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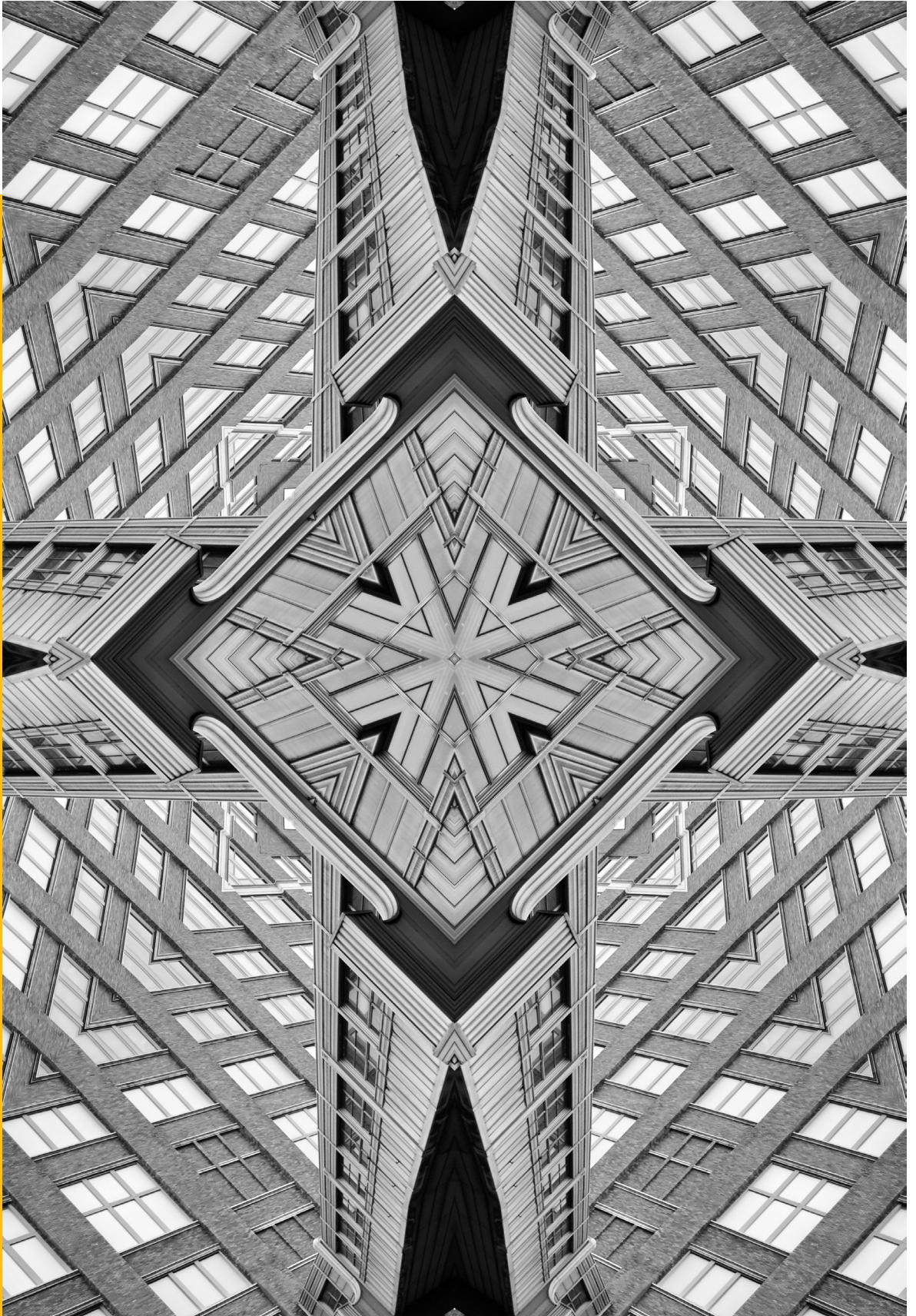
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Italy's BRIexit: Not All Roads Lead to Beijing

Shairee Malhotra

Abstract

Almost 150 countries have joined China's flagship Belt and Road Initiative (BRI)—a project central to Beijing's global prestige as well as President Xi Jinping's persona and legacy. Italy, which joined in 2019, was the only G7 and major European Union country to join the BRI. Less than five years later, in December 2023, Italy formally exited the BRI, making it the first country to do so. This paper contextualises the drivers behind Italy's 'BRIexit' and the future of Italy-China relations in the wake of this withdrawal. It briefly explores the possibilities of Italy's exit setting a precedent for other BRI members to withdraw from the initiative.

Launched in 2013, Chinese President Xi Jinping's flagship scheme, the Belt and Road Initiative (BRI), also called the 'New Silk Road', seeks to rebuild the historical trade and infrastructural links between China and the rest of the world. Projects under the BRI include networks of ports, power plants, roads, bridges, dams, railways, and telecommunication networks. According to China's Ministry of Foreign Affairs, the BRI "aims to promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realise diversified, independent, balanced and sustainable development in these countries."¹

Touted by Xi as the "project of the century", the initiative has already attracted investments amounting to US\$1 trillion, making China the world's largest bilateral lender,² linked to two-thirds of the global population.³ A World Bank report estimates that cooperation through the BRI could lift nearly 80 million people from poverty.⁴

Since its inception, the BRI has signed up nearly 150 countries in its framework. Italy joined in 2019; many years before, in 2004, it was amongst the first countries in the European Union (EU) to enter a Global Strategic Partnership⁵ with China under then Prime Minister Silvio Berlusconi.

Italy's Foray into the BRI

Italy's entry to the BRI in March 2019 coincided with Xi's visit to the country, where he spoke of the "brilliant future" of Italy-China relations.⁶ The narrative that the BRI's route through the ancient Silk Road traces the paths of Italian explorer Marco Polo's sojourns in the 13th century struck a chord with the Italian people. Just before the deal's signing, Xi alluded to Polo as a "pioneer of cultural exchanges between East and West."⁷ The two parties signed a seven-page MoU,⁸ alongside deals worth US\$2.8 billion (2.5 billion euros) encompassing infrastructure, logistics, finance, and energy projects.⁹

Despite the nature of the MoU—essentially a generic, vague, and non-binding statement of intent as opposed to an obligatory treaty—Italy's initial participation in the BRI was significant. The 17 other European countries that were incorporated into the BRI through the 17+1 format of China-CEE cooperation were much smaller economies.¹⁰

Historically, too, Italy has been an outlier with regard to China. After the Tiananmen Square massacre in 1989, while the rest of the West shunned Beijing, Italy welcomed then Premier Li Peng.¹¹ Later, the advancement of ties with China was encouraged by the diversification of Italian foreign policy towards non-Western powers during the governments of Matteo Renzi (2014-2016) and Paolo Gentiloni (2016-2018) following differences with the EU over migration and other issues.¹² Italy's movement towards the BRI was initiated by the centre-left government of former Prime Minister Gentiloni, who was the only G7 leader to attend the BRI Forum in 2017.¹³

A largely inexperienced, short-lived coalition comprising the populist Five-Star Movement (M5S) and the right-wing Lega (League), with Prime Minister Giuseppe Conte at the helm, signed the BRI MoU with Beijing. Lacking a clearly defined ideology, the M5S movement was susceptible to policy being shaped by individual preferences, some of whom, including Conte, were sympathetic to China. Conte's Minister of Economic Development and M5S leader Luigi Di Maio and his Undersecretary Michele Geraci, a Chinese economy specialist, were keen on building closer ties with Beijing and are widely considered to be the architects of Italy's BRI entry.¹⁴ The MoU was signed despite only 29 percent of Italians holding a favourable view of China.¹⁵

Did Italy Sell Its Soul to the Devil?

The same year that Italy signed the MoU, the EU adopted its three-pronged view of China, labelling it a “partner, competitor and systemic rival.”¹⁶ Multiple factors have since contributed to shifting European perceptions of Beijing: China’s supply chain disruptions during the COVID-19 pandemic, its distortion of the EU single market through its economic retaliation against Lithuania, its human rights violations against people in its territory, its actions in the Taiwan Strait, and its non-reciprocal trade practices. European attitudes towards China have hardened, with the EU and its member states adopting increasingly critical approaches towards Beijing.¹⁷ The buzzword is “de-risking”, which is an attempt to reduce European dependence in critical and strategic sectors. In this context, and coupled with heightening US-China tensions, Italy’s decision to join the BRI unsurprisingly disappointed EU and American administrations. Analyst Filippo Fasulo once wrote that Italy’s allies “thought we were selling our soul to the devil.”¹⁸

The BRI MoU exacerbated concerns about Italy’s vulnerability to Chinese influence, particularly in strategic sectors such as ports, telecommunications, and critical technologies. Italy’s BRI participation was also seen as undermining EU unity regarding China and endangering European security at a time when the EU was establishing mechanisms to scrutinise foreign investments. Fears of Chinese espionage and cybersecurity threats resulted in several European countries banning Huawei from their 5G networks.¹⁹ In a March 2023 speech, European Commission president Ursula von der Leyen alluded to the Chinese Communist Party’s goal of a systemic change of the international order with China at its centre²⁰ and referred to the BRI, which is coming to be viewed as a Trojan horse for China’s interests in Europe.

According to the BRI MoU, Chinese companies, including the major BRI contractor China Communications Construction Company (CCCC), which has been blacklisted in the US for its ties with the Chinese military,²¹ would gain access to the strategic and busy Italian ports of Genoa and Trieste.²² This exacerbated concerns of increased Chinese control of the Mediterranean region, following in the footsteps of Beijing’s majority

Italy's Foray into the BRI

stake in the Greek port of Piraeus. Security imperatives such as declining American interest in the Mediterranean region contributed to Rome's interest towards other powers such as Beijing that are becoming relevant to this theatre.²³ Reports estimate that, since the Chinese acquisition of Piraeus in 2016, 13 percent of Chinese trade passes through Greece, which is a significant increase from the earlier 2 percent.²⁴

Such concerns notwithstanding, the MoU was viewed as being largely in alignment with EU policies, including the 2018 EU-Asia Connectivity Strategy with its relatively positive outlook towards Beijing,²⁵ thus espousing synergies with existing EU projects and frameworks. Rather, it was Italy's own Eurosceptic government that inflated the MoU's divergence from the EU based on political motivations. In addition to countries such as Luxembourg, which had signed non-disclosed BRI MoUs with China,²⁶ EU member states' policies towards China have often remained ambiguous, as is evident in the approaches of Germany and France, which continue to sign lucrative deals²⁷ in favour of their economic interests despite their non-adherence to a BRI-type project.

Four Governments and a BRI Withdrawal

Italy's Foreign Minister Antonio Tajani, who was opposed to his country's decision to join the BRI, which coincided with his European Parliament presidency in 2019, stated in September 2023 that "BRI membership has not produced the results we were hoping for."²⁸ Immediately afterwards, on the sidelines of the G20 summit in New Delhi and in the absence of Xi, Italy's Prime Minister Giorgia Meloni informed Chinese Premier Li Qiang that Italy would exit the BRI.²⁹ Italy officially notified China of its withdrawal in early December, a few months before its membership was to be automatically renewed in March 2024 for five more years.

The decision to withdraw was not surprising. Several Italian ministers had expressed their discontent with the BRI, including Meloni herself, who had earlier fiercely criticised the initiative and referred to the MoU as a "big mistake" during her electoral campaign for the September 2022 general elections.³⁰ Additionally, Defence Minister Guido Crosetto described the decision to join the BRI an "improvised and atrocious act."³¹

Since 2019, Italy has had four different governments, thus reinforcing the notion that its domestic politics is unstable.³² The MoU was signed by a populist Eurosceptic coalition of the M5S and Matteo Salvini's League that thrived on publicised rejections of Brussels' position. In 2021, after the collapse of Conte's coalition government, Italy had another new government led by Mario Draghi, former Chief of the European Central Bank and a staunch Euro-Atlanticist who was cautious of China and its investments. Draghi's resignation in mid-2022, after a political crisis that paved the way for early elections,³³ led to the victory of Meloni and her Brothers of Italy party. These diverse short-lived and precarious government dispensations rendered an inconsistent China policy that is dependent on the political parties or the ideological preferences of individuals in power.

Even within the Conte government that signed the MoU, there were outliers with regard to Italy's participation in the BRI, with inconsistent attitudes impacting ties with Beijing, as is typical of Italian politics. Anti-China rhetoric gained ground in the 2018 'Italians First' election campaign of the League and the MS5, but it was also a populist disguise to not align

Four Governments and a BRI Withdrawal

with EU positions.³⁴ In reality, Italian political parties were mostly in sync with the European approach despite varying narratives on China. The MS5, for instance, despite seeking deeper ties with China, was critical of the latter's unfair trade practices,³⁵ whereas the League's Salvini warned of "the potential colonisation of Italy."³⁶

Italy's decision to withdraw from the BRI coincides with an escalation of overall EU-China tensions and a wider reckoning in Europe. Despite initial fears, Meloni and her Brothers of Italy party and the broader coalition have aligned with the EU on crucial issues, including their approaches to China. Following severe consequences from the COVID-19 pandemic, Italy was a major beneficiary of the EU's post-COVID recovery fund, receiving over US\$200 billion (185 billion euros) in financial support.³⁷ Italy's "golden power"—an FDI-screening mechanism aimed at restricting investments in strategic industry sectors and tightened by Draghi in 2021³⁸—is similar to the EU's approach of de-risking.

Tellingly, Rome officially pulled out of the BRI just a day before the 24th EU-China summit³⁹ on 7 December 2023. Italy's exit is an additional setback in Europe's increasingly souring ties with China.

Economic Drivers of the Exit: No White Knight?

Economic malaise has plagued Italy since at least the 1990s and was magnified during the 2008 financial crisis and the 2011 European debt crisis, followed by a recession in 2018. At 0.25 percent, Italy's average growth rate since 2001 has been much lower than the EU average of 1.7 percent.⁴⁰

Italy's struggling economy was desperate for new economic sources and Foreign Direct Investment. With its progressing worldwide clout and large-scale projects and loans, China was an attractive choice, especially given Conte's Eurosceptic government's differences with the EU. In addition, a Trump-led US, with its departure from the Trans-Pacific Partnership trade deal, coupled with stalled negotiations for the Transatlantic Trade and Investment Partnership (TTIP), did not help alleviate Italy's economic stagnation.⁴¹

On the other hand, Chinese investments worth US\$13.7 billion (12 billion euros) in more than 600 Italian business since 2000 have made Italy the third-largest recipient of Chinese investments in the EU.⁴² Some Chinese acquisitions since 2013 include Italian motorcycle manufacturer Benelli, which was bought by China's Qianjiang Group, yacht company Ferretti's acquisition by Weichai, and fashion brand Krizia's acquisition by a Chinese stylist, in addition to assets such as the soccer clubs of Inter Milan and AC Milan.⁴³ Investments include a 35-percent stake in China's state-owned electricity firm State Grid by Italian holding company CDP Reti and the acquisition of tyre manufacturer Pirelli for US\$7.7 billion (7 billion euros) by ChemChina.⁴⁴

Following the success of the Greek port of Piraeus after its acquisition by Chinese state-owned company COSCO, Italy was hopeful of Chinese goods arriving at the country's ports and being transported onwards to Europe by land. There were also fears that the Piraeus port would be linked by rail to the Central European region and that Italian ports would lose the opportunity to become key gateways.⁴⁵ The BRI was a means to energise Italy's flagging economy through investments. China was perceived as the white knight, especially for Italy's Small and Medium Enterprises (SMEs),⁴⁶ potentially enabling an increase in exports of Italian products and greater access to the vast Chinese market.

Economic Drivers of the Exit: No White Knight?

However, despite the MoU's emphasis on "open, transparent and non-discriminatory procurement procedures",⁴⁷ the export of Chinese goods increased while BRI member countries sustained more debts and less benefits. According to UN Comtrade data, Italy's exports to China were valued at 13.4 billion euros in 2019 and increased to 16 billion euros in 2022.⁴⁸ At the same time, China's exports to Italy were valued at 32.8 billion euros in 2019 and increased to 56 billion euros in 2022, indicating a widening Italy-China trade deficit (from -US\$20.9 billion in 2019 to -US\$47.3 billion in 2022⁴⁹), with only a mild increase in Italian exports. During this period, Chinese exports to Italy increased, by about 71 percent, to 55.8 billion euros (US\$60.5 billion).⁵⁰ Germany's exports to China were valued at 100 billion euros in 2019 and increased to 105 billion euros in 2022,⁵¹ exceeding Italy's exports, despite Germany not being a signatory to the BRI.

While Chinese FDI in Europe has decreased since the pandemic, amounting to 7.9 billion euros (US\$8.4 billion) in 2020,⁵² it dropped disproportionately more in Italy, from US\$650 million (600 million euros) in 2019 to US\$20 million (18 million euros) in 2020, briefly increasing in 2021 to US\$33 million (30 million euro).⁵³ In comparison, Chinese FDI in Germany and France stood at US\$1.9 billion (1.7 billion euros) and US\$1.8 billion (1.6 billion euros), respectively, in 2020.⁵⁴

The BRI MoU did yield positive returns for some Italian companies. For instance, banking group Intesa Sanpaolo's agreement with the Qingdao Municipality resulted in the former becoming the first international bank to offer wealth management services in China.⁵⁵ However, overall figures demonstrate that Italy's participation in the BRI framework did not deepen its economic integration with China. There were no substantial economic dividends, such as rising Chinese investment, increasing Italian exports to China, or a more favourable trade balance. It is likely that Italy's internal political instability and inefficient bureaucracy, compared to markets in other countries, played a role. Nevertheless, the paradox of BRI non-signatory European countries such as France, Germany, Finland, and the Netherlands having closer trade ties with China and gaining much more from Chinese FDI led to waning enthusiasm within Italy's business community and politicians and the country's subsequent withdrawal from the BRI.

Economic Drivers of the Exit: No White Knight?

Moreover, increasing security concerns had already led to Draghi invoking the golden power to block investments such as Shenzhen Invenland's takeover of Italian semiconductor firm LPE, Chinese FAW Group's acquisition of French-Italian truck manufacturer Iveco, and Sinochem subsidiary Syngenta's acquisition of seed production company Verisem.⁵⁶ Draghi's government also blocked Chinese investments in the Trieste and Genoa ports, which were central to the MoU, as well as in Italy's 5G networks.

On the other hand, Italy's economy is already on a rebound. According to economist Jörg Krämer, "the Italian economy has grown by 3.8% since 2019, five times more than the German economy."⁵⁷ In the final quarter of 2023, the Italian economy grew by 0.5 percent, compared to Germany's 0.2 percent, through strengthened manufacturing, services, and construction sectors.⁵⁸ Its inflation rate of 2.6 percent in February 2024 was also below the Eurozone average, and its employment rate, at 7.2 percent, hit a 16-year low in January 2024.⁵⁹ Critics of the BRI postulate that, rather than engaging with the project, Italy would do better to strengthen its economic competitiveness and industries. This, while supporting the EU strategy of correcting the trade imbalance with China, demanding reciprocal and equitable market access, and creating a conducive environment for Italian firms in China.⁶⁰

The Geopolitical Rationale

Italy's BRExit was also underpinned by strong geopolitical reasons. The MoU was signed in 2019, during the Trump era that had eroded trust in the transatlantic alliance. In 2022, Russia's war against Ukraine altered the global landscape, bringing security and alliance politics back at the forefront.

Under Meloni, Italy has been a staunch and consistent supporter of Ukraine. Touting her pro-EU, pro-US, and pro-NATO credentials, Meloni has repeatedly demonstrated Italy's Euro-Atlantic foreign policy orientation and close alignment with the Western camp. This was also evident during her visit to the US in July 2023, where President Joe Biden thanked Italy for its strong support for Ukraine.⁶¹ In a joint statement, the two sides committed to strengthening "bilateral and multilateral consultations on the opportunities and challenges posed by the People's Republic of China."⁶² Meloni has also criticised the Russia-China 'no-limits' partnership and Beijing's refusal to condemn Putin, in addition to China's actions in the Taiwan Strait and its treatment of ethnic minorities.⁶³ In an unprecedented move, Meloni also participated in an interview with Taiwan's Central News Agency during her election campaign.⁶⁴ To prevent Chinese investments in critical sectors, she has followed in the footsteps of her predecessor Draghi and used the golden power, as in the case of Chinese company Sinochem's investments and Italian tiremaker Pirelli.⁶⁵ As Elisabetta Nadalutti and Jürgen Rüland highlight, given Russia-China alignment, US-China tensions, and the lack of gains from Italy's BRI participation, Meloni "sees Italy's security better served by a new balancing strategy."⁶⁶ In addition, despite their dithering outlooks towards China, the other members of Meloni's coalition government—Salvini's League and Berlusconi's Forza Italia party—have supported Meloni's stance.

Italy's decision to withdraw sent a clear message of adherence to its Western allies and reinforced the perception of Italy as a reliable partner. Renewing the BRI, on the other hand, would have done just the opposite: undermined Western unity while China, at least implicitly, supports Russia against the West.

Italy is also actively participating in newer initiatives viewed as a counterweight or alternative to the BRI, such as the US-led Partnership

The Geopolitical Rationale

for Global Infrastructure and Investment, which includes the India-Middle East-Europe Economic Corridor (IMEC),⁶⁷ and the EU's Global Gateway strategy that aims to mobilise 300 billion euros in investments for projects in partner countries during the 2021-2027 period.⁶⁸ As a G7 member, Italy is also part of the grouping's Build Back Better World (B3W) initiative, which has sustainable and transparent financing at its core.⁶⁹

Italy's BRI disenchantment also coincides with its ambitions to participate in the Indo-Pacific.⁷⁰ Under the Meloni government, these ambitions have been accompanied by a steady upswing in Italy's ties with India⁷¹ and Japan,⁷² both of whom have tense relations with Beijing and recently upgraded their strategic partnerships with Rome. Italy is also jointly developing next-generation fighter jets with the UK and Japan through the Global Combat Air Program, which has raised concerns for China, particularly in the context of Japan's recent easing of defence export rules.⁷³

The lack of substantial economic and other gains, as well as the attention and criticism it received, led to Italy's participation in the BRI becoming a liability for Italy's credibility and reputation, particularly among its Western allies, the EU and US. In this context, the timing of Italy's departure, just before it took over the presidency of the G7 on 1 January 2024, was significant.⁷⁴

A Reality Check for the BRI

Italy's withdrawal coincided with heightened criticism and scaling down of the BRI, with many challenges surrounding the project coming to light.

In 2019, the BRI had an allure, being a project that would link Asia and Europe through infrastructure, finance, and trade. However, a few years later, the initiative has suffered from a diminished reputation due to a myriad of difficulties, putting to question its original promise “to strengthen connectivity, leverage potential growth drivers, and connect markets.”⁷⁵

The BRI is increasingly being viewed as a means to enhance China's global leverage and geopolitical ambitions and make low-income developing countries dependent on Chinese investment. Analysts such as Reilly James gauge the BRI “as a form of economic statecraft to deploy economic resources abroad for foreign policy ends.”⁷⁶ Simultaneously, it is viewed as primarily benefiting Chinese companies and creating unmanageable debt burdens for economically weaker recipient nations, as in the case of the Hambantota port in Sri Lanka. China's bailouts of US\$240 billion (221 billion euros) for distressed countries impacted by BRI debts during the 2008-2021 period⁷⁷ reveal the extent of debt accumulation. According to the World Bank, 60 percent of BRI loans involve financially distressed nations,⁷⁸ which has resulted in a drop in Beijing's approval ratings in developing countries from 56 percent in 2019 to 40 percent in 2021.⁷⁹ This criticism has been accompanied by investments that are perceived as lacking in transparency and not adhering to global rules and standards.

The BRI has also stagnated due to a slowing Chinese economy and the country's real-estate debt crisis. These factors have led to reduced Chinese capacity and risk appetite⁸⁰ as well as negotiations on debt restructuring with countries such as Ethiopia, Zambia, and Chad, and participation in groups such as the Paris Club to deal with these challenges.⁸¹ Xi has adopted a different rhetoric, emphasising the need for greater cooperation, risk mitigation tools, and green finance, and “small and beautiful” projects involving private capital rather than large-scale government investments.⁸²

A Reality Check for the BRI

The diminished global enthusiasm for the BRI is also evident at the diplomatic level; the attendance of heads of state dropped from 37 at the 2019 Belt and Road Forum in Beijing to only 23 at the 2023 Belt and Road Forum,⁸³ which was also the tenth anniversary of the BRI.

Italy's departure from the BRI is a setback for Beijing, more in terms of symbolism rather than substance, given the low volume of Chinese trade with Italy. Despite the involvement of Central and Eastern European countries, Italy's participation in the BRI held particular significance. As a key NATO, EU, and G7 member country, and as the third and eighth largest economy in the EU and the world, respectively, Italy's membership granted a legitimacy and endorsement to the BRI and all that it represents. However, for Italy, whose sovereign debt at 140 percent of GDP was the second highest in the Eurozone after Greece in 2023,⁸⁴ the BRI's exposed risks propelled legitimate fears of Rome's susceptibility to additional debts.

A Precedent for Other BRIexits?

A part from the unfavourable optics, Italy's decision to opt out has provided a much-needed reality check for the BRI.

Italy's experience and rationale for leaving has exposed the BRI's shortcomings and the fact that, despite initial estimations, the project is not necessarily mutually beneficial for China and the host countries. Whether this will set a precedent for other nations to quit the initiative remains to be seen. Of China's 17+1 format of cooperation with the CEE countries, Lithuania exited the framework in 2021, followed by the remaining Baltic states of Estonia and Latvia.⁸⁵ The initiative is now a 14+1 mechanism.

Italy's decision to exit the BRI, first communicated during the G20 summit in New Delhi, strengthens India's position, which has consistently opposed the BRI from the beginning on the basis of its disregard for India's territorial sovereignty,⁸⁶ with the China-Pakistan Economic Corridor (CPEC) passing through parts of occupied Jammu & Kashmir.

The attitudes of other nations towards the BRI will be partly determined by the successes (or failures) of Western-led connectivity and infrastructure initiatives, most of which are yet to substantially take off. An expansion of these efforts could result in other countries leaving the BRI in favour of more risk-free alternatives or at least expecting better accountability from China on their projects. For now, 80 percent of the UN's 193 member countries, mainly comprising developing countries, are still part of the BRI.⁸⁷ Moreover, China's changing approach to the BRI shows that the project is rapidly adapting to China's domestic challenges.

The Future of Italy-China Ties: BRI Out, Strategic Partnership In

The BRI is central to Beijing's global role and prestige. As Phillipe Le Corre states, "The MoU success story was used and reused in the Chinese media."⁸⁸ The BRI is closely entwined with Xi's own persona and legacy, with analysts even calling it a "Xi show".⁸⁹ Italy's exit from the BRI has remained in the spotlight due to the nature of the BRI as well as Italy's significance on the global platform.

The MoU's non-binding nature implies that there are no legal consequences to exiting. Yet, Chinese retaliation against Lithuania and Australia are indicative, with Beijing banning all Lithuanian imports after the latter opened a Taiwan Representative Office⁹⁰ and hiking up tariffs on certain Australian exports after Canberra ordered an inquiry into the origins of the COVID-19 pandemic.⁹¹

Given Beijing's propensity towards retaliation, Rome's dilemma involved exiting the BRI without damaging overall economic ties with China. Thus, Italy's exit was accompanied by clarion calls to upgrade bilateral ties with Beijing outside the scope of the BRI. Italian politicians were quick to issue statements to limit any potential fallout in relations. As Crosetto emphasised, "The issue today is how to walk back without damaging relations with Beijing."⁹² Acknowledging the Italy-China strategic partnership, Tajani, who visited Beijing in September 2023 just before the decision to exit, reiterated, "We didn't achieve great results with the BRI, but that doesn't matter. We are determined to move ahead with plans to strengthen our commercial ties."⁹³ Mindful of the interests of Italy's business sector, Meloni at the G20 summit clearly stated that Italy's exit "would not compromise relations with China."⁹⁴

Rome's careful balancing of the situation could set a precedent for other nations to leave the BRI without damaging their economic ties with the world's second largest economy. The consequences (or lack thereof) for Italy-China ties may serve as a test case of the possibilities of a constructive and non-antagonistic exit from the BRI by not provoking a backlash and cultivating economic collaboration with China outside the BRI framework. Besides, China's recent rhetoric⁹⁵ is demonstrative of attempts to woo

The Future of Italy-China Ties: BRI Out, Strategic Partnership In

European countries and regain lost trust. With a potential Trump return in the White House and the ensuing risk of damage to the transatlantic alliance, Beijing is even more likely to maintain its ties with Europe and prevent it from aligning with Washington. Moreover, China's economic slowdown means European access and investments are crucial, granting Europe some leverage.

Instead, bilateral ties may proceed normally and with minimal damage, unlike the cases of Lithuania and Australia, where the issues were much more politically sensitive compared to the greater economic rationale for Rome's exit. This is evident in the behaviour of Chinese and Italian top leadership. While offering condolences for the passing of former Italian president Giorgio Napolitano in September 2023, Xi talked about boosting Italy-China relations through the strategic partnership, making no reference to the BRI and Italy's then impending exit.⁹⁶ Tajani on his visit to Beijing mentioned the strategic partnership as "the conduit for opening of a new season of reinforced cooperation".⁹⁷ After all, if France can benefit from a number of lucrative deals spanning sectors from renewables to industrial innovation without signing on to the BRI, why can Italy not? Moreover, commercial agreements outside the BRI are a much safer bet for a government that is firmly embedded geopolitically in the Euro-Atlantic framework, where tensions with China are at their peak. On 2 April 2024, even Italian Deputy Prime Minister Salvini from the co-ruling League party, despite being a long-term admirer of Russian President Vladimir Putin, cancelled a 2017 collaboration agreement with Russia due to the ongoing war with Ukraine.⁹⁸

In February 2024, there were reports of Meloni's government inviting Chinese automaker and EV manufacturer BYD to set up plants in Italy.⁹⁹ Alongside talks with the Italian government regarding future investments in the country, Chinese low-cost EV manufacturer Chery Auto also plans to start selling its Omoda and Jaecoo brand cars in Italy, making it the company's second European market after Spain.¹⁰⁰ This is despite high EU-China trade tensions amidst the EU's probe into subsidised EVs from China, which was recently expanded to include solar panels and medical device procurements.¹⁰¹ In addition, there are reports of China's invitation to President Sergio Mattarella and PM Meloni to visit the country. Just

The Future of Italy-China Ties: BRI Out, Strategic Partnership In

recently, Italy's Ambassador to China Ambrosetti alluded to a three-year action plan for cooperation between Italy and China.¹⁰² In mid-April, a meeting of the Italy-China Joint Economic Committee is expected to be held in Verona in the presence of business delegations. These developments demonstrate the ongoing progression of Italy-China economic ties despite the BRIexit.

Moreover, some Italian regional governments and municipalities (such as the province of Brescia in Lombardy) have joined a separate autonomous initiative called the Committee on Belt and Road Local Cooperation (BRLC).¹⁰³ Through cooperation with provincial and state governments that enjoy substantial autonomy, Beijing is adopting a more localised approach and bypassing decision-makers at the centre.

The long-stretched trajectory of Italy's economic woes means that economic interests will remain central to its foreign policy, with the preponderance of China as a key economic partner for Italy. Results from a Transatlantic Trends survey conducted in 2023 reveal that over half the Italian population (51 percent) are of the view that China will replace the US as the world's most influential actor in the near future.¹⁰⁴ Italy is also home to the largest Chinese population in the EU.¹⁰⁵

Despite this general optimism, a recent governmental Report on Information Policy for Security¹⁰⁶ highlights Chinese propaganda efforts and other attempts to control key Italian assets, alluding to the cautiousness with which Italy may approach ties with China. The US Department of Justice reports¹⁰⁷ of Chinese cyber-attackers targeting European members of the Inter-Parliamentary Alliance on China, including Italian members of parliament, also highlight challenges.

Unlike EU member states such as Germany, Italy does not have an official China strategy outlining its general outlook towards China. The development of Italy-China economic cooperation outside the BRI framework will be closely followed by BRI member countries throughout the world, particularly those disappointed with the initiative's lack of gains.

Italy's potential ability to strengthen economic ties with China and garner benefits outside the project's scope may demonstrate that membership in the BRI is unnecessary to deepen relations with China. With no heavy price to be paid for an exit, this could set a precedent for other countries to rethink their BRI memberships as the project's global appeal diminishes. [ORF](#)

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