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Italy and France: The effects of competition between allies on the regional stability in Northern Africa and on the European Union (an Italian perspective)

Introduction

Between the end of 2018 and the beginning of 2019, tensions between Italy and France were covered in the news on an increasingly regular basis. Tensions grew over multiple issues such as the two countries' budget proposal to the European Commission, their respective measures and strategies adopted in response to the Libyan crisis, and their respective national and social issues including migration in Italy and the "Gilets Jaunes" protests in Paris. In addition, while Italy held meetings with representatives of Hungary and Poland with the aim of establishing an alliance in sight of the European Parliament elections in May, France renewed its post-war friendship and alliance with Germany by signing the Aachen Treaty[1]. Tensions between Italy and France eventually escalated in February 2019 when President Macron recalled the French Ambassador from Rome – who was sent back soon after – following criticism by members of the Italian leadership of the French President himself, of France's colonial practices in Africa (i.e. CFA), and following the meeting between Deputy Prime Minister Di Maio and representatives of the "Gilets Jaunes" movement.[2]

One could continuously list issues that have created tension between Italy and France over the past few months; however, this confrontation on the aforementioned issues, is nothing more than the projection and result of deeper tension and competition between the two countries, in particular concerning their spheres of influence in Northern Africa. In this case, tensions between Italy and France stemmed from their respective bilateral relationship with Libya and Egypt, where the two countries clashed and competed both politically and economically. France´s interference in Libya not too long after Italy took the lead to work closely with various Libyan security actors revealed the lack of coordination among the two EU players. The question is how Italy and France's competition over the influence in North Africa risks impacting and deteriorating the image and coherence of the EU as a whole, its unity and its international position.

France and Italy's historic presence and competition in North Africa

France and Italy's competition for influence in North Africa dates back to the 19th century when Italy emerged as a colonial power after its reunification in 1871. From 1900 to 1902, Rome signed a series of treaties with Paris by which it recognised French control over Morocco in exchange for Paris´ pledge not to attempt seizing Libyan territories.[3] Italy maintained control over Libya´s territories from 1911 until World War II when the "Italian Libya" was divided into three zones under joint Franco-British occupation, which lasted until 1951, when Libya became independent during the wave of decolonization in Africa in the 1950s and 1960s. After years of tensions between Italy and Libya due to Italy´s previous colonial occupation, bilateral relations improved in 2008, when the two countries signed the historic Treaty on Friendship, Partnership, and Cooperation which ended the disputes related to colonialism.[4] The Treaty ensured cooperation between the two countries in many fields including migration and the economic sector. In the former case, Italy and Libya committed to collaboration in order to prevent illegal migration in the countries of origin; in the latter case, Italy accepted responsibility for its colonial occupation and agreed to compensate Libya by committing to build basic infrastructure in the country for a total of $5 billion over the next 20 years.[5] In return, Italy got a favoured commercial partner status with the oil-rich country and Libya committed itself to an extension of the concession to the energy company ENI which in 2007, already managed to extend its contract until 2042 for oil and 2047 for gas.[6] At that time, Paris publicly seemed to let Rome lead the way on the Libyan issue even though French and Italian companies, respectively Total and ENI, were rivals in the country. That did not last long, and in the years following military intervention in Libya, France attempted to politically bypass Italy on multiple occasions.[7]

Italy and France's competition: The case of Libya

Given the major role Libya has been playing in the migration crisis as a gateway for the African migration to Europe, it is in the interest of both Italy and France to bring stability to the country. Both do not wish for Libya to become a terrorists and smugglers haven. However, rather than cooperating to try to solve the political crisis, Italy and France have blamed each other for it and have been competing for influence. Due to their conflicting interests in the region, they have exacerbated the tensions and increased instability not only in Libya but in the region overall. Historically, Italy has been a relatively greater trading partner for Libya, occupying a better business position compared to France.[8] This started to slowly change after the military intervention in 2011. Since then, Paris has attempted to strengthen its political relations with the newly established Libyan principal leader and to increase economic gains through trade accords (mostly in terms of oil and weapons).

From a political perspective, both countries have tried to assert themselves as leading diplomatic actors and mediators in the talks with the principal competing leaders in Libya. In May 2018, France organised the Paris Summit bringing together Libya´s four principal competing leaders but excluding Italy, and pushed for the organisation of new elections in December 2018, which were finally postponed and rescheduled at a later date.[9] Italy, on the other hand, criticised France's proposed elections claiming that Libyans should decide for themselves when to hold elections and thereof organised the Palermo Conference in November 2018 to meet with the main leaders in Libya and other major powers for a plan to deal with the political crisis in the country.[10] On that occasion, France's president was invited to the event, but only a representative was sent to attend.

The competition between Italy and France over Libya is also reflected in regard to the two competing factions in the country. On one hand, Italy supports the internationally recognised Government of National Accord in Tripoli and its representative Fayez al-Serraj under the terms of the United Nations-led initiative (the Libyan Political Agreement); while on the other hand, France backs the Eastern government led by Khalifa Haftar, head of the Libyan National Army (LNA) and arguably the most influential local actor in Libya. Haftar's military-style rule controls most of the country and has almost entirely stopped human trafficking networks in the eastern side of Libya.[11] Because France believes that Haftar is an ally who could serve in their best interests, particularly with fighting terrorist groups, it supports the General´s consolidation of control in the east. Recently, Haftar's strength and ambitions have been confirmed once more after the LNA carried out air strikes against targets in Tripoli.[12]

From an economic perspective, Paris aims to become more influential than Rome in Libya due to the presence of oil, gas and other minerals. Indeed, Libya has the largest proven oil reserves in Africa, ranking 21st in natural gas reserves globally.[13] While the Libyan energy market has been usually dominated by the Italian energy company ENI, France has been trying to offset the Italian presence through the expansion of the French company Total's shares. In March 2018, Total substantially raised its presence in Libya after the purchase of a 16.33% stake in Libya's Waha concessions from US Marathon Oil for $450 million, although the initial deal received some criticism due to the fact that Libya had not given the required formal approval.[14]

In addition, since the beginning of the Libyan crisis in 2011, France has also supported General Haftar militarily. Even though French energy companies have been increasingly profiting in Libya in the last few years, it is through military equipment sales that Paris generates most of its profits in the country. Between 2004[15] and 2011, France sold to Tripoli around half a billion dollars' worth of weapons, more than any other European country.[16] Italy's purchases of arms were higher than France's only prior to the intervention in 2010 when it negotiated around a billion dollar worth deals. In the case of France, given the country´s well-known military and logistical support not only to General Haftar but also to his major Arab sponsors, the United Arab Emirates and Egypt, questions have arisen on whether or not France can be seen as an honest broker. What is certain is that France and Italy's rivalry in Libya is hurting the country itself by undermining attempts to solve the underlying political crisis.

Italy and France's competition: The case of Egypt

Besides the European powers Italy and France, Egypt is another key actor involved in the Libyan conflict with the aim of stabilising the country in order to prevent the expansion of Islamist networks' influence and illegal migration. This can be considered legitimate as Egypt, sharing 1,200 kilometres of its border with Libya, is vulnerable to what happens in its neighbouring countries. Given that Egypt shares a border with the eastern side of Libya (controlled by Haftar), it does not come as a surprise that Egyptian president Abdel Fattah el-Sisi chose to support the General rather than other local actors. General Haftar is the most influential actor in Libya today who, with his army, has been able to effectively resist the Islamist influence and expansion. This means that Egypt´s support for him is strategic for ensuring the control and integrity of its own borders.

Similar to Egypt, France and Italy also aim at fighting terrorism and preventing illegal migration; because they share these common interests with Egypt, they are even keener to maintain good relations with Cairo in order to keep the country committed to those goals. However, as it is the case in Libya, Italy and France compete for influence and economic interests in Egypt, and this, again, hampers any possibility for both countries to cooperate to find a common and unified solution.

The bilateral relations between Rome and Cairo experienced a temporary setback in 2016 following the Regeni case.[17] Back then, Italy persisted in its request for transparency while trying at the same time not to compromise its outstanding business interests, especially after the Italian oil company ENI discovered the Zohr oil reserves in 2015.[18]

Contrarily to Italy, France has improved its relations with Egypt in the last few years. Some have even claimed that since ENI's discovery of Zohr oil reserves, France has increasingly attempted to replace Italian oil companies with French ones. In addition, Paris has also increased trade and collaborations with Cairo in the military sector, which is a strategic move given that both countries support general Haftar in Libya, politically and militarily. Since 2013, Egypt has been France's largest client for weapons (25% of total sales).[19] Because of its arms exports not only to Egypt but also to other authoritarian states like Saudi Arabia, who are engaged in war or in dubious domestic and regional ventures, France was often criticized. Even though Italy has also been occasionally questioned over arms exports to countries with dubious activities, its volumes are much smaller than France´s. In the case of arms transfers to Saudi Arabia between 2012 and 2014, Italy´s exports amounted to 700 million euros, compared with France's 5 billion euros worth of deals[20]. In 2014, Italy provided 33.9 million euros worth of armed equipment to Egypt (half of which were small arms), while France provided 100 million euros worth of military equipment.[21] With the justification of fighting terrorism in the North African region, French-Egyptian defence-related partnership has experienced a further boost since February 2015 when Egypt purchased 24 Rafale fighter jets, a navy frigate and missiles for the sum of 5.2 billion euros.[22] Relations also evolved in 2015 when ENI discovered the Zohr oil reserves. In fact, in 2016, Paris and Cairo signed 2 billion euros worth of deals not only in security and military equipment but also in energy projects.[23] From this perspective, France's cooperation and alliance with Egypt can be seen as a strategic move to pursue different national interests in the region.

French officials have often claimed that Egypt is a stabilizing factor in the region and a necessary ally for dealing with regional challenges including the crisis in Libya, ISIS, and migration flows. However, even though France has asserted that its defence relationship with Egypt aims at fighting terrorism in the region, arms exports to both General Haftar in Libya (in contravention of the UN embargo) and to Egypt risk to further aggravate the conflict in Libya by preventing a peaceful and inclusive solution to stabilise the country.

Italy's response to avoid the risk of isolation and marginalisation

As France gains ground and influence in North Africa, supporting the two main leaders there (specifically General Haftar in Libya and president Abdel Fattah el-Sisi in Egypt), Italy sees its role in the region increasingly weakened. In this context, Rome risks missing the opportunity to play a key role in any potential resolution of the Libyan crisis, and deteriorating relations with its traditional western allies such as France, with the possibility of isolation and marginalisation on the European and international stage.

It is in light of these developments that Italy has embarked on a series of international and regional projects with third countries as a way to revive its influence. In March 2019, it became the first major wealthy western nation, and so the first G7 country, to endorse China's "Belt and Road" initiative, despite worries amongst its main allies that this could undermine Western interests.[24] Some have claimed that Italy's decision to slowly turn to China might have also been influenced by its feeling of betrayal by Europe (demonstrated through the lack of solidarity regarding immigration and economic crises), and by the US for the Libya disaster as well as its shift in foreign policy.

Earlier, in November 2018, Italy's bipartite government eventually reached consensus on the construction of the Trans Adriatic Pipeline (TAP) in the hope of regaining credibility and being able to keep a strategic role in the region. TAP's construction, a planned new route to bring natural gas from Azerbaijan to Italy via Greece and Albania, was initially pushed by the European Union and the United States as a strategic priority to both decrease Italy´s dependence on Russian oil and gas and reduce Russian influence in Europe by diversifying its energy supply. Since 2014, different Italian political parties sent contrasting messages regarding their intentions to allow the construction of TAP in Italy, raising concerns over the country's credibility and reliability in the eyes of the EU and the international community. On the one hand, the Five Star Movement had been a vocal opponent of the construction of TAP since 2014 over environmental concerns, a stance that was necessary to gain electoral success. On the other hand, the League Party had insisted that TAP was a strategic project that needed to be completed in order to lower gas prices and help the country's impoverished south. It is not clear whether consensus on TAP was reached only as a way for Italy to regain its partially lost credibility in the previous months or because it would have been too costly for the country to retreat from the project. What is clear though, is that TAP is a great opportunity for Italy to regain its credibility in the eyes of the European and international community and to play a strategic role in the Northern Africa region. Similarly, the possible building of the Eastern Mediterranean (EastMed) pipeline, a project to connect Greece and Italy to Cypriot and Israeli gas reserves, might also represent (to a lesser extent than the TAP project) an opportunity for Italy to become a gas hub for Europe. Indeed, both the TAP and the EastMed gas pipelines could drive new infrastructures to emerge and therefore be beneficial for the Italian economy.

The European Commission and the Italian and French budget proposal: double standards?

For several months since the end of 2018, one of the most recurrent topics in the news has been Italy's budget proposal to the European Commission. At the beginning of June 2019, the Commission warned Rome that it might face disciplinary action over its failure to respect EU spending rules. Indeed in December 2018, after months of negotiations, the Commission and Italy reached a budget deal by which the latter committed to keep its national ratio deficit/GDP at 2.04% for 2019.[25] This happened after the Commission had rejected Italy´s previous budget plan due to the concern that this proposal could have led to another economic crisis, and "Italy would have been too big to rescue."[26] The Commission, while discussing both the Italian and the French budgetary proposals at the same time, treated the two differently. Indeed, while rejecting the Italian budget plan, it approved the French one. That is the reason why, following the Commission's criticism and rejection of the first Italian proposal, Rome raised questions over the Commission's impartiality in assessing the two countries' budget plans. In fact, despite France, Italy had proposed to keep the budget for 2019 at the same value as 2018.

Italy's first budget proposal for 2019 presented a plan to keep the deficit to GDP at 2.4% with growth of 1.5%; the Commission rejected this plan and foresaw infringement proceedings if a compromise could not be reached.[27] With the budget deal achieved in December 2018, Italy agreed to commit to decreasing the ratio deficit to GDP from 2.4% to 2.04% for 2019 (compared to 2017's 2.4%).[28] This was established in line with the EU Fiscal Compact (2012) whereby member states must decrease their annual deficit of 0.5% of their GDP and keep public deficit below 3% (or working towards this target).[29] Concerning the roof of 3% for public deficit, from 2008 to 2016, the French government exceeded the rule 8 times while Italy only 3 times (from 2009 to 2011).

In addition, the EU Fiscal Compact also provides that member states with a public debt (ratio) above 60% of GDP need to decrease their debt at 1/20 per year.[30] Both Italy and France have a public debt (ratio) above 60% of GDP; however, while the Commission rejected the first Italian proposal based on this principle, it did not reject the French plan to keep the ratio deficit to GDP at 2.8%.[31] Still, after Macron had to compromise with the "yellow vests" and had foreseen a deficit larger than the one previously presented at over 3% for 2019, the Commission did not object and failed to take on proceedings, at least not in a comparable way as it did for Italy. At that time, the French Commissioner Pierre Moscovici argued that the Commission objected to the Italian proposal and not the French one for reasons relating to the larger Italian government debt. In this case, when it comes to the criticisms raised against Italy's debt and to the argument that this could lead to another economic crisis, it is worth mentioning that high private debt is usually considered the ingredient required for a crisis, not government debt. To this regard, if one looks at the data collected on Italy and France's debt for 2017, it is possible to observe that while France performed better than Italy concerning public debt, the latter did better than its counterpart when it came to private debt.[32] In particular, Italy's public debt in 2017 amounted to about 140% of country GDP and private debt amounted to approximately 40%, compared to France's government debt that was around 100% of GDP while private debt was around 60%.[33] In other words, what emerges from these figures is that Italy did have the largest public debt in the Eurozone, but France had a larger private debt. France also had the largest cumulative debt, amounting to over 400%, while Italy's cumulative debt amounted to approximately 350%.[34]

Based on the figures presented on both countries' economic performance, and on the preferential treatment that France got over Italy concerning the budget proposals for 2019, many have alleged that the Commission had adopted double standards. Brussels might have also played a role in Italy and France's bilateral antagonism, increasing the causes of tension and intensifying the level of competition the two already had in other areas, most significantly in North Africa as well as increasingly within the EU.

Conclusion

In the last few years, competition for influence between Italy and France has increased, particularly in Libya where the two countries' rivalry has undermined attempts to solve the political crisis. In this regard, France's arms exports to both General Haftar in Libya and to Egypt, infringing the UN embargo, risks contributing further to the Libyan conflict, compromising any peaceful and unified solution to stabilize the country.

In addition, Brussels' attitude with respect to several issues concerning Italy and France (particularly the adoption of double standards regarding the Italian and French budget proposals), has not helped easing relations between the two countries. Indeed, in some aspects, Brussels' method of dealing with the respective budget plans and the justification of its decisions have contributed not only to increasing antagonism between Rome and Paris but also caused Italy to distance itself from the EU and instead turning to the emerging actor on the international stage, China. Simultaneously, Italy has also been trying to gain a strategic role by joining energy projects in the region, such as the Trans Adriatic and the Eastern Mediterranean Pipeline, with the goal of preventing its own strategic marginalisation and isolation.

Lastly, competition between EU member states (in this case between Italy and France) risks to weaken and deteriorate the EU as well as its regional and international position. If the EU is not acting and responding as a unique sole entity, there is a risk that external global powers will take advantage of this situation and will use the EU´s fragmentation to pursue their own interests more easily both within the EU and in its neighbouring regions. In this sense, following the results of the European Parliament elections last May, it now remains to be seen how the dynamics within the EU institutions and among its member states will develop further.

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AUSTRIA INSTITUT FÜR EUROPA- UND SICHERHEITSPOLITIK

FOKUS | 8/2019

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