



Gulf Research Center
Knowledge for All

Italy - GCC Relations



1. Key Domestic Developments

A right-wing coalition won a comfortable parliamentary majority at the snap general election on September 25, 2022 but failed to win more than two-thirds of the seats, which would have allowed the next government to make changes to the constitution and overcome most checks and balances. The far-right Fratelli d'Italia (FdI) won the most votes (26%) and subsequently formed a majority governing coalition with both the right-wing Lega per Salvini and the center-right Forza Italia. Subsequently, Giorgia Meloni, the FdI leader, was appointed as the first woman prime minister of Italy. Fratelli d'Italia's victory in the 2022 Italian general election was long predicted given the popularity of its leader, Giorgia Meloni. Her party was able to successfully convince a good part of the Italian electorate that it has the capacity to get Italy's economy back on track and that it best serves the interests of those families and businesses most affected by the energy crisis.

That the Fratelli d'Italia was victorious places a significant emphasis on the anti-immigration mind-set of the general population of Italian voters. Meloni's Italy First political ideals are based on sovereignty and a strong sense of

nationalism, which also include potential steps to expand Italy's role within the European Union. For example, Italy's Ministry of Agriculture will take on the additional label of "food sovereignty," while the Ministry of Economic Development will be rebranded as "Ministry of Business and Made in Italy." If needed, the new government will use its "golden power" to block the foreign acquisition of Italian companies. Under former Prime Minister Mario Draghi, this was used multiple times to thwart Chinese acquisitions of Italian companies.

In Europe, the victory of Fratelli d'Italia was generally mourned by the Centrist and left-leaning members of the European Parliament. Katharina Barley, a vice president of the European Parliament and a member of Chancellor Olaf Scholz's center-left Social Democrats (SPD), was concerned that Meloni would be too closely aligned with Hungary and Poland, leaders of which have clashed recently with Brussels. Meanwhile, far-right staples like Viktor Orban and Polish Prime Minister Mateusz Morawiecki celebrated Meloni's success. Other presidents like France's Macron were more ambivalent, saying he respected the "democratic choice" of the Italian people





The concern that the new Italian government will engage in a confrontational approach toward its European partners could, at best, be overstated. In fact, external constraints and political incentives point to the contrary. Two major policy issues will occupy Italian and European policymakers:

The first issue is the energy crisis and its effect on the Italian population. The Italian government has enacted discounts on electric bills, subsidies to low-income families, and a temporary reduction of gasoline taxes, for a total of €59 billion (a bit more than 3% of GDP). In absolute figures, Italy's National Recovery and Resilience Plan is the largest national plan under the unprecedented EU response to the crisis triggered by the coronavirus pandemic. Italy has decided to use its entire national allocation under the Recovery and Resilience Facility (RRF), including its loan component (€122.6 billion). In addition, Italy has earmarked national resources worth €30.6 billion to further strengthen a vast program of reforms and investments that aims to promote the recovery of the Italian economy, while addressing several structural weaknesses as well as pursuing major objectives such as the green transition and the digital transformation. Measures under the plan are to be completed by 2026.

Tightening financial conditions, record-high inflation and an energy crunch in the winter of 2022/23 will most likely push the Italian economy into a recession in 2023. Ms. Meloni has insisted that the sustainability of public debt depends on economic growth. Her coalition's proposals include lower taxes on both labor and corporate profits. Whether these measures will be sufficient is questionable. Specialists have observed that the net turnover of businesses is trending downward in Italy, and it has been so since 2001, with 4% of businesses dying a year and only half as many being born. The previous government led by Mario Draghi, added a further €30 billion to the national debt, on what are considered frivolous expenses such as railroad infrastructure and to questionable territorial healthcare facilities.

The second policy issue around which the new Italian government will be focused is the issue of Ukraine. The political incentives for Italy to break up European unity towards Russia's unjustified aggression are low. Whereas Meloni has eloquently embraced the EU and NATO position to support Ukraine, her political allies in the Lega and Forza Italia have flirted with the idea of stopping sanctions (Salvini) and even attempted to rehabilitate Putin's miscalculated war (Berlusconi). Even though Salvini's and Berlusconi's ideas are unlikely to disappear anytime soon, the electoral result plays much more into Meloni's position.

Key Italian Economic and Demographic Data

In 2020, Italy ranked as the 8th largest economy in the world in terms of GDP (current US\$), the 7th largest in total exports, and the 10th largest in total imports.

- GDP: \$1.99 trillion (nominal, 2022)
- GDP per capita: \$33,740 (nominal, 2022)
- Annual Growth Rate: +3.2% (2022)
- Inflation: 5.3% (2022)
- Population: 59,236,213 (1 January 2021)

- Unemployment Rate: 9.5% (2021)
- Exports: \$481B (2020)
- Imports: \$429B (2020)
- Credit Rating:
 - Standard & Poor: BBB with a stable outlook
 - Moody: Baaa3 with negative outlook
 - Fitch: BBB with a stable outlook

2. Italian Foreign Policy

Membership in the European Union and NATO are key aspects of Italy's foreign policy. Despite concerns the recently far-right government would depart from this long-lasting tradition in favor of Russia and the other far-right governments in the EU, new Prime Minister Meloni has so far stayed



the course. Italy's foreign policy has become of relatively less priority due to the domestic urgency spurred by the COVID-19 pandemic and the economic recession on the horizon. Nevertheless, Italy has readjusted its foreign policy to focus its efforts on its more immediate neighbors. Italy is redefining the Mediterranean region and its newfound regional role as a result. Italy has recognized the change in its foreign policy capacity and adjusted its foreign policy initiatives accordingly.

Meloni made her first foreign trip in office to the heart of the European Union, showcasing her commitment to the bloc mindful of her nationalistic views and spending plans. Known for her firebrand nationalism, Meloni has toned down her anti-European rhetoric since being elected, winning a cordial welcome from the top EU officials in Brussels. Meloni said she wanted "to give the signal of an Italy that obviously wants to participate, collaborate and defend its national interest, doing so within the European dimension, seeking the best solutions together with other countries." She discussed Russia's war in Ukraine, energy prices, migration, and how to best spend some 190 billion euros earmarked for Italy from the EU's stimulus to recover from the COVID-19 pandemic. "We are totally aligned on [the issue of] Ukraine. We will continue to stand firm on sanctions" against Russia, according to European Parliament President Roberta Metsola. EU Commission President Ursula von der Leyen thanked Meloni for "the strong signal sent" by picking Brussels for her international debut as prime minister.

Italy is simultaneously pursuing a southward-looking foreign policy initiative titled "Verso Sud: The European strategy for a new geopolitical, economic and socio-cultural season in the Mediterranean." It adopts an innovative point of view of Southern Italy. It identifies both a new vision and a development agenda, adopting a new paradigm through which to look at Southern Italy: from being Europe's less developed region

to affirming it as the strategic hub and pivotal platform for Europe in the Mediterranean and Wider Mediterranean reference area. The Mediterranean Region, after a period of marginalization (at least a perceived one), is assuming new strategic centrality from multiple standpoints. "Core" Mediterranean includes 22 countries from the EU, the Baltic area, the Middle East, and North Africa, all of which share the basin as their reference area. The Wider Mediterranean, on the other hand, includes a total of 45 countries and extends from the Atlantic Ocean to the Persian Gulf, encompassing those territories that do not directly gravitate around the Mediterranean, but which must relate to it considering several issues (demographics, energy corridors, trade, etc....) and defining their own strategies.

Key Foreign Policy Initiatives in 2022

- Germany, France, Denmark, Spain, Italy, and the Czech Republic have submitted 16 proposals for new European Union sanctions against Iran for its violent crackdown on protests over women's rights.
- In August 2022, Italy's Cassa di Risparmio di Padova e Rovigo (CR) loaned 100 million euros to the Africa Finance Corporation to be invested in renewable energy infrastructures on the African continent. In line with its decarbonization goals, Italian energy company Eni is collaborating with some African countries, especially the Republic of Congo and Kenya, on the development of Agri-feedstock and Agri-hubs for biorefining.
- In Egypt, Eni is also involved in projects for the development of wind and solar energy, the production of hydrogen, as well as carbon capture and storage (CCS) projects. Such projects seem to be particularly effective in that they encourage Italy's engagement in tackling both the energy emergency and the climate

crisis by contributing to the diversification of energy sources whilst at the same time focusing on decarbonization.

Italy – GCC Fact Sheet

- Italy’s trade in goods with GCC countries in 2022 (<https://oec.world/en/profile/country/ita>)

Country	Exports	Imports
Saudi Arabia	\$3.18 B	\$3.77 B
United Arab Emirates	\$5.23 B	\$4.48 B
Qatar	\$1.02 B	\$1.14 B
Oman	\$51.5 M	\$540 M
Bahrain	\$153 M	\$459 M
Kuwait	\$18.9 M	\$995 M

Establishment of Diplomatic Relations:

- Italy – GCC diplomatic relations: Saudi Arabia (1932), Oman (1972), United Arab Emirates (1971), Qatar (1992), Kuwait (1964), Bahrain (1972)

Current Diplomatic Representation:

Saudi Arabia

- Italian Embassy in Riyadh: Ambassador, **Roberto Cantone**
 - Consulate General Jeddah: Consul General, **Leonardo Costa**
- Saudi Arabian Embassy in Rome: Ambassador, Prince **Faisal Bin Sattam Bin Abdulaziz Al Saud**

Oman

- Italian Embassy in Muscat: Ambassador, **Federica Favi**
- Omani Embassy in Rome: Ambassador, **Ahmed bin Salim bin Mohammed Baomar**

United Arab Emirates

- Italian Embassy in Abu Dhabi: Ambassador, **Lorenzo Fanara**
 - Consulate General Dubai: Consul General, **Giuseppe Finocchiaro**
- Emirati Embassy in Rome: Ambassador, **Omar Obeid Mohamed Alhesan Alshamsi**

Qatar

- Italian Embassy in Doha: Ambassador, **Paolo Toschi**
- Qatari Embassy in Rome: Ambassador, **Khalid Yousif Khalifa Al-Sada**

Bahrain

- Italian Embassy in Manama: Ambassador, **Paola Amadei**
- Bahraini Embassy in Rome: Ambassador, **Dr Naser M. Y. Al Belooshi**

Kuwait

- Italian Embassy in Kuwait City: Ambassador, **Carlo Baldocci**
- Kuwaiti Embassy in Rome: Ambassador, **Sheikh Azzam Mubarak Sabah Al-Sabah**

Key Italian Officials with Responsibility for the Gulf Region:

- **Ministry of Foreign Affairs**
 - **Alfredo Conte**, MENA Director
 - **Antonio Tajani**, Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation
- **European Parliament**
 - **Sergio Berlato**, **European Conservatives and Reformists Group**, Delegation for relations with the Arabian Peninsula
 - **Matteo Adinolfi**, **Identity and Democracy Group**, Delegation for relations with the Arabian Peninsula
 - **Susanna Ceccardi**, **Identity and Democracy Group**, Delegation for relations with the Arabian Peninsula
- **EU's special envoy to the Gulf: Luigi Di Maio**, Former Italian Foreign Minister

Key Research Centers and Think Tanks:

- Italian Institute for International Political Studies.
- Istituto Affari Internazionale.

Key Regional Experts:

- Dr. Cinzia Bianco (ECFR)
- Arturo Varvelli (ECFR)
- Valeria Talbot (ISPI)
- Eleonora Ardemagni (ISPI)
- Nathalie Tocci (IAI)
- Silvia Colombo (IAI)
- Andrea Dessi (IAI)

Key Recent Literature:

- *Ten Years of Protests in the Middle East and North Africa. Dynamics of Mobilisation in a Complex (Geo)Political Environment*
- *Systemic Change and Regional Orders: Asian Responses to a Gulf in Transition*
- *Gulf Security through the Lens of the ROK-US Alliance*
- *Europe's Energy Crisis: High Stakes for the MENA Region*
- *How the War in Ukraine is Hitting the Middle East*
- *Middle East and North Africa's 2023 Economic Outlook*

4. Key Developments in Italy-GCC Relations:

Italy has on varying levels expanded its cooperation with all GCC countries including on the cultural level. Some tension have emerged with the UAE after the UAE evicted Italy's military personnel from an airbase in protest of Italy's decision to block the sales of ammunition to Saudi Arabia and the UAE due to the war in Yemen. Meanwhile, mutual trade has improved between Italy and Saudi Arabia, and they have strengthened their manufacturing cooperation in the fields of flange and forging. In an attempt to expand private sector cooperation and two-way investments as the UAE did, Saudi Arabia is establishing an Italy-KSA business council.

Scientific research is an almost equally popular facet in GCC-Italy relations, but the UAE leads the bloc by far. The establishment of InnovItaly in partnership with Khalifa University of Science and Technology aims to develop a myriad of scientific and technological sectors. Culture and science still also do not come close in importance to Italy's defense cooperation portfolio in the region. Qatar, Bahrain, and Kuwait have all experienced recent expansions in defense cooperation with Italy. Against the backdrop of the energy crisis, Qatar emerged as the energy partner of choice



for many European countries including Italy. In March 2022, Qatar and Italy announced an energy partnership to mitigate Italy's energy crisis.

Italy - Saudi Arabia Relations:

- In the 2019-2021 period, Saudi Arabia was the third biggest market for Italy in the Middle East and North Africa, and the first among the Gulf Cooperation Council states. In 2020, foreign direct investments from Italy to Saudi Arabia exceeded \$4.5 billion.
- Italy is currently the seventh biggest exporter to Saudi Arabia, and the second within the EU, while the Kingdom is Italy's 21st highest exporter, supplying about 9 percent of the country's oil imports.
- On June 26 and 27, January 2021, Italy's Minister of Foreign Affairs, **Luigi Di Maio**, went on a diplomatic mission

to Saudi Arabia. The mission aimed at further consolidating the strategic dialogue between Rome and Riyadh that kicked off with the signing of a bilateral Memorandum of Understanding in Al Ula.

- In June 2022, the General Confederation of Italian Industry signed an MoU with the Federation of Saudi Chambers of Commerce, aiming to boost bilateral business relations.
 - Another agreement was inked between Saudi Arabia's advanced technology solutions provider WE ENERGY and Italy's Officine Nicola Galperti e Figlio in the field of forging and flange manufacturing.

Italy - Oman Relations:

- In March 2021 the Mediterranean Institute for Asia and Africa (ISMAA), in collaboration with the Oman Chamber

of Commerce and Industry (OCCI), organized a workshop for “Improving Oman – Italy SME’s Partnership and Cooperation”. The workshop aimed to promote and sustain economic, political, and cultural cooperation between Italy and other countries in Asia, Africa, and the Mediterranean region, strengthening the internationalization of the Italian economic system through a network of bilateral agreements and institutional partnerships, with a special focus on Small and Medium Enterprises. It was attended by the Italian Ambassador to Oman S.E. Federica Favi, Omani Ambassador to Italy S.E. Ahmed S. M. Baomar, former Italian Deputy Minister of Foreign Affairs Ugo Intini and Maurizio Barnaba, president of ISMAA, as well as several political authorities and members of the business community of both countries.

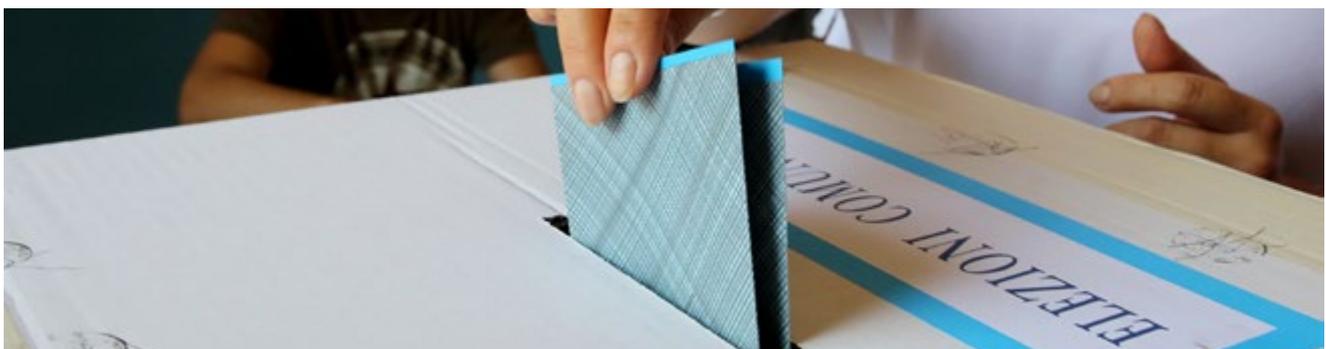
- In October 2021, Shaikh Khalifa Alharthy, Foreign Ministry Undersecretary for Diplomatic Affairs held a session of political talks in Muscat with Manlio Di Stefano, Italian Deputy Minister for Foreign Affairs and International Cooperation. The two sides discussed ways to enhance cooperation in various fields including economy, science, and culture.

Italy - United Arab Emirates Relations:

- An Italian-UAE Business Council was established in 2003 in order to promote and strengthen cultural, financial, and

commercial relations between the two countries. The Italy-UAE Council supports the internationalization process of companies that aim to grow and become established in the Emirates territory, aiding them to seek the best opportunities.

- In September 2020, the Embassy of Italy to the UAE launched a new initiative titled InnovItaly UAE, focused on exploring opportunities to enhance bilateral cooperation in innovation between Italy and the UAE. The initiative, organized with the Khalifa University of Science and Technology and in collaboration with the Dubai Future Foundation, was on the following sectors: cybersecurity, space research, smart cities, sustainable mobility, life sciences, food technologies, renewable energy, water, and circular economy.
- In January 2021, the United Arab Emirates responded to an arms embargo that Rome placed on Saudi Arabia and the UAE by evicting Italian aircraft and personnel from a key military base. The embargo, which has since been relaxed, was placed on the sale of munitions and missiles to the UAE and Saudi Arabia due to concerns over the Gulf states’ military campaign in Yemen.
- In March 2022, a memorandum of understanding on joint scientific research was signed in Dubai by Maria Chiara Carrozza, President of the Italian National Council for Research, and Abdulla Al-





Saleh, the UAE's Undersecretary of the Ministry of the Economy. The MoU aims to support joint scientific research programs in areas that serve the sectors of the future economy, most notably renewable energy, technology, food security, space, and modern agricultural technology. The MoU also aims to promote mutual visits by faculty members and academic bodies from both countries.

Italy – Qatar Relations:

- In March 2022, Foreign Minister Luigi Di Maio announced the agreement with the Qatari authorities to provide greater support from Doha as Italy heads towards a full-blown energy crisis. “I am pleased to announce that the Qatari authorities will commit to strengthening the energy partnership with Italy: in this way, we will make ourselves independent of any blackmail from Russia,” Di Maio said in Doha.
- In May 2022, the first strategic dialogue between the State of Qatar and the Italian Republic was held in the capital city of Rome, under the chairmanship of H.E. Deputy Prime Minister and Minister of Foreign Affairs Sheikh Mohammed bin Abdulrahman Al-Thani, and H.E. Minister of Foreign Affairs and International Cooperation of the Italian Republic Luigi Di Maio. His Excellency pointed out that in the past ten years, the State of Qatar's economic partnership with Italy has grown by more than 320 percent, making the Italian Republic the eighth largest trading partner of the State of Qatar, and one of the most important destinations for Qatari investment.
- In November 2022, the Italian Ambassador to Qatar stated: “Italy and Qatar nowadays enjoy a partnership based on high-level institutional and political dialogue, solid trade figures, successful investments, [and] rich cultural bonds. A spearhead of such collaboration is the defense sector, thanks to the mutual trust built between our Armed Forces.”

Italy - Bahrain Relations:

- In February 2020, Italy and Bahrain signed an agreement on Air Services, agreement on exemption of visa requirements for holders of Diplomatic, Special, and Service Passports; agreement on Cultural and Educational, Scientific, Technological and Informational Cooperation; a letter of Intent between National Space Science Agency of the Kingdom of Bahrain and Agenzia Spaziale Italiana (Italian Space Agency) - ASI on civil space cooperation for peaceful purposes; and a joint Declaration between the Ministry of Industry, Commerce, and Tourism of the Kingdom of Bahrain and the Ministry of Agricultural, Food, Forestry and Tourism Policies of the Republic of Italy.
- In November 2021, Italy's Ambassador to Bahrain Paola Amadei said she was confident Manama and Rome would witness a unique widening and deepening of bilateral economic and non-economic growth in the post-pandemic era. “Italy is among the ten largest countries in the volume of trade exchange with Bahrain, and we expect that, by the end of this year, it will record better results with the gradual return to normalcy.” In the first eight months of 2021, total Italian exports to Bahrain amounted to \$307 million, making Italy the top European exporter, she added.
- In June 2022, the Minister of Foreign Affairs Dr. Abdullatif bin Rashid Al Zayani, participated in a reception hosted by the Italian Embassy on the occasion



of the National Day of the friendly Italian Republic, in the presence of a number of senior officials and members of the diplomatic corps accredited to the Kingdom. He affirmed the keenness of the Kingdom of Bahrain, to consolidate the bonds of cooperation, partnership and close friendship between the two countries. golden jubilee of establishing diplomatic relations between the two countries.

Italy - Kuwait Relations:

- In December 2021, the first two Eurofighters jets out of an order of 28 were delivered to Kuwait. Giorgio Mulè, Undersecretary for Defence and *Forza Italia* MP, met with his Kuwaiti counterpart Fahad Jaber Al Ali Al Sabah and stated that the delivery

was important from a geopolitical and industrial point of view.

- In December 2021, Italy's musical season was first launched in Kuwait and featured six concerts of ensembles and soloists. Two exhibitions were inaugurated on Dec. 14 and 15 including an exhibition of Islamic art at the American Cultural Center, and one on urban planning.
- In October 2022, Secretary-General of the Italian Foreign Affairs Ministry, Ambassador Ettore Sicoi, praised the excellent Italian-Kuwaiti relations and cultural cooperation that his country aspires to develop, appreciating Italy hosting the Kuwaiti Book Fair.



Bilateral links between Italy and the members of the Gulf Cooperation Council are primarily based on a web of commercial and economic exchanges and contracts. The constant expansion of these relations has mainly been spurred by the military sector. Furthermore, the GCC countries have emerged as fertile ground for Italian investments in line with GCC economic diversification strategies and events such as Expo 2020 Dubai or the 2022 Football World Cup in Qatar. In the second half of 2017, both Italy's Prime Minister Paolo Gentiloni and Minister of Foreign Affairs and International Cooperation Angelino Alfano toured the region to negotiate several cooperation agreements. Among them, the sale of seven warships to Qatar should be highlighted, as the contract with Fincantieri worth €5 billion stands out as concrete evidence of the importance of military contracts and commercial exchanges in the relations between Italy and the Gulf.

Italy's new strategy, *Verso Sud* enjoys the support of the EU in the form of significant funding. It seeks to leverage Southern Italy's proximity and historical ties with the Mediterranean's littoral states, as well as those of the "wider Mediterranean region" — about 50 countries covering much of the Middle East, including the Arabian Peninsula. It expands Italy's previous regional objectives to include the establishment of new energy corridors to meet the green transition challenge, the promotion of infrastructural investment, tourism, and cooperation among universities and research centers. The strategy also seeks to combat the negative stereotypes about Italy's south by addressing its uneven development compared to northern regions.

5. Supporting Documents

GRC publications and workshops

- *Fostering EU-Italy-GCC Cooperation: The Political, Economic and Energy Dimensions* by Dr. Christian Koch, 2009 <https://www.grc.net/publication/147>
- Dr. Christian Koch, Director of the GRC Foundation, gave a lecture and presentation to participants of the NATO Regional Cooperation course at the NATO Defence College in Rome, Italy.
- In September 201, Dr. Christian Koch gave a full day of presentations to the Senior Course 129, course members from Modular Short Course 2, as well as the Committee Seminar Group at the NATO Defence College in Rome, Italy on the subject of "Regional Organizations and their

Araa Magazine

- *The European Union is in imminent danger, and Yemen's extremism currents find wide acceptance, the Italian crisis and the dangers of European disintegration* by Dr. Mohammed Alhajri, 2017 Araa magazine



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