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1775 Massachusetts Avenue, NW Washington, DC 20036-2188  
Tel: 202-797-6000 Fax: 202-797-6004  
www.brookings.edu

## U.S.-EUROPE ANALYSIS SERIES

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### ITALY'S EUROPEAN VOCATION:

#### THE FOREIGN POLICY OF THE NEW PRODI GOVERNMENT

**Ettore Greco, Visiting Fellow, The Brookings Institution**

No one was surprised when Italy's new President of the Republic, Giorgio Napolitano, made his first major public appearance on May 21 on the occasion of the 20th anniversary of the death of Altiero Spinelli. Spinelli was an ardent theoretician and tireless promoter of European integration and one of the most venerated icons of European federalists. Italy's new center-left coalition, which elected Mr. Napolitano on May 10, has made the re-launch of Italy's role within the EU the centerpiece of its foreign policy program. This European vocation is reflected in the composition of the new cabinet led by Romano Prodi which took office on May 17. It includes several prominent figures on the European stage, including: Minister of Finance Tommaso Padoa Schioppa, a former member of the executive board of the European central bank; Minister of the Interior, Giuliano Amato, who was one of the architects of the EU's draft constitutional treaty; and the Minister for European Affairs, Emma Bonino, a former European commissioner. With the support of this team, Prodi, who himself was president of the European Commission from 1999 to 2004, hopes to bring the country back onto the center stage of European politics.

In Prodi's view, his predecessor, Silvio Berlusconi, departed from a well-established pro-Europe foreign policy tradition that dates back to Alcide de Gasperi, Italy's eight-time prime minister in the post-Second World War period. Berlusconi never considered the EU a priority. He preferred to concentrate on consolidating his government's relationship with the Bush administration as well as on cultivating his personal ties with top world leaders. His center-right government took a lukewarm, and sometimes openly hostile, stance on several proposals to deepen European integration.

Prodi's concept of the EU, however, is problematic. His views differ from those of some other European leaders and they cause some uneasiness in Washington. He has consistently advocated a more "balanced" transatlantic partnership coupled with a transformation of the EU into a fully autonomous international actor that resembles, in some respects, French President Jacques Chirac's advocacy of multipolarism. Like many other European integrationists, he is convinced that EU foreign policy is doomed to remain weak unless effective mechanisms are established to bind the member states to close consultation and coordination before engaging with third parties, including the United States.

With the French-German axis no longer able to function as a driving force in Europe and other traditionally integrationist countries like the Netherlands facing an unprecedented wave of popular Euro-scepticism, Italy's search for allies with which to promote the European integration project appears today more complicated than in the past. Prodi has indicated that he will seek first and foremost to establish a common position with the grand coalition government of German chancellor Angela Merkel, with whom he shares the goal of reviving the process of EU constitutional reform.

More to the point, restoring Italy's credibility as a reliable European partner will require the government to address a more immediate problem: how to bring its budget deficit to within 3% of GDP by the end of 2007 as demanded by the EU's Stability and Growth Pact (SGP). The deficit is projected to be 4% of GDP in 2006, overshooting the limit for the fourth successive year. Indeed, Italy has widely been seen as a litmus test of the long-term stability, if not survival, of the euro. In July, Finance Minister Padoa-Schioppa announced that the government would approve a budget bill for 2007 with budget cuts and revenues increases amounting to as much as 35 billion euros or about 3% of GDP. But it remains to be seen whether the far left parties of the ruling coalition will support the spending cuts on the health and pension system that the package is expected to include.

The government also aims to reverse the trend towards the formation within the EU of "lead groups" of the largest member states from which Italy is often excluded. Italy has not concealed, in particular, its uneasiness about the consolidation of the so-called EU-3 (France, Germany, and the United Kingdom) which has taken over negotiations with Iran on its nuclear program. Deputy Prime Minister and Minister of Foreign Affairs Massimo D'Alema has explicitly declared that Italy's goal is to join the group negotiating with Iran—now also including China, Russia and the United States—which is leading the diplomatic efforts to halt the Iranian nuclear program. He has underlined that, in case of the imposition of economic sanctions against Teheran, Italy, as Iran's largest trade partner in Europe, would particularly suffer. D'Alema has also announced in parliament that he started a "direct dialogue" with the Iranian foreign minister.<sup>1</sup>

The Prodi government also seems much more determined than its predecessor to push for EU constitutional reform and, for this reason, also holds a somewhat different view on the further enlargement of the Union. The enthusiasm for enlargement shown by Berlusconi—he went so far as to pronounce himself in favor of the accession of Russia and Israel—reflected his vision of the EU more as a common economic space than as a cohesive political entity. In contrast, Prodi has repeatedly emphasized his conviction that any future enlargement should be preceded by a substantial strengthening of the Union's institutions. This view is shared by many other prominent figures of the center-left. The government, however, is unlikely to side with those member states that want to slow down the enlargement process or submit it to more stringent criteria. In fact, Italy has important economic, political and security interests at stake in the Western Balkans, one of the areas of likely EU enlargement. There is a widespread view in Italy

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<sup>1</sup> Parliamentary hearing, June 14, 2006.

that only through gradual integration into the Union can the countries of the Western Balkans complete their stabilization process. Moreover, the incorporation of the Western Balkans is seen in Italy as a way to re-establish a geopolitical equilibrium within the EU after the 2004 'big bang' enlargement toward Central and Eastern Europe. The Prodi government has also confirmed Italy's support for the Turkish membership.

### **Relations with the United States**

With Berlusconi's defeat, President Bush lost one of his staunchest allies in Europe. In a bid to boost Berlusconi's electoral chances, Bush invited him to address a joint session of Congress on March 1, a few weeks before Italy's general election. The Italian media, especially those under Berlusconi's direct control, gave the event wide coverage. In a joint press conference, Bush made statements that came very close to an open endorsement of Berlusconi's re-election, a move that a commentator stigmatized as a "blatant interference in Italy's domestic affairs."<sup>2</sup> One source of concern for the Bush administration was Prodi's advocacy of a more autonomous Europe, but even more worrying was the fact that his electoral coalition included three far-left parties with a pronounced anti-American bias (the Refounded Communists, the Italian Communists and the Greens).

Prodi's margin of victory in the election, was wafer-thin, leaving him with a majority of just two seats in the Senate. This may make it difficult for the government to follow an effective and consistent foreign policy course, especially when it comes to security and defense issues (the three far-left parties mentioned above hold 30 seats combined in the Senate.)

Immediately after the election Prodi made declarations that were more reassuring from an American point of view. In an interview with *Le Monde*, for example, he presented the re-launch of multilateralism as a way of preventing the emergence of a "multipolar system".<sup>3</sup> More crucially, after the government took office, one of the major concerns of Prodi, D'Alema and the Minister of Defense Arturo Parisi, a leading member of the centrist Margherita (Daisy) party, was to enter into close dialogue and consultation with the United States concerning, in particular, the future of Italy's military presence in Iraq and Afghanistan.

In the coming months, the Prodi government will have to deal with the aftermath of two episodes linked with the American 'war on terror' that complicated relations with the Bush administration even under the previous government: the CIA kidnapping in Milan of a terrorism suspect, the Egyptian Osama Mustafa Hassan, in February 2003 and the killing in Iraq of Nicola Calipari, an Italian secret service agent, by Americans soldiers in March 2005.<sup>4</sup>

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<sup>2</sup> Richard Gardner, in *International Herald Tribune*, April 22-23, 2006

<sup>3</sup> Interview with *Le Monde*, 12 April 2006.

<sup>4</sup> See also Jonathan Laurence, "Friendly Fire: Italy, America and the War in Iraq", US-Europe Analysis Series, The Brookings Institution, March 2005.

Both cases remain a source of serious embarrassment. Italian magistrates issued arrest warrants for 26 Americans, all of whom are probably CIA operatives, in relation to the abduction of Osama Mustafa Hassan, and are expected to submit a request for their extradition to the Italian government. Berlusconi's justice minister, Roberto Castelli, refused to pass along a similar request to the U.S. Justice Department. The Prodi government will be under strong pressure from within his coalition to accept the new request from the magistrates, in particular because growing evidence has emerged in the meantime of the involvement of the Italian intelligence service in the kidnapping, which has contributed to attracting even greater public attention to the case. A request for the extradition of the CIA agents would certainly cause tensions with Washington.

A similar problem may emerge in the case of Nicola Calipari. In mid-June, an Italian prosecutor asked a judge to indict a U.S. soldier for his death. Washington has not taken any disciplinary measures against the troops involved, arguing that the shooting was an accident. The Berlusconi government disputed that conclusion on the basis of an independent investigation. For his part, D'Alema has expressed disappointment about the U.S. government's lack of cooperation with the Italian judiciary.

### **Participation in international peacekeeping**

In the meantime, relations with the United States have been put to test on the sensitive issue of Italy's role in Iraq and Afghanistan. The Italian military missions in both Iraq and Afghanistan—together with several others politically less controversial deployments—were to be refinanced by the end of June through a government act that then needed to be endorsed by parliament. This cumbersome refinancing process takes place every six months, often giving rise to a hot political debate.

In fall 2005, Berlusconi had already promised to withdraw all Italian troops from Iraq by the end of 2006. In this way he managed to remove the Iraq issue from the electoral campaign. Indeed, according to opinion polls, two-thirds of Italians were against the country's participation in the military mission in Iraq. For its part the center-left coalition, which had been united in opposing both the U.S.-led war in 2003 and Italian participation in the post-conflict mission, pledged during the electoral campaign to pull out the troops as soon as possible although only after consulting the Iraqi authorities. Its electoral manifesto did not mention prior consultation with the United States.

In his first policy speech to parliament Prodi reaffirmed his view that the war in Iraq and the occupation had been a "grave error" and that it had not resolved, but complicated the security situation in the Middle East. However, soon after taking office, D'Alema made it known that the decision concerning the method and the timetable of the withdrawal would be taken only after a meeting he was to have with his American counterpart, Condoleezza Rice. In an effort to minimize the negative impact of the announced withdrawal from Iraq on relations with the United States, the leaders of the center-left have made a point, both before and after the election, to differentiate their approach from that of Spanish leader José Luis Zapatero, who, after winning the Spanish election in 2004, completed the pullout of Spanish troops in just six weeks.

In June, the government reduced the number of Italian troops from 2,700 to 1,600, implementing a decision that had actually been already taken by its predecessor. The rest will return home by the end of the year. In sum, although Berlusconi has derided the Prodi government's plan for withdrawal as a "shameful disengagement," it will take place in a way not substantially different from the plan that he had publicly announced.

The center-left coalition has unanimously supported the government's decision to withdraw the troops from Iraq and even the more radical pacifist groups have accepted that the pullout will not be carried out 'à la Zapatero'. On the other hand, the future of the Italian military presence in Afghanistan has given rise to considerable tensions within the ruling coalition and has become a subject of disagreement with the U.S. government. Italy contributes troops to both the NATO mission in Afghanistan (1,640 in May 2006) and the U.S.-led Operation Enduring Freedom (240). During a visit to Rome on June 6, NATO Secretary General Jaap de Hoop Scheffer called for the Italian government to contribute fighter aircraft and more special troops to ISAF. Initially, the government seemed inclined to honor the request. Parisi, in particular, spoke in favor of the strengthening of the Italian presence in Afghanistan. This move was seen as a way to show the Americans, that, the announced withdrawal from Iraq notwithstanding, Italy remained committed to playing a major role within the Atlantic Alliance.

Yet, bowing to the pressures by the radical leftist groups, which had always voted against the mission in Afghanistan during the previous parliament, the government eventually announced that it would not increase its contribution to ISAF. Parisi even hinted at a possible reduction because of "technical" reasons linked to troop rotations. The fact is that since June a vocal pacifist movement has been campaigning against the Italian military presence in Afghanistan. Several popular figures, such as Dario Fo, a Nobel Prize winner in literature, have taken part in the campaign. An opinion poll published by *Il Corriere della Sera* in mid-July showed that 61% of the Italians, including a majority of the centre-right electorate, were in favor of withdrawing the Italian troops from both Iraq and Afghanistan with only a tiny minority making a distinction between the two missions. Echoing the requests of the pacifist movement, some parliamentarians of the more radical leftist groups urged the government to lay out an exit strategy from Afghanistan and to end Italian participation in Operation Enduring Freedom. However, these requests were rejected. D'Alema even threatened to resign if the majority had failed to agree in parliament on a clear commitment to the continuation of the Afghan mission.

To win the consensus of the far left parties, the government promised a periodic parliamentary review of the state and goals of the missions. If the situation in Afghanistan continues to deteriorate in the coming months, new pressures might emerge from within the ruling coalition for a withdrawal of Italian force. Yet, a reassuring element for the Prodi government is that the leader of the Refounded Communists, Fausto Bertinotti, who was appointed speaker of the house of deputies, has increasingly distanced himself from radical pacifism. He played a key role in convincing the parliamentarians of his party to vote in favor of the mission in Afghanistan.

### **A Problematic European Dream**

It will not be an easy task for the Prodi government to re-establish Italy's role in Europe. With prominent pro-EU figures in the key positions, it will probably demonstrate a greater capacity

than its predecessor to propose solutions to the crucial problems of the EU, including constitutional reform. But it will also have to implement a consistent policy in order to respect its commitments under the SGP, a key condition for increasing its credibility as a reliable partner. This will be a big challenge given the wafer-thin majority on which the government relies in parliament and the divisions within the ruling coalition on a number of economic policy issues.

Problems may also emerge in the relations with the United States. In particular, the Calipari case and the issue of CIA covert operations in Italy may cause new bilateral frictions. Moreover, the anti-American bias of the far-left parties is likely to complicate the government's efforts to build a solid partnership with Washington. In its first two months in office, however, the Prodi government has invested considerable diplomatic energy in cultivating good relations with the Bush administration and everything indicates that it will continue to do so in the future. The Bush administration, in turn, appears increasingly interested in strengthening cooperation with Europe on several foreign policy issues. The close cooperation between the United States and Italy is therefore likely to continue. It is also clear that the Italian government will try to maintain its high-profile international commitments, including participation in international peacekeeping. It has also the ambition to play a more active role in its immediate neighboring, particularly in the Middle East. All this may offer new and important opportunities for cooperation not only with other EU member states, but also with the United States.