broad group of citizens interested in the new order and willing to struggle for its preservation, and for the purpose of giving the solid stamp of liberty to political life, imbuing it with a strong sense of social solidarity." (*The Ventotene Manifesto*, 1941).

2. ASYMMETRIC LEADERSHIP. EUROPE AND AMERICA IN THE 21ST CENTURY

The United States stands at the apex of the system of international relations of the European Union and its Member States, as it continues to perform a leadership role in Europe. This underlying asymmetry makes the evolution of the Europe-US partnership more dependent on Washington than on any of the European capitals. When we ponder the future of transatlantic relations, therefore, we would do well to start by focusing on the way the United States views the world and its role within it, and then assess what the Europeans' options might be.

2.1 The US's role in the world and relations with Europe

In Washington, different "visions" of the US's role in the world are counterpoised. In recent years the debate between the Obama administration and its political adversaries has been particularly heated, but the differences cannot be explained solely in terms of political affiliation. The reality is that different evaluations exist of the strategic implications for the US of the principal factors of systemic change: (a) the emergence of new powers like China (or the return of old ones like Russia) not aligned with American interests; (b) the importance of growing asymmetric threats, especially those generated or facilitated by regional crises and civil conflicts like the proliferation of jihadist groups; and (c) the governance of global challenges, starting with international trade and finance, and trans-national issues such as global warming.

President Barack Obama is convinced that, in a more polycentric and interdependent world, the United States can preserve its global leadership only through a delicate balance of pressure, dialogue and *ad hoc* cooperation among great powers. For Obama, American leadership is defined less by the US's ability to keep new and old powers in check (China and Russia in particular), than by its ability to involve others in the management of problems and crises of international concern.

Obama has consequently held back on the interventionism that characterised American foreign policy in the early years of the 21st century. He prefers more limited actions, like the intensive use of drones in the anti-jihadist context. At the same time, he has shown a willingness to rely on allies, seeking not so much faithful followers as partners that can provide added value in solving problems.

This explains, for example, his decision to leave the conduct of the military operations in Libya to France and the United Kingdom, and the task of mediating between Russia and Ukraine to France and (above all) Germany. This also explains the attention paid by the Obama administration to "minilaterals" – *ad hoc* contact groups or coalitions to manage crises (Iran, Syria) and international challenges (combating jihadism, nuclear security).

It is important to underscore that Obama has also encouraged, where possible, a linkage between informal cooperation initiatives and multilateral institutions – in the case of Iran, for example, between the 5+1 on the one hand and the UN Security Council and the International Atomic Energy Agency (IAEA) on the other. The US president views international organisations as an important source of legitimacy and therefore of international consensus, but also as an instrument to define and strengthen a system of agreed-upon rules and practices.

The emphasis on rules is not so much a reflection of an idealistic vision of international relations as a conviction that the US's influence derives in part from its ability to set global standards. In this respect, Obama has promoted trade initiatives like the Trans-Pacific Partnership with the Pacific Rim countries (excluding China) and the Transatlantic Trade and Investment Partnership (TTIP) with the European Union. In so doing, he has laid the emphasis more on their geopolitical value – as powerful instruments to establish global regulatory standards – than on the economic benefits that they would generate.

Obama's foreign policy has no lack of supporters at home, but the numbers of sceptics and critics are just as high, if not higher. For many, especially among the Republicans, the President's sophisticated vision of the US's global role looks like an alarming refusal to play a more decisive leadership role. Many feel that the US is threatened by an opportunistic alliance between China, Russia and Iran. The United States should react to this threat by recalibrating its global military posture towards pressure (on China) and containment (of Russia and Iran), and by building coalitions with the regional states most inclined to ally themselves with the US. These are Poland and the Baltic states, as regards Russia; Japan, Taiwan and some southeast Asian countries, as regards China; and Israel and the Sunni Arab countries, as regards Iran.

A corollary of this vision of the world is a deep-seated reluctance to operate in institutional multilateral settings that could limit the US's freedom of action. For those who take this line, combating jihadism remains a priority, but not to the extent of justifying concessions to rival powers. In this fundamentally competitive view of the world, achieving a shared governance of trans-national questions is of lesser strategic importance.

The picture outlined above is, in part, a simplification. Even the most radical supporter of power politics will come up against the risks of escalation arising from a line based on confrontation with the rival powers to the US and seek some form of détente. The point here, however, is that at present there is no general consensus in the US political establishment on the principal guidelines that should inform its international action. The approaching end of Obama's second mandate leaves open the question of the US's role in the world: and with it, the evolution of the bond with the Europeans.

The Europeans continue to have a vital strategic interest in a privileged relationship with the US. Both elite and public opinion seem to grasp its importance, as witnessed by the fact that both continue to have a generally positive attitude towards the bond with their ally across the Atlantic. This is in spite of the resentment felt by many Europeans over the American invasion of Iraq in 2003, the US's ambivalence towards multilateral institutions and regimes and, more recently, the fact that US intelligence intercepted (and is probably still intercepting) the data and communications of European citizens, and even of European leaders.

Differences in opinions, priorities and interests have not prevented the US and Europe from establishing forms of cooperation on important dossiers such as Afghanistan, Russia and Iran, or from seeking to strengthen bilateral relations through a major economic agreement like TTIP. These cases, with all their differences, are highly indicative of Europe's attitude to the US and the US's to Europe.

In judging transatlantic cooperation in Afghanistan, we need to look beyond the Americans' irritation over the limits imposed by many European countries on the number of their troops and the use to which they were put. It must be underscored that, out of solidarity with the US, the Europeans kept thousands of troops in Afghanistan for over 10 years, in spite of the growing unpopularity of the mission. The fact that the mission was led by NATO certainly played a role in ensuring that it stayed the course, because a formal alliance such as NATO provides systemic incentives to cooperate and maintain solidarity. The Europeans' interest lay in offering loyalty and support to American foreign policy to obtain from the US, in exchange, the protection of their territory and a stabilising role (at least in theory) in the crisis regions on the EU's doorstep.

The cases of Iran and Russia have made clear to the US the structural advantage of cooperating with the Europeans in cases where diplomacy and sanctions play a vital role in managing crises. Without the support of the EU, the option of sanctions against Iran (as a result of its nuclear ambitions) and Russia (following the destabilisation of Ukraine after the annexation of Crimea) would have had little

effect. In addition, the involvement of major European states and of the EU itself strengthened America's hand in multilateral bodies – in the UN Security Council but also in technical agencies like the IAEA – and provided more opportunities for diplomatic interaction with Tehran and Moscow.

The cases of Iran and Russia also testify to a transformation that is under way in the EU. Important security questions have been addressed by the Union through the "filter" of minilaterals (France-Germany-United Kingdom, or "EU3" on Iran, or France-Germany on Russia). These have enabled the US to influence the EU's action through direct interaction with the most influential countries. Indeed, the adoption of sanctions against both Russia and Iran followed an agreement between the US and the European minilaterals. The major European states gain a clear advantage from operating as a *trait d'union* between the US and the EU (using their relationship with the former to exert pressure on the other Member States), while the US prefers to deal with just a few states rather than all 28 *en masse.* In this respect, the effect of the minilateral mechanism, when it includes the US, has been to foster consensus within the EU, but also to hinder further steps towards the supranationalisation of European foreign policy.

The question of supranational integration is far from irrelevant to the transatlantic relationship. The spheres in which intergovernmental procedures apply within the EU, such as security and defence policy, are also the spheres in which the imbalance, to the US's advantage, is most pronounced. Where the EU countries have integrated their policies more fully, for example on trade, the hierarchy between leader and followers in the transatlantic context is considerably less marked. In the governance of international trade, the EU-US relationship is more balanced and inspired by "friendly competition" based on the adoption of the same rules (for example in the World Trade Organisation). The TTIP negotiations should also be viewed in this framework. The talks show that for the US and the EU the transatlantic relationship still has an unexpressed potential in terms of economic benefits and the consolidation and strengthening of geopolitical advantages. However, whether the EU can succeed in gaining the full benefits of the agreement will also depend on the way the US acts in the world as a whole.

2.2 Europe's contribution to the transatlantic partnership: two scenarios

The European countries are certainly capable of playing a leading role in international relations, especially when they manage to synthesise their positions within the European Union. However, the imbalance of forces between them and the United States limits the options at their disposal to influence the evolution of

the transatlantic relationship. On the basis of what we have said thus far, two possible scenarios can be envisaged.

• *First scenario: in Obama's footsteps*. The first scenario is the one that would emerge if the US were to continue along the same line as Obama, the aim of which is to subdue conflicts between the major powers and focus on cooperation on functional or asymmetric threats. This is the scenario where Europe has the greatest potential role to play.

In Europe, the EU would perform a complementary function to that of NATO, which would be left with the tasks of defence and deterrence, but not of containing Russia. The EU, on the other hand, could interact with Moscow, both as an instrument to exert pressure and as a diplomatic channel in the attempt to influence its behaviour. Reassured by the fact that the goal is not to contain Russia indefinitely but to negotiate, sooner or later, an understanding that supports the governance of European security, even those countries most sceptical of the policy of confrontation with Moscow could take part in the US strategy, making it, in effect, a transatlantic strategy. The EU would also have more opportunities to find internal compromises and in theory to prevail over, or at least limit, the influence of the French-German minilateral.

Action to tackle crises would largely follow the 5+1 model employed with Iran. This takes the form of joint US-individual states and US-EU action (mediated by minilaterals such as the EU3) which functions as an instrument not just of pressure on the "critical" actor but also of liaison with other countries, including rival ones, and with the United Nations and other relevant multilateral organisations (such as the IAEA in the case of Iran).

In the Asia-Pacific region Europe's contribution to security would still be modest, or indeed almost non-existent. Yet the brake on Chinese-American antagonism would lower the risk of divisions to which the transatlantic relationship is exposed because commercial relations between China and the EU would arouse less concern in Washington.

In terms of global governance, a constructive American attitude would greatly benefit the Europeans. The creation of a system of common rules and practices would directly serve to increase the efficacy of the EU's international action, which prospers in a defined framework of rules but struggles when power-based relationships prevail. The EU Member States would have a greater incentive to coalesce since they would see, in joint EU action, more opportunities to expand their influence.

Similarly, in this scenario it is easier to imagine TTIP less as a pillar of a transatlantic fortress than as a bridge over which Europeans and Americans can offer other states access to the US and EU markets on condition that they respect the rules under which those markets operate.

● *Second scenario: return to power*. The second potential scenario is one in which the US decides on a foreign policy dominated by the need to contain rival powers. This option is generally less in line with the interests of the Europeans, with some exceptions, depending on the country concerned.

In Europe, the European contribution to the transatlantic relationship would take shape first and foremost in NATO, recalibrated in the light of containing Russia. The Europeans, who continue to have very diverse security interests and perceptions with respect to Moscow, would be exposed to divisions and the alliance would tend to be based increasingly on US military forces and on those Member States offering the best logistical advantages, namely the eastern and Baltic states.

The other allies would continue to act, to a greater or lesser degree, as free-riders because they would be reluctant to spend on defence and to employ their resources for anti-Russia purposes. The EU would play a subordinate role to NATO. The double risk for the Union is, first, that of being reduced to an instrument to exert pressure on Russia through sanctions in line with the wishes of the United States. And second, that of becoming totally paralysed whenever American policy proves unpalatable to some Member States, who would therefore block any significant joint action.

In this second scenario, the European contribution to combating crises would be taken forward in a subordinate role to the United States, with *ad hoc* coalitions between the US and willing and able Member States (essentially the United Kingdom and France), ready to stand side by side with Washington in campaigns against terrorism or to limit the influence of the US's rivals – for example, Iran in the Middle East.

In the Asia-Pacific region, the transatlantic relationship would in effect be absent. Indeed, given Europe's strong commercial interests in China, a US policy of containment with respect to that country would lead, sooner or later, to tensions with the Europeans.

On the global governance front, in the absence of any American impetus, the EU would struggle to find the necessary unity to promote multilateral cooperation initiatives (for example on climate change) and find it even more difficult to achieve concrete results.

If the TTIP talks were to be completed in a context of growing antagonism between major powers, the geopolitical contribution of the treaty would be more one linking European "followers" to a dominant America than providing both Americans and Europeans with a platform from which to interact with third parties to establish commercial standards and rules.

2.3 Recommendations for the future

The possible European contributions to the transatlantic partnership set out above are just "ideal-typical" models, in that they indicate the opposite poles of the continuum on which Europe's contribution will sit. After all, American foreign policy is unlikely to develop in a linear way. Whatever the prevailing philosophy in the White House – in line with Obama's or more oriented to competition with rival powers – the US's foreign policy will contain hybrid features influenced by both approaches (as has been the case with Obama himself). Neither of the two scenarios for the European contribution will therefore materialise in full. However, this binary model is useful in that it allows us to establish certain points.

The first is that the transatlantic relationship serves the strategic interests of the Europeans from various points of view. From the security perspective, the US offers protection – both direct, i.e. of territory, and indirect, through the stabilisation of critical regions. From the economic perspective, the US offers opportunities for growth and access to advanced technologies. From an institutional and ideational perspective, the US offers support in the creation of international systems of agreed rules and practices and the promotion of a liberal order based on democracy and the rule of law. Whatever the future direction of US foreign policy, cultivating the relationship with Washington will continue to be a priority for the Europeans.

But what kind of relationship? An international context in which strong competitive (if not conflictual) tendencies prevail notably reduces the ability of European states to exploit the EU's potential to advance their interests. Without an integrated, autonomous military capacity, and with its dependence on the unanimity rule in foreign policy, the EU has little to offer in terms of power politics. But in a context defined by rules, the European institutions amplify the influence of individual Member States and of the EU as a whole. Therefore, a strengthening of intra-European cooperation is just as important as maintaining a privileged relationship with Washington.

Pursuing these two goals – the lodestar that has guided the foreign policy preferences of the European states with a lower appetite for power, like Germany

and Italy – invariably involves trade-offs. Cases in which the Europeans feel required to favour one or the other will undoubtedly recur. However, it is important to underscore that favouring the transatlantic relationship to the detriment of European cooperation – as several Member States did at the time of the American invasion of Iraq – rarely produces long-term benefits for the Europeans. An emphasis on intra-European cooperation, on the other hand, does not produce such negative effects on the transatlantic relationship. On the contrary, the Europeans' ability to show a united front gives them opportunities for coordination with the Americans that are more in line with their preferences (for example, the determination shown by the Europeans in implementing the nuclear agreement with Iran, even if the United States Congress had rejected it, persuaded many US Democratic Senators to support the agreement).

In conclusion, regardless of the undeniable differences of opinion between the Member States of the European Union, structural interests also exist that are common to all and which depend on their common membership of the EU. To express its potential, the EU needs not only intra-European unity but also an international context defined by multilateral institutions and rules that regulate the power games between sovereign states. Intra-EU cooperation is therefore one of the fundamental conditions to ensure that future American leaders continue to give European interests due regard.

3.
EUROPE AND THE MEDITERRANEAN IN FERMENT

The Mediterranean has always been a strategic priority in the external dimension of the European Union and of Italy in particular. Twenty years on from the launch of the Euro-Mediterranean Partnership (EMP) and 12 years on from the introduction of the European Neighbourhood Policy (ENP), the region to the south of Europe is experiencing a turbulent period of transformation that is set to last over the long term. This creates the need for a radical rethinking of the EU's policies towards the region, which increasingly looks like a fragmented and complex mosaic of crises and instability, but which at the same time offers opportunities for a strategic review and strengthening of the external role of the EU.

3.1 A state-centric order that is breaking down

The second decade of the new millennium opened with the Arab uprisings and with the transformations, some radical, others less so, that they produced at both the domestic and the regional level. States and societies in North Africa and the Middle East have been swept by a strong drive for social, political and economic change which, in some cases, has clashed with contra-revolutionary waves orchestrated by actors and institutions interested in maintaining the status quo, such as the military or the judiciary. This has led to heated disputes over the management of the public space and the state-society relationship.

At the same time, the change in the balance between Sunnis and Shias in the previous decade, with the fall of Saddam Hussein's regime in Iraq, culminated in the outbreak of sectarian conflicts both in the republics, from Tunisia to Syria, and in the monarchies of the Gulf. These conflicts, which had lain dormant when the people in power were mainly autocrats who governed with an iron fist and adopted a style of government that was only apparently secular, exploded into outright fighting under the weight of the open political hostility and regional competition between Saudi Arabia and other Sunni states, on the one hand, and Iran, on the other.

These two linked trends have provoked the crisis and the breakdown of a regional order characterised by the central role of the state authorities, often authoritarian but which Europe and the United States viewed as a bulwark against instability

and threats to security. This order dated from the years immediately following the Second World War and was further strengthened by the Cold War, with its twin poles of power. It was based on a division of the region into spheres of influence: western, which coincided with "moderate" states such as Egypt, Jordan and the Gulf countries, and eastern or non-aligned, which included state actors who firmly opposed US hegemony in the region, such as Algeria, Libya and Syria.

Drastically transformed with the end of the Cold War under the two-pronged impetus of the emergence of a global order based on American unipolarism and the triumph of liberal democracy in many countries of the world, nowadays this order appears to be in terminal decline as a result of the aforementioned trends endogenous to the Arab world.

From a geopolitical perspective, the decline of the old regional order coincided with an eastwards shift in the centre of gravity – more precisely, towards the Middle East. At the same time, the borders of the region have become increasingly porous to the movement of people and goods, and to activities that are often criminal in nature. This has given rise to a series of trans-regional and multi-dimensional challenges for the EU. In other words, the Mediterranean, understood as the EU's neighbour and backyard, no longer exists and the conventional distinction, upheld by European policies, between North Africa and the narrow Middle East on the one part, the Gulf on the other and Sahel as yet another separate entity, is becoming increasingly problematic.

Three trends, in particular, are producing a new regional configuration, which is far from being definable as a new order. They can be described as follows.

- ***Domestic dynamics dictate the regional agenda***. This is a new development for the region as a whole. Until the early 2000s, regional questions, not least following the weakening of the Arab nationalism and pan-Arabism ideologies that had provided a powerful glue until the 1970s, and membership of one alliance rather than another, had a significant influence on the domestic politics of the countries of the region. The case of Egypt, from Nasser's revolution of 1952 to the détente with Israel and the West in the late 1970s, bears witness to the crucial role played by Mediterranean and Middle Eastern foreign policy in influencing domestic policy, alliances and the degree of mobilisation and conflict between the different social groups. With the outbreak of the Arab uprisings and the opening of transition processes in some countries and the flare-up of civil wars in others, it seems clear that a new types of endogenous processes and situations are exerting a profound influence on the foreign policy of each country and, in the last instance, on the regional theatre. Most notably, the emergence of Islamist parties in positions of power since 2011 is a factor that has triggered rivalries and competition and is redrawing the regional equilibria of the Mediterranean. Once again, the case of Egypt is crucial to

understanding these dynamics, in light of the important transformations in its foreign policy stance that occurred with the transfer of power from Mohamed Morsi to Abdel Fattah Al-Sisi in 2013.

- *Old and new conflicts*. The impact of unresolved inter-state conflicts such as the Israeli-Palestinian conflict or the dispute over the Western Sahara that sees Morocco and Algeria on opposing sides, seems to have been markedly reduced. But new intra-state conflicts have emerged, such as the civil war in Libya and the sharp tensions in Egypt between alternative visions of society and politics, or proxy wars between rival regional powers, such as the conflict in Syria or, once again, in Libya. These conflicts increasingly involve non-state actors on one or both sides. This applies both to the terrorist groups pledging allegiance to the so-called Islamic State and to other organisations with or without a clear structure and agenda, such as militias, tribes and criminal gangs, but also refugees and migrants, youth groups, civil society, and others. Civil wars and tensions between political factions and at the societal level are contributing to a redefinition of the geopolitics of the region and present new challenges, both for internal actors and for those outside the Mediterranean.
- *The "global Mediterranean"*. The Western powers, which here can be deemed to include certain European states, the United States and Russia and which in the past were mainly responsible for the creation and preservation of that regional order which is now breaking down, have left ever-more space to regional actors (Turkey, Saudi Arabia, Iran). These states are in the front line – often on a conflictual footing, among themselves or with the West – in defining the region's new configuration. This can be related to developments within the West that have contributed to the erosion of its power in the Mediterranean and to the legacy of certain initiatives adopted toward the region in previous years (including the failure of conditionality in Euro-Mediterranean policies). The global economic-financial crisis that has mainly affected the countries of the Euro-Atlantic region from 2008 onwards can be identified as one of the key factors in Europe's withdrawal to a more inward-looking stance, the renationalisation of its foreign and defence policy and the stalemate in EU-Mediterranean relations.

3.2 Institution building, crisis management and wider multilateral cooperation: three pillars for a renewed, inclusive and flexible European approach to the region

In light of these trends – in the domestic transformations under way in Mediterranean countries, in regional conflicts and in the "globalisation" of the Mediterranean region – we can sketch out three principal medium-long term scenarios that correspond to policy challenges and opportunities for the EU.

• *The first scenario*, which is pessimistic in nature, corresponds to an inward looking, isolated Europe (fortress Europe). In the face of the unremitting fragmentation and growing state of conflict in the region, the EU would be persuaded to adopt a *defensive and isolationist position*, focusing its limited efforts solely on containing the threats to its security and protecting the interests of its Member States.

The failure of the transitions that began in the wake of the Arab Spring, from Tunisia to Egypt, is strongly linked to the escalation in intra-state conflicts – from Libya to Yemen, from Syria to Iraq – and the rekindling of inter-state tensions such as the Israeli-Palestinian conflict. The cumulative effect of these trends would be to create an arc of crises throughout the neighbourhood to the south of the EU, with high levels of violence, humanitarian crises and immediate repercussions on the security of European citizens and countries. In this scenario, the states of the region would find themselves on a continuum ranging from open civil wars with strong sectarian features, to failed or ungovernable states.

In this context, the above-mentioned "globalisation" of the Mediterranean would also be a factor of further tension and problems for the region. Its conflicts would have repercussions on countries like Turkey, which is becoming increasingly destabilised by its uncertain domestic political dynamics and the growing tensions with its Kurdish minority, or the Gulf monarchies, with Saudi Arabia in the forefront. In parallel, Europe's traditional ally in the Middle East, the United States, would return to a position dominated by the need to contain rival powers – for example Iran, in the Middle East – under the impetus of a renewed interventionist and competitive vision of foreign policy, especially in the Republican ranks. In this situation of heightened conflict, as argued in another section of this work, transatlantic cooperation in managing Mediterranean crises would see the EU in a subordinate position to the US. This would mainly take the form of *ad hoc* collaboration between the United States and groups of willing and able Member States.

In this scenario, the EU would be driven inwards, with physical and cultural barriers raised not only within its borders but also, and above all, towards the Mediterranean. The EU would prefer unilateral action, some of which conducted autonomously by individual Member States on the basis of their own interests and security needs. The initiatives of some European states with respect to the Syrian crisis show that this scenario is not at all remote. The EU would therefore take its distance from the bilateral and multilateral cooperation systems in which it participates or which it promotes. The risk is that in this way the EU would further compromise its credibility and ability to act in a region of vital importance to it.

A weakening of the Euro-Mediterranean cooperation systems would play a part in further fragmenting the region and strengthening the fundamental factors of division.

• *The second scenario* corresponds to a *"wait and see" situation in Euro-Mediterranean relations*. Here, the transition from the old regional order to a new configuration would develop in a confused manner out of the control of external actors such as the EU, whose policies towards the Mediterranean would be weakened and lacking a long-term strategic vision.

From the perspective of the domestic transformations and their impact on regional dynamics, the situation in the Arab world would be characterised by sharp fragmentation, with some countries following a slow path towards a more democratic system of government and experiencing security problems of varying severity (Tunisia and Morocco), others in the grip of an authoritarian restoration (Egypt) and others still almost entirely excluded from the dynamics of change. Regional conflicts like the ones in Syria and Libya, and the consequent risks to regional security, would remain acute. In some cases, such as the threats arising from the management of migratory flows, both intra-regional and towards Europe, and the proliferation of Islamist terrorism, would increase in severity.

The high degree of regional conflict, both latent and manifest, would determine the continuous involvement and contraposition of different agendas, with increased tensions between the West and Russia over Syria, and the stalemate in talks for the pacification of Libya.

In this scenario, the EU would lack the necessary input and appropriate instruments to tackle the huge challenges on its southern borders, as a result of its institutional weakness, the persistence of the economic crisis in some Member States and the deep domestic political divisions on foreign policy priorities, including with respect to the Neighbourhood. To this must be added the lack of a strategic vision in the European Neighbourhood Policy (ENP), which is being reviewed in 2015, and a new Global Strategy on Foreign and Security Policy that falls short of expectations.

All of this would result in severely weakened EU actions focused on containing the crises posing the most direct threat to the Union's security and stability. This would apply, in particular, to the migration emergency, which has become an emergency precisely because of the lack of solidarity among Member States and lack of agreement on many of the measures envisaged by the new European Agenda on Migration. Political and economic cooperation with our Mediterranean partners would proceed along traditional lines, with only a few limited changes

benefitting the most "virtuous" partners in the reform process, to which greater incentives would be offered (for example Tunisia).

The inconsistent and selective use of conditionality, the key instrument of the ENP, would contribute to the further fragmentation of the region. At the same time, the EU would not take any concrete action to foster the development of fora and opportunities for dialogue, whether multilateral (with the participation of the United States, Russia, China, Turkey, the Gulf States, Iran and the Sahel countries), regional (Union for the Mediterranean, UfM) or sub-regional (dialogue between the EU and the Gulf countries, "5+5", dialogue between the EU and the Arab League).

• *The third scenario*, more optimistic in nature, would see the EU engaged in defining a *new, more inclusive and flexible approach* to the Mediterranean. Spurred by the emergence of challenges to its security and values, the EU would find the necessary resources and unity to strengthen its regional presence as a factor of stability, conflict resolution and the strengthening of democracy.

As regards domestic transformation processes, the countries of the region would embark on a course of greater respect for human rights and fundamental freedoms, democracy and the rule of law – albeit slow and fragile. This would deprive radical non-state actors of the oxygen they need for their propaganda and actions. Breaking off the arc of crises and consolidating democratic transitions in countries like Tunisia, Morocco and Egypt would help reduce sectarian tensions and the institutional and governance vacuums that fuel conflict.

However, the pacification and stabilisation of countries like Libya, Syria, Iraq or Yemen can only succeed if the states of the region – from Egypt to Turkey, from the Gulf monarchies to Iran – support them and set aside their frictions and conflicts in the name of their own stability and the political, economic and social progress of the region as a whole. This would be a long and gradual process, potentially lasting a couple of decades, and would be made possible by greater cooperation between the countries of the region, institutionalised to varying degrees and implemented on a regional or sub-regional basis.

In this scenario, the EU would play a central role in supporting the domestic and regional dynamics of pacification and stabilisation. Starting from a clear definition of its objectives and priorities, and drawing on the European leadership role played by certain institutional figures – specially the High Representative of the Union for Foreign Affairs and Security Policy – and by the heads of state or government of some Member States, the action of the EU would focus on three pillars: institution building, crisis management and wider multilateral cooperation. To this end, the EU would have to equip itself with new instruments. First and

foremost, it would need to make institution building in its partners the cornerstone of its renewed Euro-Mediterranean policy. The European Neighbourhood Policy and, more specifically, the Deep and Comprehensive Free Trade Agreements (DCFTAs) – adapted to the conditions and needs of each partner country – should be used for this purpose.

Crisis management, including on a preventive basis, would become one of the pillars of the EU's foreign policy action and global strategy in the Neighbourhood and in other regions of strategic importance. Lastly, although institution building and crisis management essentially require the use of bilateral instruments – in light of the fragmentation affecting the Mediterranean region and the different strategic focus through which the EU has always viewed the area compared with other actors such as the United States or the regional powers – the usefulness of other instruments could also be explored in an inclusive and flexible manner.

Inclusiveness and flexibility are qualities that would apply to both the actors involved in any given initiative (paying attention also to sub-regional and local actors) and the specific focus of the actions to be undertaken. For example, we could imagine multilateral, "two-track" fora and forms of dialogue in which the international, regional and local actors involved in managing a given Mediterranean situation or crisis would take part.

These initiatives would make it possible to establish a climate of dialogue and trust with the regional powers in the framework of a non-institutionalised form of multilateralism, without the commitments that arise from a formal conference. Such meetings would enable participants to tease out the knots and discuss and plan *ad hoc* actions and initiatives to be undertaken with the groups of states concerned. Alongside this, the EU would be more inclined to promote regional integration in the Mediterranean, together with forms of inter-regionalism, through a flexible set of bilateral, regional or sub-regional policies. These would foster more equitable cooperation with regional actors and encourage them to take on greater responsibility in managing the region's problems.

4. What Foreign and Defence Policy for Italy?

Since World War Two, and also after the end of the Cold War, Italy has maintained its traditional foreign and defence policy. This policy is strongly linked to the EU and firmly anchored in NATO and the satisfactory progress of transatlantic relations, and supports multilateral cooperation (United Nations, G8 and G20, OSCE, etc.). While Italy has not changed these essential preferences, in recent years it has had to adapt to the development of what we could describe as a global scenario of "realist multilateralism," with significant consequences for the country.

4.1 Features of Italy's foreign and defence policy

Italy has traditionally favoured all those multilateral frameworks, from the EU to NATO, but also the G7/G8/G20, the UN, the Organisation for Security and Cooperation in Europe (OSCE) and others. The main reason is that in such frameworks Italy can act more or less on an equal footing with the major powers, play a proactive or mediation role, and contribute to the management of those international problems most closely linked to its national interests something it would not be able to do effectively without partners and allies, given the country's limited resources. These international institutions have set up and support an orderly system of rules that provides a level of security otherwise impossible for a "middle power" like Italy to attain and, on the condition of keeping with those rules, gives Italy a considerable say in the issues at hand.

Only a superpower like the United States can truly opt to ignore these rules, at least in part, as happened with the war in Iraq in 2003. Even though, for example, in more restricted context, by combining their interests, two major European powers (France and Germany) were able in 2005 to infringe the Maastricht parameters with impunity.

Nevertheless, these breaches and the progressive redistribution of the factors of military and economic power to the advantage of the "emerging" powers (such as China, India, Brazil and others), often external or marginal to the functioning of the main international organisations, have weakened the fabric of rules and increased the "*à la carte*" intergovernmental dimension of the international system. This has been at the expense of the supranational dimension, as well as of solidary and consensus. A strong drive to "renationalise" foreign and defence policy, especially

among EU members, has held back and in some cases blocked initiatives designed to achieve greater cooperation or integration.

Italy has traditionally leveraged its alliance with the American superpower, for the obvious reason that the relationship increased its security and because it allowed the country to compensate to some degree for the greater influence enjoyed by other European powers (especially the two nuclear powers, permanent members of the United Nations Security Council).

Besidea other considerations, this was one of the reasons that led Italian governments to take on more responsibilities and burdens, including of a military nature, in managing crises and fighting terrorism, from the first significant military intervention in Lebanon in the 1980s up to its sizeable and prolonged presence in Iraq and Afghanistan. However, this "asymmetric alliance" seems to have become more problematic in recent years. This is partly because of the increased American focus on the Asia-Pacific region with respect to the Atlantic one, and partly because a series of US decisions have ignored Italy's objections and interests, from American antagonism to Russia to Washington support for the Franco-British initiative against Gaddafi in 2011.

Over the years, Italy has also developed significant political and economic initiatives with the Arab countries of the Middle East and North Africa as well as with Israel, both for economic reasons and in light of broader considerations of regional security and stability. Good relations with regimes that were politically diverse have enabled the country to sign important energy, trade and security agreements (including on controlling terrorism and managing migration flows). However, this network of relationships has been affected in its entirety by the crisis that has hit many regimes in the region and by the intensification of religious and sectarian conflicts, especially in the Arab world. This has drastically reduced the number of "safe" interlocutors for Italy and has made its relations with others considerably more complex and problematic. Concern is therefore growing over situations such as the civil wars in Syria, Iraq, Libya and Yemen; the difficult transitions in Tunisia and Egypt, made all the more fragile by the strong terrorist threat; the weakening of the sclerotic Algerian leadership, etc.

One important characteristic of Italian foreign and defence policy is its essential continuity, which stands in apparent contrast to the frequent changes of government that have been a distinctive feature of national history since the end of the Second World War. With no significant exceptions, the commitments undertaken by any one government have been respected by its successors, and this has given Italy substantial credibility on the international stage. The changes from one government to another might have highlighted, from time to time, a preference for certain allies with respect to others, but this did not have any notable

consequences. Moreover, to a certain extent the rapid succession of governments was offset by the continuous presence of a particularly influential bureaucracy, especially in the Ministry of Foreign Affairs and the Ministry of Defence, and by the economic and commercial decisions of some of the country's major public (or semi-public) companies such as ENI, ENEL, Finmeccanica, Fincantieri, etc.

Lastly, Italy's external image has benefited from the country's cultural and historic heritage, a unique patrimony of art and tradition that is much more than a series of tourist attractions, since it is a part of Italy's "soft power." Nor can we ignore the contribution of the Catholic Church, and the international activism of many non-governmental organisations (NGOs) linked to it, in promoting the country's international image and reputation.

However, in recent years we have witnessed at the international level a multiplication of summits and a more prominent leadership role by the heads of state or government of the major countries. This trend, and in particular the direct role entrusted to leaders, is in contrast with the overly frequent changes at the head of Italy's government, even in the presence of substantial political continuity (less evident in recent years, however, with the advance of an imperfect Italian-style political bipolarism).

4.2 What scenarios?

Italian foreign and defence policy, like that of any other country, is determined by developments in the international security environment and changes in the domestic context. Both these factors are evolving rapidly today, making any medium-to-long term hypotheses highly problematic. Therefore, we can only seek to identify some scenarios that exemplify what might be the most significant trends, and briefly set out some of their possible characteristics, to support the reflection on what Italy could or should do.

Previous chapters briefly illustrated the rapid changes in the international security environment, with all its many uncertainties. The many factors weighing heavily on future policy decisions include: (1) the rapid growth of new regional and global powers; (2) the changed role of the American superpower (from "dominant" to "essential" power); (3) the crisis and failure of numerous states, in the grip of civil war and anarchy of varying degrees of virulence; (4) Russia's decision to use its military strength to regain its international role and status; (5) the multiplication of sectarian conflicts and terrorist organisations; (6) the slowdown in the growth rate of the global economy; (7) the escalation of migration flows, including the very rapid increase in waves of refugees from regions hit by war or crises; (8) environmental problems and climate change; (9) the availability of vital resources

like drinking water; and (10) the evolution and volatility of the hydrocarbon fuels market.

A series of domestic problems must be added to such international challenges facing Italy. These encompass the still uncertain economic situation; the continuing strong presence and influence of organised crime; a political transformation process that is seeing populist movements grow in strength; a still uncertain balance between constitutional powers (legislative, executive and judicial), with frequent incursions into the other's field and reciprocal delegitimisation undermining the rule of law.

In this situation, it is unlikely that Italy will have the will or the strength to drastically change its traditional foreign and defence policy, for example by deciding to leave the euro area or the EU, or even by rejecting the North Atlantic Treaty. Changes as radical as these could only occur if imposed from the outside in the wake of some grave institutional or economic crisis, a scenario that seems remote today, thanks to the efforts made by the country in recent years. It is much more likely that Italy will seek to adapt its participation to the changing multilateral frameworks as well as to its domestic political needs. This is the premise from which we should start in sketching out the following three scenarios.

● *"A fish in a sea of sharks"*. In the first scenario, a worsening of the economic situation or, more likely, a change in the preferences of the electorate that brought populist movements highly critical of the EU into government, and the euro in particular, could easily push Italy to the margins of Europe in a situation of severe disadvantage and crisis. The government coalition would also probably become more fragile, thus making the executive ineffective and increasing its tendency to take short-term decisions for electoral ends. It would become very difficult, if not impossible, for other EU Member States to maintain constructive relations with Italy. Probably, they would rather seek to reduce the systemic consequences of Italy's course of action, thus contributing to the country's isolation.

In foreign policy terms, this situation could push the country in two opposite directions, depending on the line taken by the US. If Washington continues to view Italy as a strategic pawn in its global policy, Rome would probably cling to this lifeboat and depend more heavily on its transatlantic ally. However, this option would isolate Italy from the European and Mediterranean context, with serious consequences for its overall security and perhaps even for its institutional system.

Similar but even more dramatic consequences would arise from the second hypothesis, that of a lack of US interest in Italy. In this case, Italy would probably try to augment its security and find new economic markets in its relationship with America's rival powers, starting with Russia and China. This would also increase

the fragmentation and uncertainty of the international system. To sum up, Italy will be like a fish in a sea of sharks.

• ***The "anorexic" choice***. In this second scenario, without significant economic growth, the twofold need to maintain domestic consensus in the face of the growing populist challenge and to comply with the European budgetary parameters could lead to a progressive diminution of Italy's capacity to conduct a significant foreign and defence policy. This would materialize through increasingly drastic cuts in the budgets for Italy's external projection, from the Ministry of Defence to the Ministry of Foreign Affairs and International Cooperation.

At the same time, the fear of external threats, the attempt to isolate itself from international terrorism and the hostility towards refugees and migrant flows would fuel a "city under siege" psychosis, leading the country to erect as many barriers as possible against the outside world.

The negative consequence of these trends would be a progressive reduction in Italy's international role and status, with negative repercussions also on its position within the EU and probably also on its economic competitiveness and social welfare system. To sum up, Italy would suffer a kind of anorexia both domestically and on the international stage.

• ***"Deep roots are not reached by frost"***. Finally, there is a third scenario: Italy seeks to reconcile domestic and international pressures with maintaining its traditional foreign and defence policy. This is the option of moderately optimistic realism, which has the clear advantage of keeping the country in close contact with its allies, first and foremost the US, and with the EU, and of opening up the possibility of negotiations and compromises in line with its domestic political and economic needs.

In this scenario, however, a determined effort would be essential to keep the financing of foreign and defence policy instruments at an acceptable level. The need for such an effort is linked to the very nature of the international context in which Italy finds itself.

Alliances, the various multilateral contexts and the integrated European structures are certainly a potential strong point for Italy. However, they would not in themselves produce significant benefits for the country unless accompanied by a coherent national strategy for foreign and defence policy, underpinned by the necessary structural reforms and by substantial contributions to international security and to the functioning of European institutions.

To sum up, also from a perspective of "realist multilateralism," in this scenario Italy should remember that "deep roots are not reached by frost." In other words, when the shadows lengthen to the south and east of the country, and Italy's own resources as well as the alliances it participates in do not seem sufficient to tackle them, holding on the line of defence while at the same time playing strategically in attack is a bold but victorious choice of action.

In each of these scenarios – and especially the third, clearly the most desirable one – the more realistically the significant changes taking place are assessed, and the better priorities and instruments are adapted to them, the more effective Italy's foreign and defence policy will be.

The complexity of the picture described in the previous chapters suggests a need to focus on increasing the country's political stability in order to shorten the inevitable learning period and build up an image of credibility and reliability that can be guaranteed only if the same interlocutors remain in place over the medium term.

However, it will also be necessary to enhance the domestic capacity for analysis and strategic planning, and increase consistency in the various fields of action of Italy's international projection. This suggests the need for a comprehensive review of the functioning of the office of the directorate in charge of this in the Prime Minister's Office, and the instruments at its disposal, to fully put into practice the country's intention to implement a whole-of-government approach.

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