

Policy Memo

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# Italy's Eastern Neighborhood Policy: Georgia in Context

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# Italy's Eastern Neighborhood Policy: Georgia in Context

Marco Siddi<sup>1</sup>

Italy's economic and diplomatic presence in the European Union's Eastern neighborhood has increased since the 2000s. The expansion of trade and diplomatic contacts with Eastern Partnership (EaP) countries has complemented Italy's long-standing relationship with Moscow, which continues to be important despite the current political crisis and economic sanctions imposed between Russia and the EU. Italy has supported the European Neighbourhood Policy (ENP), which now constitutes an important framework for the country's approach towards the region. Particularly since the Ukraine crisis, Italy has sought greater coordination with EU partners on policies concerning the post-Soviet space while simultaneously advocating its own views and interests within the Union.

Italian foreign policy towards the Eastern neighborhood is constrained by several interconnected factors: broader international developments and their implications for Italy as a Mediterranean country; Italy's resources and capabilities to adapt to a rapidly-evolving international environment; and the domestic political and economic situation. In the 2010s, the destabilization of North Africa, the rise in international terrorism and the refugee crisis all accelerated the transformation of the post-Cold War order and posed serious challenges to Italy's main foreign policy priority, security in the Mediterranean region. This situation was compounded by the deterioration of relations with Russia, the maintenance of which is the mainstay of Italy's approach to the post-Soviet space. Moreover, these new international challenges have emerged at a time when Italy is confronted by economic issues and political uncertainty.

Italy's role in the Eastern neighborhood is largely contingent on this broader context and cannot be fully understood without discussing the country's position in the wider international scenario.<sup>2</sup> Hence, this analysis starts by outlining that context. It then focuses on Rome's current approach to the Eastern neighborhood and Russia before concluding with an overview of possible changes and continuities following the 2018 national elections.

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<sup>2</sup> See also Silvia Francescon, 'Italy and the Eastern Partnership: the view from Rome', European Council on Foreign Relations, 19 May 2015, [http://www.ecfr.eu/article/commentary\\_italy\\_and\\_the\\_eastern\\_partnership\\_the\\_view\\_from\\_rome3034](http://www.ecfr.eu/article/commentary_italy_and_the_eastern_partnership_the_view_from_rome3034).

## Italian Foreign Policy: Challenges and Priorities

For over two decades, Italian foreign policy has faced the task of adapting to the complexities resulting from the end of Cold War bipolarity. During the Cold War, Italy's only realistic foreign policy avenue involved enhancing its profile within NATO in order to see its interests acknowledged by the United States and the Alliance's main European allies. Successive Italian governments largely maintained this stance in the unipolar context of the 1990s and early 2000s. However, the end of the East-West ideological confrontation and the expansion of the Western community through NATO and EU enlargement led to the conflation of different priorities within Italy's traditional system of alliances.<sup>3</sup> As a result, in the 2000s Italy was pressured to participate in out-of-area military operations of only limited relevance to its immediate interests.

This challenge emerged while Italy's relative influence in the world was diminishing, something which demanded a more focused foreign policy.<sup>4</sup> Rome's logical response to this state of affairs has been to merge and coordinate its resources with those of its EU partners. This strategy has worked in contexts where interests are similar (for instance, in deepening relations with EaP countries), less so where divergences exist (in relations with Russia or in the allocation of resources to the Eastern or Southern dimension of the ENP). In the latter case, the objective of enhancing Italy's voice within the EU is constrained by competing voices, which may even prevail if supported by broader coalitions or more influential member states such as Germany and France.

The weaknesses of this approach were highlighted by the unfavorable circumstances that emerged in the 2010s. The civil war in Libya, instability in the Southern neighborhood and the refugee crisis emphasised the necessity of refocusing Italy's foreign policy resources towards this region, particularly due to the impact of developments there on the country's domestic politics and security. In this context, Rome has received limited solidarity from its EU partners in coping with the refugee crisis. With regard to Libya, some member states (most notably France) often seem to pursue a parallel agenda based on their national interests. Moreover, the EU's Eastern members are less keen to relocate EU resources to the Southern neighbourhood, where they have fewer strategic interests, and prefer instead to focus on a confrontational policy towards Russia, which does not match Italy's priorities. This situation is

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<sup>3</sup> See Federico Romero (2016), 'Rethinking Italy's Shrinking Place in the International Arena', *The International Spectator*, Issue 51, No. 1, pp. 1-3 and 7-9,

<http://www.tandfonline.com/doi/abs/10.1080/03932729.2016.1108613>.

<sup>4</sup> Anna Caffarena and Giuseppe Gabusi (2017), 'Making sense of a changing world: foreign policy ideas and Italy's national role conceptions after 9/11', *Italian Political Science Review* Issue 47, No. 2, pp. 143-145, <https://doi.org/10.1017/ipo.2017.5>.

aggravated by the EU's diminishing foreign policy resources following Brexit and the progressive disengagement of the US from North Africa.

Italian policy makers are also confronted with some clear trends in domestic public opinion. According to a recent survey<sup>5</sup>, immigration and securing national borders is by far the main foreign policy concern of Italians. The EU is still seen as the best forum for channelling national interests, but the percentage of those who consider intra-EU differences too big to achieve a united European position has risen to 45% (against only 27% expressing the opposite view). Moreover, Italians tend to be sceptical of the current EU sanctions towards Russia: 53% of the interviewees believe they should be either softened or lifted, whereas 38% think they should be kept as they are and another 9% want tougher sanctions. On the other hand, 77% believe that Italy should cooperate with Russia on fighting terrorism, an issue clearly perceived to be more urgent than most other aspects of international politics. Italian foreign policy towards the post-Soviet space is made and implemented within this challenging international and domestic context.

### **Italy's Eastern policy: The ENP and Russia**

Within the post-Soviet space, Italian foreign policy has always paid particular attention to Russia, which is an important energy supplier and commercial partner. In recent years, the 'Russia first' approach has been partly rebalanced by growing commercial involvement in other post-Soviet countries. Georgia provides a good example in this respect: bilateral trade has grown from €121.4 million to €303.4 million between 2009 and 2016. Large Italian companies such as the Ferrero Group, Saipem and Salini Impregilo have made significant investments in Georgia. Italy is now Georgia's fourth-largest European trade partner and its tenth-largest worldwide.<sup>6</sup> As of 2015, Italy was the third-largest EU economic partner of the EaP countries after Germany and Poland.<sup>7</sup>

The increase in trade and deeper political relations have been facilitated by the EU's growing involvement in the region – which, in the case of Georgia, culminated in the signature of an Association Agreement in June 2014, which included the establishment of a Deep and Comprehensive Free Trade Area. Following the Georgian-Russian war of August 2008, the EU has also maintained an unarmed civilian monitoring mission in Georgia (known as the EU Monitoring Mission, EUMM) with Italian participation.

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<sup>5</sup> Gli italiani e la politica estera, 2017, [http://www.iai.it/sites/default/files/laps-iai\\_2017.pdf](http://www.iai.it/sites/default/files/laps-iai_2017.pdf).

<sup>6</sup> Trade between Italy and Georgia, 2009-2016, [http://www.ambtbilisi.esteri.it/ambasciata\\_tbilisi/resource/doc/2017/05/dati\\_statistici\\_2009-2016.pdf](http://www.ambtbilisi.esteri.it/ambasciata_tbilisi/resource/doc/2017/05/dati_statistici_2009-2016.pdf).

<sup>7</sup> Il Sole 24 Ore, 21 May 2015, <http://www.ilsole24ore.com/art/mondo/2015-05-21/a-riga-vertice-europeo-partnership-orientale-i-temi-caldi-russia-e-crisi-ucraina--092943.shtml?uuid=ABltg3jD>

The EU and Italy have repeatedly reiterated their support for Georgia's sovereignty and territorial integrity. From an Italian perspective, the expansion of relations with other post-Soviet countries does not come at the detriment of relations with Russia. Italian officials oppose the conception of the EaP as an instrument of geopolitical competition with Moscow.

In fact, relations with Russia remain a strategic priority for Italy.<sup>8</sup> On the one hand, this is due to long-term trends such as the energy partnership and trade relations. For Italy, Russia has been an essential and reliable energy supplier for several decades. The large Italian energy company ENI has had close relations with Russia's Gazprom and is now developing a partnership with Rosneft (most notably, to exploit the large Zohr gas field in the Mediterranean). Despite the cancellation of the South Stream pipeline project, Italian companies such as Edison and ENI remain interested in the construction of a southern route for the export of Russian gas to Europe. At the same time, Italy also supports the building of the Southern Gas Corridor, an alternative supply route meant to export Azeri gas to Turkey, Greece and Italy via the South Caucasus (with Georgia as a key transit country).

Italy's interest in upholding cooperation with Russia also depends on more recent factors, most notably Moscow's renewed activism in the Mediterranean region. Russia can play a role in the stabilisation of Libya both directly, through its contacts with general Khalifa Haftar, and indirectly, through its military and political contacts with Egypt. Moreover, Russia's support or consent would be necessary in case of future UN Security Council resolutions concerning Libya. This is arguably one of the main reasons why, in October 2016, Italy (together with other EU members) opposed extending EU sanctions against Russia to respond to its involvement in the Syrian crisis, and hence to the context of Mediterranean politics.

While Italy is not directly represented in the main negotiation format concerning the Ukraine crisis (the 'Normandy Four'), it has upheld frequent contacts with Russia and Ukraine through official visits at the highest level.<sup>9</sup> As during the August 2008 war and its aftermath, the Italian position emphasizes that the Ukraine crisis can be resolved only through talks and a commitment to international agreements (most notably, Minsk II). The underlying rationale of this stance is that a stable pan-European security structure can only be achieved with Russian participation, especially in the post-Soviet space.

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<sup>8</sup> See Marco Siddi (2016) 'Privileged partners? Italy should use its leverage for constructive policies towards Russia', Briefing Paper 197, Helsinki: Finnish Institute of International Affairs, [http://www.fii.fi/en/publication/598/privileged\\_partners/](http://www.fii.fi/en/publication/598/privileged_partners/).

<sup>9</sup> In the first half of 2017, both President of the Republic Sergio Mattarella and Prime Minister Paolo Gentiloni met Putin in Russia.

## Italy's 2018 Elections and Future Prospects

In the short term, the main challenges confronting Italian foreign policy are unlikely to change, both in the Mediterranean (countering instability, the Libyan civil war) and in the Eastern neighborhood (maintaining cooperation with Russia while advancing EU policies and the ENP agenda). However, the strategies for addressing these challenges may be somewhat different depending on the composition of the new Italian government after the next parliamentary elections (which will take place by the end of May 2018). This could have repercussions on Italian foreign policy towards Russia. It is less probable, however, that the Italian stance towards the EaP countries (focusing on deepening economic and other forms of cooperation) will change substantially.

So far, Italy's political parties have not fully clarified their foreign policy programs. However, it seems likely that the Five Star Movement and the Northern League will take a more pro-Russian position, even campaigning for the removal of EU sanctions. Both parties want to prioritise the fight against terrorism (together with Russia) and recover the economic losses caused by the sanctions. Five Star Movement supporters are also keen on loosening commitments to NATO and taking a more multilateral (i.e. not simply 'pro-Western') posture.<sup>10</sup> Both parties will receive a substantial share of the vote; according to recent polls, the Five Star Movement would be the largest party in parliament (even if by a narrow margin, with around 28% of the votes), while the Northern League would come in third.<sup>11</sup> However, even in the unlikely event they form a coalition government, their capability of radically changing Italian foreign policy is questionable, not least due to their lack of relevant experience and Italy's international commitments.

The positions of the other two main parties, the currently-governing Democratic Party and Silvio Berlusconi's Forza Italia, are more nuanced. Both would prefer to mend relations with Russia and focus on other strategic challenges – particularly Berlusconi, who is a personal friend of Putin. However, it is unlikely that either of these parties will disrupt the common EU stance on Russia. More probably, they will attempt to steer European debates towards Italy's goals, including the de-escalation of tensions in Eastern Europe and the normalisation of relations with Moscow.

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<sup>10</sup> 'L'agenda di politica estera di M5S in 10 punti', 6 April 2017, [https://www.agi.it/politica/lagenda\\_di\\_politica\\_estera\\_di\\_m5s\\_in\\_10\\_punti-1656662/news/2017-04-06/](https://www.agi.it/politica/lagenda_di_politica_estera_di_m5s_in_10_punti-1656662/news/2017-04-06/).

<sup>11</sup> Sondaggi elettorali EMG, 17 October 2017, [http://www.termometropolitico.it/1271193\\_sondaggi-elettorali-emg-m5s.html](http://www.termometropolitico.it/1271193_sondaggi-elettorali-emg-m5s.html).

## Conclusion

Italy's foreign policy faces a broad range of challenges, most of which are concentrated in its closest Mediterranean neighbourhood. Italian diplomatic and political efforts will focus primarily on this region in the near future. However, this focus can be reconciled with the continued expansion of Italy's presence in the EaP countries, particularly in the economic arena. Instability in the Southern neighborhood may even lead Italian businesses and investors to seek new opportunities in other nearby markets, such as those in EaP countries. This is reflected, for instance, in Italy's growing energy imports from the Caspian region, as supplies from North Africa appear to be less secure. The next Italian government will most likely attempt to improve relations with Russia. In this regard, relations with Moscow and with EaP countries are not seen as competing alternatives. Rome will most likely take a pragmatic approach geared towards maximising trade and political contacts with all its partners.

On the other hand, EaP countries can further develop their relations with Italy by exploring cooperation in shared areas of advantage. In the case of Italian-Georgian relations, this includes cooperation in sectors such as agriculture, tourism and culture, where both countries have a long and well-established tradition. Following the Eastern enlargement of the EU, Italian tourists and businesses have become increasingly attracted to Eastern Europe. The potential for reproducing this trend in EaP countries is great, particularly in promising contexts such as Georgia. As knowledge of EaP countries in Italy is still limited, increased people-to-people contacts via tourism and educational partnerships would have positive effects on relations in general. For instance, Italian tourism in Georgia could also become a vehicle for the internationalisation of particular sectors of the Georgian economy by acquainting tourists with local food and wine. This would increase the demand for such products on the Italian market.

Improvements in the quality of institutions and the rule of law (which now vary greatly across EaP countries) would also be highly beneficial. Such improvements would increase chances for additional Italian investments in the region and facilitate political cooperation. Peace and regional stability are important preconditions, and all efforts to boost them will be appreciated in Rome. A posture that facilitates cooperation with both Russia and EaP countries simultaneously – and thus dispels the prospect of renewed regional conflict – is highly desirable from an Italian perspective. This is particularly important in view of Italy's Chairmanship of the Organisation for Security and Co-operation in Europe (OSCE) in 2018. Italian political leaders have already declared that they would like to use the chairmanship to recapture the 'authentic spirit of Helsinki' through dialogue and co-operation (a reference to the



1975 Helsinki accords).<sup>12</sup> Prime Minister Paolo Gentiloni has announced that the Ukraine crisis and the protracted conflicts in the OSCE area will be at the core of the Italian agenda.<sup>13</sup> Thus, a constructive stance from the EaP countries in question (as well as, obviously, Russia) would have positive repercussions on political relations with Italy.

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<sup>12</sup> See <http://www.osce.org/chairmanship/330701>.

<sup>13</sup> See <http://www.osce.org/cio/257036>.



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